Date	From/To	Contents
12-16-81	Smith/Livesley Letter	Recites 8-13-81 submittal of Exhibit K, Table 2 (copy). Encloses ES-63 contract between Cowlitz/Weyerhaeuser and Supplemental Agreement No. 9 to that contract.
1-6-82	Livesley/Smith Letter	Recites that BPA should be able to decide NLSL issue re: Weyerhaeuser load within 60 days.

KMoxness:lo (WP-PKI-1891b)

14. ? McKinney/Wilkinson Letter
(date?)

Supplemental
Recites copy of ~~Letter~~ executed agreement sent to Weyerhaeuser and to BPA ~~Rec~~ in accordance with BPA contract

Recites ~~Conf~~ the meeting between McKinney and Munro and ~~states~~ 3/1/79 letter ~~interprets~~ the ~~BPA letter to Hill dated 5/1/79~~ has been reviewed by the district and Weyerhaeuser. Interprets the letter and meeting "... to place certain operating conditions on Cowlitz PUD and Weyerhaeuser for service which we have agreed to provide under Contract ES63. Notes shifts in energization dates and supplementing BPA firm power with nonfederal power would be needed. Does not specify when or if nonfederal power would be available. Notes "... subject to new regional legislation, if enacted, we propose that the operating conditions set forth in Bonneville's letter of March 1, 1979 will be met in fulfilling the District's contractual commitment to deliver firm power to the Company ...."

DOUGLAS COUNTY PUD

Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKL

MAR 11 1986

Mr. Fred W. Lieberg, Manager
Douglas County PUD No. 1
1151 Valley Mall Parkway
East Wenatchee, WA 98801

Dear Mr. Lieberg:

On July 3, 1983, Public Utility District No. 1 of Douglas County, Washington (Douglas), requested that Bonneville Power Administration (BPA) determine that the load at Hanna Mining Company (Hanna), located near the Town of Rock Island, Washington, is not a New Large Single Load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act. Douglas requested the determination on the basis that such loads were contracted for, or committed to, between Douglas and Hanna as of September 1, 1979.

In making such determination, and in determining the size of loads contracted for or committed to, to establish a floor upon which future increases, if any, at Hanna may be measured, BPA reviewed contracts submitted by Douglas.

The supplemental power sales contract between Douglas and Hanna, dated August 27, 1979, provides for Douglas to make available to Hanna up to 35,000 kilowatts, for use at its plant near the Town of Rock Island, Washington. This supplemental power sales contract amends the power sales contracts dated March 6, 1978, and October 21, 1974, providing for Douglas to sell firm power and energy up to a maximum of 35,000 kilowatts.

BPA has determined that your contracted for, or committed to load for purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90494, Exhibit K, Table 2, is 35 average MW.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, contact Ron Rodewald in the Wentachee District Office.

Sincerely,

(b)(6) [redacted]

Administrator

Enclosure:
Exhibit K, Table 2

DRAnderson:lw (WP-PKL-6906b)

cc:
Adm. Chron. File - A
Adm./Deputy Adm. - A
Wenatchee District - OKN
W. Pollock - P
C. Combs - PKLC
D. Anderson - PKLC
E. Bleifuss - PKLD
R. Aho - PKLD
Official File - PKL

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

Table 2

List of Purchaser's Loads and Amounts Which Were Contracted For, or Committed to, Prior to September 1, 1979

Description of Facility	Location	Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Average MW)
Hanna Minning Company Ferrosilicon Plant	Near the Town of Rock Island, WA	35

(WP-PKL-3152c)

Decision Paper

A REQUEST BY DOUGLAS COUNTY PUD NO. 1 (DOUGLAS) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, DOUGLAS HAD COMMITTED TO SERVE LOADS AT HANNA MINING COMPANY (HANNA) IN THE AMOUNT OF 35 AVERAGE MW.

ISSUE: Were the Hanna loads contracted for, or committed to, as of September 1, 1979, by Douglas and if so, what was the size of such load for purposes of establishing a floor upon which future increases in load at such facility, if any, can be measured.

BACKGROUND: Douglas requested that BPA make a contracted for or committed to determination under Section 3(13)(B) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). Douglas alleges that loads at Hanna were contracted for, or committed to, prior to September 1, 1979, and has furnished BPA copies of its contracts with Hanna to substantiate its position.

The Hanna load is located at Rock Island, Washington and produces ferrosilicon. There are no other products or processes involved in this load. The operation consists primarily of three furnaces of approximately 10 megawatts in size, and ancillary loads consisting of pollution control equipment, lighting, and other needs. The Hanna load has peaked at 35,500 kW. The load normally is 33,000 to 34,000 kW. Presently Douglas is serving Hanna from its own resources.

CONTRACTS: In determining whether the loads were contracted for, or committed to, as of September 1, 1979, the following information was considered:

1. In 1974, BPA and Douglas entered into a power sales contract, Contract No. 14-03-49167, dated November 7, 1974, which provided for sale of electric power and energy by BPA to Douglas for resale to Hanna. The contract provided for BPA to sell Douglas Hanna's requirements after December 20, 1974. Contract No. 14-03-49167 replaced earlier contracts between Douglas and BPA providing for the sale of modified firm power and interruptible power for resale to Hanna. Contract No. 14-03-49167 was one of two power sales contracts between Douglas and BPA; BPA served its other obligations to Douglas under a separate power sales contract..

2. The October 21, 1974 power sales contract between Douglas and Hanna. Douglas agrees to supply all of Hanna's requirements. The contract does limit the obligation of Douglas to the amount that is made available to it by BPA for resale to Hanna under Contract No. 14-03-49167.

3. The March 6, 1978 power sales contract between Douglas and Hanna. This contract obligates Hanna to purchase and Douglas to make available firm power and energy in amounts up to 35,000 kilowatts. The term of the agreement is coextensive with Contract No. 14-03-49167 between BPA and Douglas. The contract gives Hanna the right of first refusal if Douglas withdraws Wells Project power in excess of 5 megawatts for resale to any electroprocess industry within Douglas' service territory.

4. The August 27, 1979, supplemental power sales contract between Douglas and Hanna supplemented the power sales contracts between Douglas and Hanna, dated October 21, 1974 and March 6, 1978. The previous contracts were amended to provide for obligations in the event of insufficiency. The 35,000 kilowatt obligation established in the March 6, 1978, contract was continued.

5. The June 28, 1982, power sales contract between Douglas and Hanna which replaced the power sales contract between Douglas and Hanna dated October 21, 1974 and March 6, 1978, as supplemented by the August 27, 1979, supplemental power sales contract. Under the new agreement Douglas continues to be obligated to serve up to 35,000 kilowatts.

6. A July 28, 1983, letter from Douglas transmitting the August 27, 1979 power sales contract to Bonneville. In the letter Douglas noted that section 3 established a contract demand of 35,000 kilowatts.

RECOMMENDATION:

An August 27, 1979, contract establishes that Douglas contracted to serve the Hanna load in the amount of 35 average MW. This load is an existing load which Douglas has served for years. The commitment of 35 MW was established prior to September 1, 1979. The Hanna load is operated by a single consumer at one location and is billed as a single load by Douglas.

It is the recommendation of BPA staff that the Administrator determine that the contracted for, or committed to, load to be entered in Exhibit K, Table 2, of Douglas' Power Sales Contract No. DE-MS79-81BP90494, shall be 35 average MW at Hanna located near Rock Island, Washington.

DRAnderson:lw:4154 (WP-PKL-6907b)

EMERALD PUD

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

MAY 0 2 2003

In reply refer to: PSW-6

Mr. Frank Lambe
General Manager
Emerald People's Utility District
33733 Seavey Loop Road
Eugene, OR 97405

Dear Mr. Lambe:

This letter is to inform you that Bonneville Power Administration (BPA) has determined the two annexed paper products facilities located in the Halsey area are New Large Single Loads (NLSL) on Emerald People's Utility District (Emerald) under the provisions of the Regional Act, PL 96-501 section 3(13), and BPA's NLSL policy. These facilities include:

Georgia Pacific Corporation's Paper Mill
30470 American Drive
Halsey, Oregon
Load: Approximately 23 aMW

Pope & Talbot's Pulp Mill
30480 American Drive
Halsey, Oregon
Load: Approximately 20 aMW

Emerald annexed these two loads from PacifiCorp on June 1, 2002. The addition of these loads constitutes an increase in Emerald's consumer load of ten average megawatts or more at a single facility. Any additional increase in load at either the Georgia Pacific or Pope & Talbot plants will be considered a NLSL.

Both the Georgia Pacific and Pope & Talbot plants are long established loads in the region and are contracted for or committed to (CF/CT) loads of PacifiCorp. However, neither the Regional Act, nor BPA's NLSL policy allow for the transfer of PacifiCorp's CF/CT status to a Public Agency Utility. One of BPA's earliest determinations under its NLSL policy concerned the transferability of a contracted for or committed to load from Portland General Electric to a Public Agency Customer. In that determination, contained in a letter from the Administrator dated October 6, 1981 (attached), BPA stated that CF/CT status for the load was not transferable when the load moved between utilities. This specific issue was considered again in BPA's most recent public review of its NLSL policy, a decision was made not to change BPA's policy regarding

AUG 2 8 2008

such transfers of CF/CT loads between utilities. See *New Large Single Load Issue Review, Administrator's Record of Decision*, dated March 27, 2002.

Emerald informed BPA that the NLSL's will be served with non-federal power purchases. BPA will therefore not provide power to serve the NLSL at this time. Should Emerald request BPA service to these loads in the future; we would offer to provide it at the applicable New Resource rate, including any applicable Targeted Adjustment Charge.

BPA will prepare a revision to Exhibit A of Emerald's Subscription Contract, Contract Number 00PB-12138 to reflect this determination.

If you have any comments or questions, please direct them to your Account Executive, Mr. John Lebens, at (503) 230-3965.

Sincerely,

(b)(6)

Stephen J. Wright
Administrator and
Chief Executive Officer

cc: Alan Zelenka, Power Resources Manager, Emerald People's Utility District

EUGENE WATER ELECTRIC BOARD

Office of Power Sales
Briefing Memo

Contract: Revision No. 1 to Exhibit K, Table 2 (Contracted For, Committed To Determinations), City of Eugene, Oregon, Contract No. DE-MS79-81BP90456.

Existing Circumstances: No contracted for, committed to (CF/CT) loads are listed on the current Exhibit K, Table 2.

Changes Required/Impact on Existing Circumstances: Eugene has requested a CF/CT determination for its Weyerhaeuser load, to establish that Eugene was obligated to serve the load prior to September 1, 1979, the cutoff date for CF/CT loads under the Northwest Power Act. If this load is included in Eugene's CF/CT loads, the amount of load eligible for "grandfathered" PF service under the Northwest Power Act, which is exempt from New Large Single Load (NLSL) status, will increase, consistent with BPA's NLSL practices.

Policy Implications: The revision will increase slightly the total loads eligible for grandfathered PF service, which otherwise could potentially become NLSL's and pay the new resources rate for BPA power. Even without this change, increases in the load above the CF/CT amount could receive PF service if increases in load were managed to amounts less than 10 aMW each 12-month measuring period. Load increases will be measured over 12-month periods from September 1 of each year. This will be BPA's 35th CF/CT determination.

Financial Management Concerns: None.

General Counsel Concerns: The Administrator's signature is required for CF/CT determinations because Section 3(13)(A) of the Northwest Power Act specifically directs the Administrator to make these determinations. This is not solely a contractual determination, and the general delegation of power sales contract authority to the Senior Assistant Administrator for Power Management in the BPA Manual does not specifically delegate CF/CT determinations.

NEPA Determination: The Coordination and Review Manager for the Office of Power Sales has determined CF/CT determinations are purely factual determinations which do not involve decisions whether to take an action, and are therefore outside the ambit of the National Environmental Policy Act. No NEPA clearance is required.

Signature Instructions:

The Administrator will sign the letter and two originals of the revised Exhibit K, Table 2. No signature is required from the customer.

Area Acceptance: The Lower Columbia Area Office and the Eugene District Office concur with this determination.

DWolfe:3556 (VS6-PMC-6820b)

Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

OFFICE OF THE ADMINISTRATOR

July 16, 1990

In reply refer to: PMC

Mr. Vaughn Scales
Power Resources Manager
Eugene Water and Electric Board
500 East 4th Avenue
P.O. Box 10148
Eugene, Oregon 97440-2148

Dear Mr. Scales:

On May 9, 1990, the City of Eugene (City), through its electric utility, the Eugene Water and Electric Board, requested that Bonneville Power Administration (BPA) determine that the load at the Weyerhaeuser Company (Weyerhaeuser) wood products plant, located at Springfield, Oregon, is not a New Large Single Load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). The City requested the determination on the basis that such loads were contracted for, or committed to, between the City and Weyerhaeuser, as of September 1, 1979.

In making such determination, and in determining the size of the loads contracted for or committed to, in order to establish a floor upon which future increases, if any, at such facility may be measured, the following documents were considered:

1. Contracts.

a. July 14, 1970, power sales agreement between the City and Weyerhaeuser.

b. January 6, 1975, letter amendment from Keith Parks, General Manager of the Eugene Water and Electric Board, to Howard E. Hunt of the Weyerhaeuser Company, signed by both the City and Weyerhaeuser, which amends the rates and the schedule for rate review under the power sales agreement.

2. Correspondence.

a. A printout of loads at the Weyerhaeuser Springfield plant, dated April 3, 1990, which shows monthly firm energy and firm peak demand at the plant from January 1974 through December 1979.

b. The City's letter of May 9, 1990, requesting a contracted for/committed to determination for the Weyerhaeuser plant, stating that the load data submitted indicate only firm power loads because no nonfirm power was used during the period shown.

c. The City's letter of June 4, 1990, stating that the printout provided is a Billing Demand record.

Sections 5(C) and (D) of Weyerhaeuser's power sales agreement with the City establish that Weyerhaeuser's Billing Demand will equal the monthly maximum hourly demand after deducting secondary, surplus, and other energy purchased by Weyerhaeuser. Section 5(E) states that the Billing Demand entitles the Company to purchase firm energy up to the amount of the Billing Demand rate of delivery for each 60-minute clock hour in the monthly billing period, and establishes the Billing Demand at the higher of the Net Demand for the month to be billed or the highest Net Demand during the previous 11 months. These provisions obligate the City to provide power to Weyerhaeuser at the Billing Demand level at a 100-percent load factor over a 12-month period if Weyerhaeuser requires it.

The records of firm peak demand at Weyerhaeuser show that the maximum Billing Demand prior to September 1, 1979, was established during August 1978, at a level of 65.2 megawatts (MW). Therefore, the City's maximum obligation to provide power to Weyerhaeuser prior to September 1, 1979, was 65.2 MW, which, if supplied at a 100-percent load factor, as permitted under the retail power sales agreement, would equal an energy load of 65.2 average MW.

Based on the contract executed by Weyerhaeuser and the City in 1970 as amended, and the record of service provided by the City for the period January 1974 through December 1979, BPA has determined that your contracted for or committed to load for purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90456, Exhibit K, Table 2, is 65.2 average MW.

The contracted for/committed to load established by this determination is specific to the Weyerhaeuser plant at Springfield. The right to service at the priority firm power rate which this determination establishes for the Weyerhaeuser Springfield plant is not transferrable to other Weyerhaeuser facilities or operations or to sites outside of the City's service territory. This determination is not applicable to service to this facility by another utility.

BPA will monitor the consumption at this load annually to determine whether the load has become a New Large Single Load as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact Bob Laffel, Eugene District Manager, at (503) 465-6952.

Sincerely,

(b)(6)

ACTING Administrator

Enclosure:
Exhibit K, Table 2

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact Bob Laffel, Eugene District Manager, at (503) 465-6952.

Sincerely,

(b)(6)

ACTING Administrator

Enclosure:
Exhibit K, Table 2

DWolfe:sc:3556:07/10/90 (VS6-PMCG-6820b)

cc:
Admin. Chron. File - A
E. Sienkiewicz - A
H. Spigal - AP
J. Luce - APP
T. Miller - APP
B. McLean - DRER
T. Scanlon - DRES
C. Blanco - DRES
R. Freeman - DSAC
W. Pollock - P
J. Curtis - P
M. Flynn - PG
S. Berwager - PM
L. Kitchen - PMC
C. Combs - PMCG
K. Moxness - PMCG
D. Wolfe - PMCG
D. Faulkner - PS
E. Bleifuss - PSC
S. Kageler - PSCA
S. Luttmer - PSCD
A. White - PSCD
G. Moorman - RPC
R. Clark - RPCE
C. Lee - RPCE
J. Kiley - YH
G. Lenzen - YH
Area Power Managers - LC, TC, UC, WC
Official File - PMC (PM-12-11-2 NLSL)

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

Table 2

List of Purchaser's Loads and Amounts Which Were Contracted for, or Committed to, Prior to September 1, 1979

Description of Facility	Location	Amount of Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)
Weyerhaeuser wood products plant	Springfield, Oregon	65.2

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By (b)(6)
ACTING Administrator

Date JUL 19 1990

(VS6-PMCG-4411c)

Decision Paper

May 9, 1990, REQUEST BY THE CITY OF EUGENE (EUGENE) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, EUGENE HAD COMMITTED TO SERVE LOADS AT THE WEYERHAEUSER COMPANY (WEYERHAEUSER) WOOD PRODUCTS PLANT AT SPRINGFIELD, OREGON, IN THE AMOUNT OF 65.2 AVERAGE MEGAWATTS (MW).

ISSUE: Were the Weyerhaeuser Springfield plant loads contracted for, or committed to, as of September 1, 1979, by Eugene and Weyerhaeuser, and, if so, what was the size of such load for purposes of establishing a floor upon which future increases in load at such facility, if any, can be measured?

BACKGROUND: On May 9, 1990, Eugene requested that BPA determine that the loads at Weyerhaeuser are not New Large Single Loads under Section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act) and section 8(b) of Eugene's power sales contract with BPA. Eugene alleges that the loads at Weyerhaeuser were contracted for, or committed to, prior to September 1, 1979.

In determining whether the loads were contracted for, or committed to as of September 1, 1979, the following information was considered:

Contracts:

July 14, 1970 power sales agreement between Eugene and Weyerhaeuser.

January 6, 1975 letter amendment from Keith Parks of Eugene to Howard E. Hunt of Weyerhaeuser, signed by both Eugene and Weyerhaeuser, amending the rates and the schedule for rate review under the power sales agreement.

Correspondence:

A printout of loads at the Weyerhaeuser Springfield plant, dated 4/3/90, which shows monthly firm energy and firm peak demand at the plant from January 1974 through December 1979.

Eugene's letter of May 9, 1990, requesting a contracted for, committed to determination for the Weyerhaeuser plant, and stating that the load data submitted indicate only firm power loads because no nonfirm power was used during the period shown.

Eugene's letter of June 4, 1990, stating that the printout provided is a biling demand record.

RECOMMENDATION:

Weyerhaeuser Springfield plant: A July 14, 1970, contract establishes that Eugene contracted to serve Weyerhaeuser's Springfield plant load in the amount of its requirements. An amendment of this contract was executed by both parties in January 1975. Based on this information, the Weyerhaeuser Springfield plant load was contracted for by Eugene prior to September 1, 1979.

The consumption history of the load shows that the billing demand established prior to September 1, 1979 was 65.2 MW, established during the month of August 1978. Section 5.E of the power sales agreement between Eugene and Weyerhaeuser obligates Eugene to serve Weyerhaeuser's billing demand at a 100 percent load factor over a period of up to 12 months. Therefore, the total contracted for, or committed to load at the facility is 65.2 average MW.

This total contracted for or committed to load is the capacity limitation specified in the contract, because energy is not specified or limited, as set forth in section 8(b) of the power sales contract.

The total contracted for, or committed to load at the Weyerhaeuser Springfield wood products plant is 65.2 average MW.

It is the recommendation of BPA staff that the Administrator determine that the contracted for, or committed to load to be entered in Exhibit K, Table 2, of Eugene's Power Sales Contract, No. DE-MS7981BP90456, shall be 65.2 average MW for Weyerhaeuser's facility located at Springfield, Oregon.

(VS6-PMCG-6820b)

Correspondence Timeline

Date	Document	Notation
7/14/70	Power sales agreement	Establishes Eugene's obligation to serve Weyerhaeuser's requirements, and to serve Billing Demand at 100 percent load factor. Effective 7/1/70.
1/6/75	Letter amendment	Amends rates and rate adjustment schedules.
4/3/90	Load printout 1/74-12/79	Shows firm peak demand for each month.
5/9/90	Letter	Requests a contracted for, committed to determination for the Weyerhaeuser plant, and states that the 4/3/90 load data submitted indicate only firm power loads because no nonfirm power was used during the period shown.
6/4/90	Letter	States that the 4/3/90 load data printout is a billing demand record.

(VS6-PMCG-6820b)

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90456
The City of Eugene by and
through Eugene Water &
Electric Board
Effective on the effective
date of this amendment

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE CONTRACTED FOR, OR COMMITTED TO PRIOR TO SEPTEMBER 1, 1979

No determination have been made as of the effective date set forth above.

Description of Facility	Location	Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)
Weyerhaeuser Company	Springfield, Oregon	52.0

EWEB & Hynix (formerly Hyundai)
NLSL Determination
1995 - 2007

In the early 1990s Hyundai Heavy Industries (Hyundai) planned to build its first silicon chip fabrication plant (FAB) in North America in the Eugene, OR area to be served by the Eugene Water and Electric Board (EWEB). At that time power traders and marketers like Enron were on the rise and offering "introductory offers". During this period BPA rates were under pressure from increasing fish and wildlife costs as well as increasing costs for transmission and generating system maintenance. This upwards pressure on BPA rates in an era of declining market rates led to a perception that BPA's Priority Firm (PF) rate was higher than market.

In actuality, what the marketers were offering were 5-year strips or blocks without shaping or load following services at below PF rates; no one was offering load following service for twenty years at less than PF. In the 1990s BPA was in a five-year rate cycle without tiered rates. For the 1996 rate case BPA rates staff calculated the New Resources (NR) rate to be equal to the PF rate; this meant that for this rate period an NLSL could be served at the same cost of power as any PF eligible load. In addition, NLSLs also had the alternative to take service from non-federal resources. At the time, non-federal service was perceived to be cheaper than federal power even if the NR rate equaled PF. The Tiered Rate Mechanisms (TRM) did not exist and obtaining shaping services for an NLSL served with non-federal power was not an issue under the rate schedule or the contract. It should also be borne in mind that under the Regional Act power sales contracts EWEB was a computed requirements customer without automatic generation control (AGC)[1] which was what we called a Balancing Authority at the time. EWEB did maintain limited scheduling capacity in what they called a "nested control area" and could, and did, schedule power to an NLSL.

Hyundai was developing a chip FAB that at full capacity was planned to draw 60 aMW at the end of the planned second phase. In the event the second phase of the chip FAB was never built, but the substation was built to the full 60 MVA level of transformation. Silicon chip FABs are designed to operate most efficiently at full power, it is difficult and expensive to "phase" such loads on and since the full operating level was planned to be 60 aMW it looked like the load was destined to become an NLSL.

EWEB approached BPA about the expected NLSL[2]in its service territory. BPA and EWEB agreed that the Hyundai load was a prospective or planned NLSL and as such entitled to service with non-federal power. In a letter dated October 29, 1996, BPA declared the Hyundai FAB load an NLSL; BPA and EWEB had agreed that the load would be treated as an NLSL and

[1] The Computed Requirements Customers without AGC; EWEB, Pende Oreille PUD, Snohomish PUD, Seattle City Light, & Tacoma City Light, were essentially pre-Slicers.
[2] In NLSL Policy issues BPA has no contractual relationship with any entity other than its utility customer nor does BPA as a matter of policy enter into third-party beneficiary contracts.

served by EWEB with non-federal power in the 1996 rate period (5 years)[3] BPA did not revisit the issue to confirm Hyundai's NLSL status since the agency had given consent to service with market purchases for five years.

EWEB and Hyundai were able to arrange to serve the FAB at a very good market price for the first five years of its operation. During those five years the Region experienced the California energy crisis, the Enron bankruptcy, and due to issues arising during construction, the load at the Hyundai plant did not come onto EWEB as quickly or as large as anticipated.

The practical result was that when the five-year market purchase expired there was no follow on contract available. In order to support the largest employer in its service territory EWEB elected to serve the FAB load using its own resources. EWEB's Subscription power sales contract was a Slice/Block contract; as such EWEB was well placed to supply an NLSL and to shape resources to the load without reference to BPA. EWEB was under some pressure from its rate payers since its avowed policy was not to give industrial customers preferential rate treatment but in the early 2000s EWEB was giving an industrial customer rates designed to compete with a market purchase from the Enron era. BPA does not know what rate EWEB was giving the FAB, under the NLSL Policy the retail rates an NLSL pays are between the NLSL and its utility. EWEB informed Hynix Corp. (Successor in Interest to Hyundai) that it could no longer serve the FAB at the current preferential industrial rate.

In a letter dated August 25, 2006, EWEB requested that BPA review the October 1, 1997 NLSL determination of the Hynix plant. As precedent for such reexamination EWEB cited the case of the SteelScape steel rolling mill served by Cowlitz PUD.[4]

BPA staff under the leadership of Theresa Rockwood, EWEB's AE, embarked on a lengthy review process involving the review of contemporaneous records, internal company reports, translated from the original Korean, multiple visits to EWEB and a site visit and lunch at the FAB. It should also be noted that the local congressional delegation (Rep. Peter DeFasio took an

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[3] A planned NLSL is treated and billed as an NLSL in the expectation that its load will grow by 10 aMW in 12 consecutive months, today BPA monitors the growth of planned NLSLs to confirm if and when its load grows by 10 aMW in a consecutive 12-month period, largely because of the EWEB/Hynix case.

[4] The SteelScape mill, formerly Broken Hills Properties, like Hynix, had been designated an NLSL in the mid-nineties, was planned to come on line at well over 10 aMW initial load, and had not been built as large as originally planned, about half as large. However, unlike Hynix the steel mill load had never grown above 9 aMW. Since there was no issue about rate of load growth and the load had never breached the NLSL barrier it was a straight forward decision on BPA's part to rescind the NLSL determination in the SteelScape case. This was the first time and so far only time an NLSL designation was rescinded. It should also be noted that SteelScape felt the PF load following rate was too high and investigated a market purchase, but since their load is eccentric (varying from 0.2 aMW to 8.5 aMW every hour) in the end they were happy to take load following service from Cowlitz with power purchased at PF.

interest in the review. In a letter dated August 23, 2007 BPA stated that based on the facts determined during the review, BPA found no compelling reason to change the N LSL status of the Hynix load.

Ultimately the Hynix plant closed and today (July 2015) the building is empty while the 60 MVA of transformation remains. Such a large amount of transformation capacity would subject any developer of the site to NLSL review; EWEB maintains it would be prohibitively expensive to remove the transformers absent a need for them at another location. Although it is unlikely that anyone is interested in opening a new chip FAB on the site, in view of the large amount of transformation capacity in the dedicated Substation, it appears that BPA will review the possible NLSL status of any subsequent development of the site as it evolves.

An additional complication to the situation flows from EWEB's complex resource situation. EWEB owns a small hydro resource named Stone Creek which it dedicated to serve Hynix as an NLSL resource; Stone Creek is a 5(b)(1)(A) resource and subject to the requirements of BPA's 5(b)9(C) Policy which in this case increases the scrutiny that BPA applies to EWEB's use of the resource.

EWEB included the Stone Creek resource in its first firm resource exhibit in 1980 and tried to remove it the next year; but a principal of the 5(b)/9(C) Policy is once in never out, particularly with hydro resources. BPA learned that in the 1980s and 1990s EWEB exported the Stone Creek resource out of the Region without informing BPA which is contrary to the 5(B)/9(C) Policy and would expose EWEB to a PF decrement in the amount of the Stone Creek resource in the normal course of events. EWEB has disputed BPA's position and its application of the 5(B)/9(C) Policy to the Stone Creek resource.

As BPA and the Region were approaching the end of the Regional Act power sales contracts, the new Subscription power sales contracts, and the advent of the Slice/Block product, the Stone Creek 5(b)/9(C) issue with BPA loomed large in EWEB's negotiations for its Subscription Slice/Block power sales contract.

EWEB's position was that the Stone Creek resource had never really been considered a firm resource by EWEB and BPA was wrong to force EWEB, with the threat of a decrement, to apply Stone Creek to its system load, thereby displacing PF power.

BPA's position was that Stone Creek was an EWEB firm resource and it would be applied to EWEB's firm load or BPA would decrement EWEB's PF purchases. BPA was however open to a compromise; if EWEB would dedicate Stone Creek as an NLSL firm resource to EWEB's Hynix NLSL thereby displacing federal power priced at NR BPA would be satisfied that the Stone Creek resource was accounted for and used to serve load in the Region.

EWEB resisted this compromise until the deadline to sign Subscription power sales contracts. On the last day of the signup period EWEB representatives came to Portland to negotiate in person, when they learned that BPA was firm in its position EWEB agreed to dedicate the Stone Creek resource to serve Hynix.

So far as BPA and the 5(b)/9(C) Policy were concerned everything came out alright. EWEB had avoided a PF decrement but had dedicated an expensive resource to serve its largest employer at a much higher rate than the market purchase they had started out with. This is one of the causes for EWEB's search for a change in NLSL status for the Hynix load described above.

This situation endured throughout the Subscription contract, even when Hynix closed, the need to maintain a clean atmosphere resulted in enough wheel turning or maintenance load to account for the output of the Stone Creek resource about 4 MW. When the owners of the plant decided to reduce the wheel turning load to less than the output of Stone Creek BPA had to acknowledge the situation. Currently EWEB assigns the output of Stone Creek first to maintenance at Hynix with any remainder earmarked to make up transmission losses from BPA. EWEB notifies BPA of its disposition of the Stone Creek resource annually {see EWEB letter dated June 30, 2015}.

EWEB letter – 30 JUN 2015

NLSL Letter – 23 AUG 2007

Internal BPA Memo – 26 NOV 26 NOV 2007

Pollock Letter on NLSLs – 23 MAY 1986

Letter from DeFazio – 21 DEC2007

Letter from EWEB – 22 DEC 1995

Letter from EWEB – 1 OCT 2007

BACKGROUND MATERIALS

Letter from EWEB – 22 DEC 1995

ADF – 6 AUG 2007

Background – 5 DEC 2007

Hynix Letter – 28 SEP 2007

EWEB Letter – 25 AUG 2006

BPA Letter – 9 JAN 2007

NWPA Leg. History

Lebens letter – 29 OCT 1996

EWEB & Hynix (formerly Hyundai)
NLSL Determination
1995 - 2007

Hynix Letter –3 DEC 2007

Hynix Load Chart

Site visit report – 7 FEB 2007

Talking points

BPA letter – 10 OCT 2006

Load charts

Hynix letter – 27 JUN 2007

Hynix meeting agenda – 16 NOV 2006

Options for start dates and load data

Lebens letter – 28 FEB 1996

Hyundai letter – 21 JUL 1998

E-Mails – 4 AUG 2006

Talking points – 30 AUG 2006

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Options for Start Dates for NLSL Determination of Hynix Load

Background:

On August 25, 2006, Eugene Water & Electric Board (EWEB) sent a letter to BPA requesting an examination of the New Large Single Load (NLSL) status for its retail customer Hynix Semiconductor America. Although there is no requirement in our NLSL policy for a review 10 years after BPA made a determination that the load was a new large single load, we agreed to meet with representatives from both Hynix and EWEB to discuss our NLSL policy and to review information concerning the history of this load.

Under the Power Sales Agreement in effect, EWEB had a duty to report the Hyundai load to BPA as a potential NLSL. After discussions between Hyundai, BPA and EWEB, a date for the expected commercial operation of the load was agreed upon. (Hyundai was subsequently sold to Hynix). In a letter dated October 29, 1996, BPA determined that at commercial operation, the Hyundai load would be a NLSL. This designation was made based on information from EWEB that the upcoming load would be greater than 10 aMW in the first year of operation. A following letter dated July 21, 1998, from Hyundai to EWEB states, "Recently, the site has made a transition from a construction to a production mode."

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Since the NLSL determination some10 years ago the parties have relied upon the date of commercial operation for the facility and have raised no questions until we received the August 25, 2006 letter.

Site Visit and Data Provided:

Robert Anderson, Gary Kunz and Theresa Rockwood made a site visit to the Hynix plant on February 7, 2007. At that time we were given a package of information about the Hynix plant and its power supply. The most relevant documents were:

1) Copies of power bills from EWEB to Hynix dated February 97 to the present.
2) A site plan, pictures of the plant and one-line diagram of the substation at the plant.
3) A timeline dated from April 1996 through January 1998, the period from the first permits for construction of the plant through first production runs. This outline was "recreated" from internal memos from the Eugene plant manager to headquarters in Korea. We were not given the actual memos.

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N.B. All information, witness statements and documents are at least 10 years old. In addition, Hynix and EWEB have so far provided no original documents, only photo copies, 'reconstructions", extracts and synopsis. The only independently confirmed and undisputed facts at this point are 1) the October 1, 2006 start of NLSL status from the BPA letter; 2) the start of meter readings in February 1997; 3) the start of Fabrication in January 1998. Hynix and EWEB have so far been unable to establish in a clear and convincing manner when construction at the plant stopped and production or production-

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related installation began. It should also be noted that Hynix and EWEB have so far presented four theories of why the plant should not be a NLSL. While we could expect the customer's thinking on the matter to mature during negotiations process, the number of shifts in position underscores the difficulty of working with old, non-original documents.

Generally, when a new load is suspected of becoming a NLSL, it is monitored from start to finish its first year. All progress and changes in operations is recorded in real time; so establishing start dates is a much more straight forward process. Hyundai wanted to take advantage of low market power rates and the fact that BPA's NR rate equaled its PF power rate. EWEB presented the new load as a NLSL from the start and none of the Parties were monitoring the load for NLSL purposes as it came on.

Because of delays in construction there was no energy consumed at the plant site until February 1997. From April 1997 to August 1999 there was a steady increase in electric consumption from 0 to 20.6 aMW, with the single largest jump in January 1998 of 2.6 aMW, the month Hynix tells us they began production (see attached Chart 2). The second biggest jump was in July[August?] 1997 with a 1.8 aMW increase, when Hynix tells us that they were able to establish a Class 1 Environment through installation of the Fan Filter Air Units. This is the date they recommend as the Test and Start Date (see attached Chart 3). This is one of two dates that would give them PF status for their entire load.

Dedicated Resources:

In 2001, EWEB contested the dedication to load of two resources, Stone Creek Hydro (7.2 aMW) and their share of the Weyerhauser Co-Gen (12 aMW). BPA and EWEB have had an ongoing dispute over these resources; BPA's position is that EWEB exported the output of the resources contrary to BPA's 5(b)/9(C) Policy. During the negotiations for the Subscription power sales contracts, BPA threatened to decrement EWEB for the output for the resources. Ultimately to further Subscription, BPA allowed them to dedicate the two resources to their NLSL on a planning basis, rather than to load. If Hynix is no longer a NLSL requiring dedicated NLSL resources, BPA would still require those resources be dedicated to EWEB's firm load. EWEB has said that the worst outcome for them would be that Hynix would receive PF for their entire load and EWEB would be forced to reduce their net requirement for the rest of their load by 19.2 aMW.

Possible Start Dates:

The data we have indicate that there are 16 possible start dates (from October 1996 through January 1998). Of these 16 possible start dates Hynix and EWEB allege the proper start dates from those 16 we have identified. Some are more difficult to defend than others. Below is a chart with the options and short summaries of the pros and cons in order of preference from our team.

Hynix and EWEB have finally advanced the theory that in June 1997, Hyundai started to install the air handling system in the plant in preparation of installing the production machinery. We know that construction was still proceeding, and we have been unable to

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establish the level of construction load. There is also the question of whether the installation of air handling qualifies as the start of the test and installation phase for NLSL purposes.

Option 1 – February 1997, **First kWhs are Delivered to the Site** Result: 4 aMW PF to Hynix	
Pro: 1) Definable criterion on which BPA can make a decision and defend given we have no concrete information to separate construction from production in the data provided. 2) Does not affect EWEB's current take of PF to retail load.	Con: 1) May be less than expectations of Hynix.
Option 2 – October 1996, **Letter from BPA Administrator Declares Hyundai a NLSL** Result: No change to current status	
Pro: 1) Best legal position for BPA. 2) Represents the agreed positions of the Parties at the time. 3) Does not affect EWEB's current PF to retail load.	Con: 1) Hynix will regard as non-responsive.
Option 3 – January 1998, **Began First Production (Chip Fabrication)Runs** Result: No change to current status	
Pro: 1) Definable criterion on which to make a decision and defend, although contradicts our letter of July 21, 1998. 2) Does not affect EWEB's current PF to retail load.	Con: 1) Hynix will regard as non-responsive.
Option 4 – June 1997 **Installation of Fan Filter Units (Test Period)** Result: Hynix is no longer a NLSL. BPA provides 25.5 aMW of PF and is obligated to serve as the load grows (net 5.8 aMW to start). EWEB is required to dedicate Stone Creek Hydro (7.2 aMW) and Weyerhauser Co-Gen (12 aMW) to load.	
Pro: 1) We would be relying on the Hynix recently generated timeline for this date. 2) Hynix would find this date the best possible outcome.	Con: 1) EWEB would find this date the worst possible outcome.

[Is Option 4 date mentioned in background above? May be better to list these chronologically. *Agree; put it in chronological order*]

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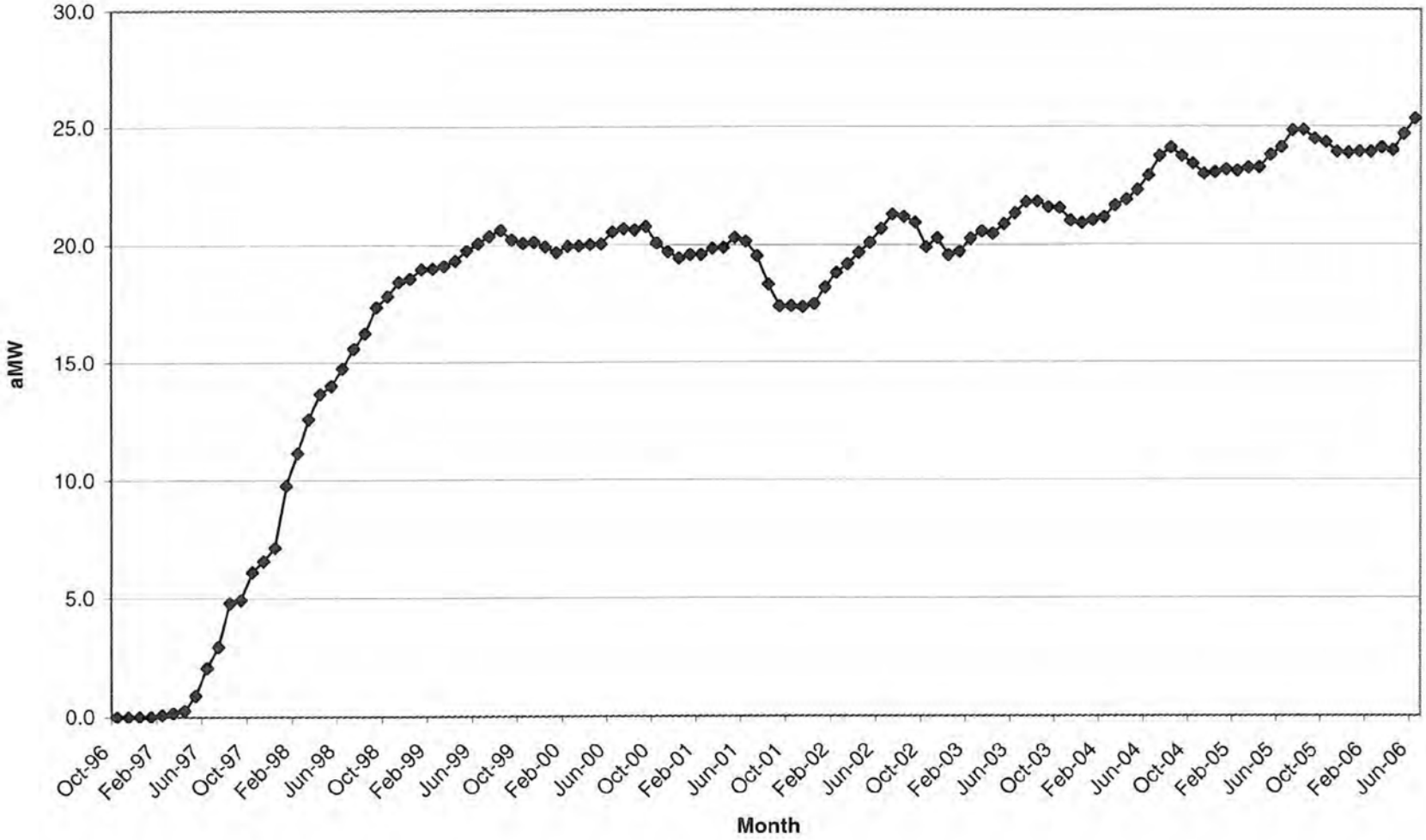
Hynix Loads from Oct 96 (BPA Letter of NLSL Determination) through Jun 06
Chart 1



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Hyundai Loads

Scenario 1 Plant begins achieving class 1 air July 1997
Scenario 2 Begin fabrication in January 1998
Scenario 3 Begin Calculation when Hyundai sent the "transition from construction to production" letter
Difference over 12-month period

				1st Year	2nd Year	Monthly % growth	aMW Monthly increases		
Oct-96	0.0	745							
Nov-96	0.0	720							
Dec-96	0.0	744							
Jan-97	0.0	744							
Feb-97	0.077	672	52		1000				
Mar-97	0.2	744	123			114%	0.1		
Apr-97	0.3	719	194.15			63%	0.1		
May-97	0.9	744	665			231%	0.6		
Jun-97	2.1	720	1486.5			131%	1.2		
Jul-97	2.9	744	2191.45			43%	0.9		
Aug-97	4.8	744	3558.4			62%	1.8		
Sep-97	4.9	720	3542.55			3%	0.1		
Oct-97	6.1	745	4538			24%	1.2		
Nov-97	6.6	720	4723.1			8%	0.5		
Dec-97	7.1	744	5298.7			9%	0.6		
Jan-98	9.8	744	7260.9			37%	2.6		
Feb-98	11.1	672	7490.2			14%	1.4		
Mar-98	12.6	744	9353.9			13%	1.4	0.01	
Apr-98	13.6	719	9813.5			9%	1.1		0.01
May-98	14.0	744	10410			3%	0.3		
Jun-98	14.7	720	10611.65	Jul 97-Jun 98	0.0 aMW	5%	0.7		
Jul-98	15.6	744	11599.6			6%	0.9		
Aug-98	16.3	744	12093.35			4%	0.7		

Sep-98	17.4	720	12498.8			7%	1.1		
Oct-98	17.8	745	13284.4			3%	0.5		
Nov-98	18.4	720	13273			3%	0.6		
Dec-98	18.6	744	13811.5	Jan 98-Dec 98	0.0 aMW	1%	0.1		
Jan-99	19.0	744	14112.7			2%	0.4		
Feb-99	19.0	672	12763.05			0%	0.0		
Mar-99	19.1	744	14218.55			1%	0.1	0.02	
Apr-99	19.3	719	13891.65			1%	0.2	0.01	0.02
May-99	19.8	744	14703.35			2%	0.4		0.01
Jun-99	20.1	720	14436.15	Jul 98-Jun 99	0.0 aMW	1%	0.3		
Jul-99	20.4	744	15146.85			2%	0.3		
Aug-99	20.6	744	15338.85			1%	0.3		
Sep-99	20.2	720	14558.7			-2%			
Oct-99	20.1	745	14942.1			-1%			
Nov-99	20.1	720	14484			0%			
Dec-99	19.9	744	14816.1			-1%			
Jan-00	19.7	744	14642.8			-1%			
Feb-00	19.9	696	13876			1%	0.02		
Mar-00	20.0	744	14845.1			0%		0.02	
Apr-00	20.0	719	14383.45			0%			0.02
May-00	20.0	744	14895.7			0%			
Jun-00	20.5	720	14784.346			3%			
Jul-00	20.7	744	15382.8			1%			
Aug-00	20.6	744	15338.85			0%			
Sep-00	20.8	720	14952.75			1%			
Oct-00	20.1	745	14949.25			-3%			
Nov-00	19.7	720	14188.8			-2%			
Dec-00	19.4	744	14451.2			-1%			
Jan-01	19.6	744	14566.15			1%			
Feb-01	19.6	672	13154			0%			
Mar-01	19.8	744	14754			1%			
Apr-01	19.9	719	14286.75			0%			
May-01	20.3	744	15102.65			2%			
Jun-01	20.1	720	14499.65			-1%			

Jul-01	19.5	744	14518.05		-3%
Aug-01	18.3	744	13620.5		-6%
Sep-01	17.4	720	12511.25		-5%
Oct-01	17.4	745	12956.54		0%
Nov-01	17.3	720	12490.54		0%
Dec-01	17.5	744	13009.74		1%
Jan-02	18.2	744	13534.31		4%
Feb-02	18.8	672	12636.88		3%
Mar-02	19.2	744	14263.04		2%
Apr-02	19.7	719	14135.62		3%
May-02	20.1	744	14940.48		2%
Jun-02	20.7	720	14875.411		3%
Jul-02	21.3	744	15826.583		3%
Aug-02	21.2	744	15745.833		-1%
Sep-02	20.9	720	15067.635		-1%
Oct-02	19.9	745	14814.064		-5%
Nov-02	20.3	720	14594.33		2%
Dec-02	19.6	744	14547.682		-4%
Jan-03	19.7	744	14656.15		1%
Feb-03	20.3	672	13610.66	744	3%
Mar-03	20.5	744	15287.83	672	1%
Apr-03	20.4	719	14701.946	744	0%
May-03	20.9	744	15514.754	719	2%
Jun-03	21.3	720	15344.755	744	2%
Jul-03	21.8	744	16219.998	720	2%
Aug-03	21.8	744	16231.666	744	0%
Sep-03	21.6	720	15534.841	744	-1%
Oct-03	21.5	745	16050.252	720	0%
Nov-03	21.0	720	15119.86	745	-3%
Dec-03	20.9	744	15551.335	720	0%
Jan-04	21.0	744	15642.42	744	1%
Feb-04	21.2	696	14721.374		1%
Mar-04	21.6	744	16106.766		2%
Apr-04	21.9	719	15746.974		1%

May-04	22.3	744	16602.344	2%
Jun-04	22.9	720	16496.955	3%
Jul-04	23.7	744	17663.575	4%
Aug-04	24.1	744	17923.38	1%
Sep-04	23.7	720	17094.229	-1%
Oct-04	23.4	745	17447.382	-1%
Nov-04	23.0	720	16546.386	-2%
Dec-04	23.0	744	17149.023	0%
Jan-05	23.2	744	17246.469	1%
Feb-05	23.1	672	15539.242	0%
Mar-05	23.2	744	17297.166	1%
Apr-05	23.3	719	16731.008	
May-05	23.8	744	17698.384	
Jun-05	24.1	720	17362.18	
Jul-05	24.8	744	18467.934	
Aug-05	24.8	744	18482.404	
Sep-05	24.5	720	17614.346	
Oct-05	24.3	745	18121.965	
Nov-05	23.9	720	17215.303	
Dec-05	23.9	744	17763.55	
Jan-06	23.9	744	17799.473	
Feb-06	23.9	672	16072.665	
Mar-06	24.1	744	17925.353	
Apr-06	24.0	719	17244.648	
May-06	24.7	744	18355.866	
Jun-06	25.3	720	18235.652	
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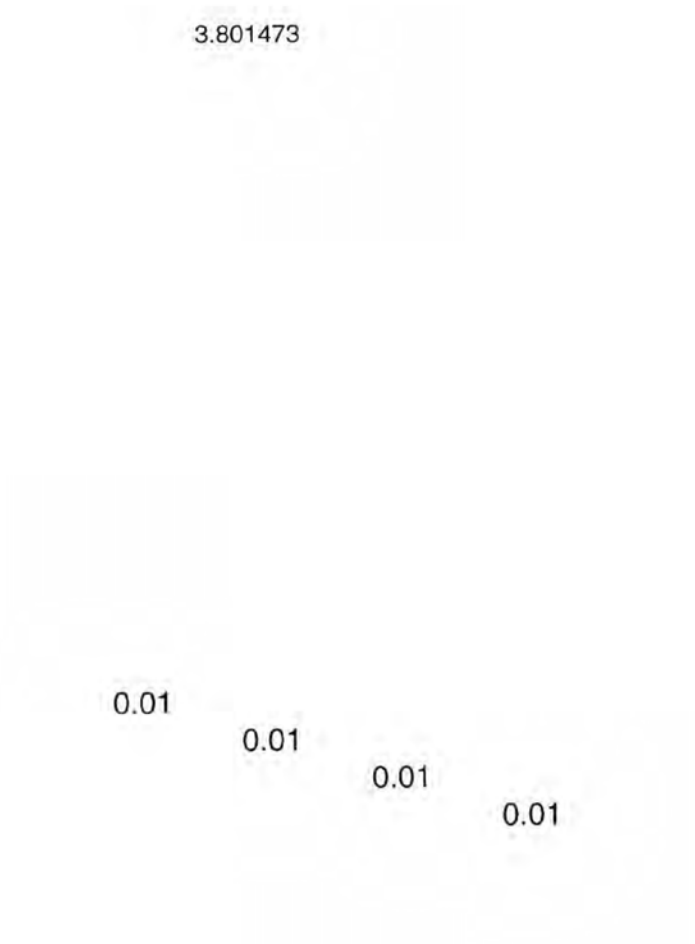

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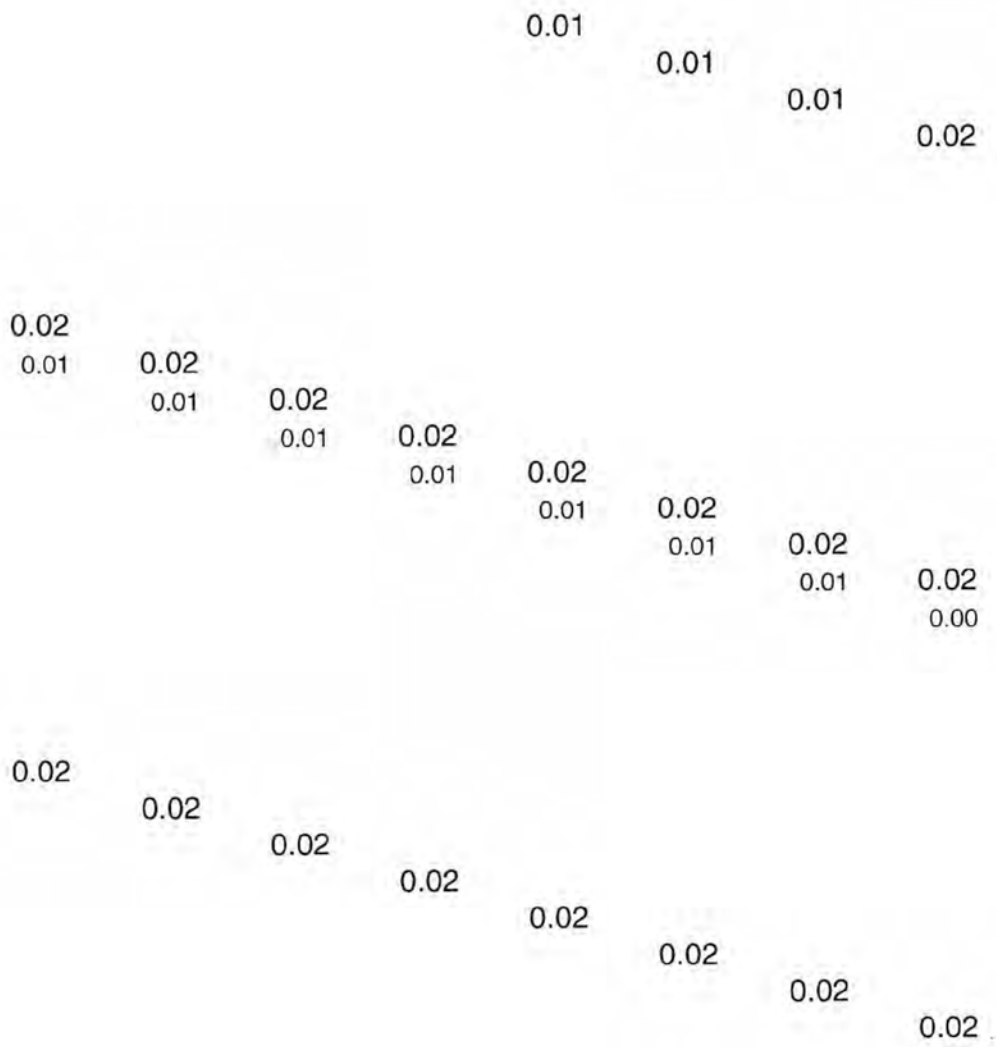
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Hyundai Loads

				X-axis period (aMW)	Growth Following Year (aMW)
Oct-96	745		Oct 96-Sep 97	1.3	10.7
Nov-96	720		Nov 96-Oct 97	1.9	11.2
Dec-96	744		Dec 96-Nov 97	2.4	11.6
Jan-97	744		Jan 97-Dec 97	3.0	12.0
Feb-97	672	52	Feb 97-Jan 98	3.8	12.0
Mar-97	744	123	Mar 97-Feb 98	4.7	11.7
Apr-97	719	194.15	Apr 97-Mar 98	6.0	11.0
May-97	744	665	May 97-Apr 98	6.8	10.6
Jun-97	720	1486.5	Jun 97-May 98	8.0	9.95
Jul-97	744	2191.45	Jul 97- Jun 98	9.0	9.3
Aug-97	744	3558.4	Aug 97- Jul 98	10.1	8.7
Sep-97	720	3542.55	Sep 97-Aug 98	11.0	8.1
Oct-97	745	4538	Oct 97 - Sep 98	12.1	7.3
Nov-97	720	4723.1	Nov 97 - Oct 98	13.1	6.5
Dec-97	744	5298.7	Dec 97- Nov 98	14.0	5.6
Jan-98	744	7260.9	Jan 98 - Dec 98	15.0	4.8
Feb-98	672	7490.2			
Mar-98	744	9353.9			
Apr-98	719	9813.5			
May-98	744	10410			
Jun-98	720	10611.65			
Jul-98	744	11599.6			
Aug-98	744	12093.35			
Sep-98	720	12498.8			
Oct-98	745	13284.4			
Nov-98	720	13273			
Dec-98	744	13811.5			
Jan-99	744	14112.7			
Feb-99	672	12763.05			

Mar-99	744	14218.55
Apr-99	719	13891.65
May-99	744	14703.35
Jun-99	720	14436.15
Jul-99	744	15146.85
Aug-99	744	15338.85
Sep-99	720	14558.7
Oct-99	745	14942.1
Nov-99	720	14484
Dec-99	744	14816.1
Jan-00	744	14642.8
Feb-00	696	13876
Mar-00	744	14845.1
Apr-00	719	14383.45
May-00	744	14895.7
Jun-00	720	14784.346
Jul-00	744	15382.8
Aug-00	744	15338.85
Sep-00	720	14952.75
Oct-00	745	14949.25
Nov-00	720	14188.8
Dec-00	744	14451.2
Jan-01	744	14566.15
Feb-01	672	13154
Mar-01	744	14754
Apr-01	719	14286.75
May-01	744	15102.65
Jun-01	720	14499.65
Jul-01	744	14518.05
Aug-01	744	13620.5
Sep-01	720	12511.25
Oct-01	745	12956.54
Nov-01	720	12490.54
Dec-01	744	13009.74

Jan-02	744	13534.31
Feb-02	672	12636.88
Mar-02	744	14263.04
Apr-02	719	14135.62
May-02	744	14940.48
Jun-02	720	14875.411
Jul-02	744	15826.583
Aug-02	744	15745.833
Sep-02	720	15067.635
Oct-02	745	14814.064
Nov-02	720	14594.33
Dec-02	744	14547.682
Jan-03	744	14656.15
Feb-03	672	13610.66
Mar-03	744	15287.83
Apr-03	719	14701.946
May-03	744	15514.754
Jun-03	720	15344.755
Jul-03	744	16219.998
Aug-03	744	16231.666
Sep-03	720	15534.841
Oct-03	745	16050.252
Nov-03	720	15119.86
Dec-03	744	15551.335
Jan-04	744	15642.42
Feb-04	696	14721.374
Mar-04	744	16106.766
Apr-04	719	15746.974
May-04	744	16602.344
Jun-04	720	16496.955
Jul-04	744	17663.575
Aug-04	744	17923.38
Sep-04	720	17094.229
Oct-04	745	17447.382

Nov-04	720	16546.386
Dec-04	744	17149.023
Jan-05	744	17246.469
Feb-05	672	15539.242
Mar-05	744	17297.166
Apr-05	719	16731.008
May-05	744	17698.384
Jun-05	720	17362.18
Jul-05	744	18467.934
Aug-05	744	18482.404
Sep-05	720	17614.346
Oct-05	745	18121.965
Nov-05	720	17215.303
Dec-05	744	17763.55
Jan-06	744	17799.473
Feb-06	672	16072.665
Mar-06	744	17925.353
Apr-06	719	17244.648
May-06	744	18355.866
Jun-06	720	18235.652
	744	
	744	
	720	
	745	
	720	
	744	

1 year later(aMW)
12.1
13.1
14.0
15.0
15.8
16.4
17.0
17.4
17.9
18.3
18.7
19.1
19.4
19.5
19.7
19.8

Stone Creek Actuals FY 2006

Oct	4452.7
Nov	4599.1
Dec	2291.6
Jan	6001.3
Feb	7070
Mar	6637.2
Apr	5713.2
May	7286.8
Jun	5202.2
Jul	3825.8
Aug	3170.4
Sep	3875.3
	6.9

HYNIX NLSL STATUS REVIEW
MEETING AGENDA
November 16, 2006

INTRODUCTIONS (ALL)

- Who we are
- Hynix Profile

BRIEF CONTEXT (EWEB/HYNIX)

- Reasons for Request
- Review Objectives
- Process Expectations

REVIEW PROCESS (BPA)

- How will we proceed?

BPA'S NLSL POLICY

- Relevant policy, legislative context, objectives
- How an NLSL determination is made
- Three methods for setting "start date"
- Special case of prospective NLSL determination

REQUEST FOR DATA AND DOCUMENTATION

- Identify information needed from Hynix and EWEB

DETERMINE NEXT STEPS, ASSIGNMENTS, MEETING DATE

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

OCT 10 2006

In reply refer to: PSW-6

Eugene Water & Electric Board
500 East Fourth Avenue
Eugene, OR 97440

Dear Mr. Berggren:

We are responding to your August 25, 2006, request for an examination of the New Large Single Load (NLSL) status for your retail customer Hynix Semiconductor America. Although there is no requirement in our NLSL policy for a review 10 years after the Bonneville Power Administration (BPA) made a determination that a load was a New Large Single Load, we have reviewed the information provided and the history of this load.

Under the power sales contract in effect, Eugene Water & Electric Board (EWEB) had a duty to report the Hyundai load to BPA as a potential NLSL and after discussions between Hyundai, BPA and EWEB, a date for the expected commercial operation of the load was agreed upon. By a letter dated October 29, 1996, BPA determined that at commercial operation, the Hyundai load would be a NLSL. This designation was made based on information from EWEB that the upcoming load would be greater than 10 aMW in the first year of operation. A later July 21, 1998, letter from Hyundai to EWEB states, "Recently, the site has made a transition from a construction to a production mode."

Although the NLSL determination was made some 10 years ago and the parties have relied upon the date of commercial operation for the facility and have raised no questions until your letter of August 25, we understand EWEB's concerns. We are willing to meet with EWEB and the consumer for a consultation to review the procedures in determining a NLSL.
At that time we are prepared to:

- explain relevant NLSL Policy, including the legislative context and objectives,
- outline how a NLSL determination is made,
- discuss the three methods of setting a "Start Date" for load growth measurement,
- discuss the special case of a prospective NLSL determination and
- request any additional data and documentation needed to perform the review.

We will then review the information provided by EWEB and Hynix and schedule a site visit to the Hynix plant. After our site visit, analysis and determination process, we will present our findings in a determination letter at a final meeting with EWEB and Hynix.

BPA understands that this examination of the NLSL is of critical interest to EWEB and to its customer Hynix. We plan to move forward with completion of this review as thoroughly and quickly as possible. Theresa Rockwood, Account Executive, will be contacting you to set up a meeting at your convenience.

Sincerely,

(b)(6)

Stephen J. Wright
Administrator and Chief Executive Officer

Cc:
Mr. ChanKey Ho, Hynix
Mr. Greg Sladcik, Hynix

Eugene Water & Electric Board

500 East 4th Avenue / Post Office Box 10148
Eugene, Oregon 97440-2148
541-484-2411 Fax 541-484-3762

August 25, 2006

Mr. Steve Wright – BPA Administrator
BONNEVILLE POWER ADMINISTRATION
P. O. Box 3621
Portland, Oregon 97208-3621

ASSIGN: John Lebens-PSW-6
cc: FO3, DKN/Wash, L-7, P-6, PS-6, PSW-6 (Rockwood, Anderson)

Dear Mr. Wright:

RE: New Large Single Load Determination

I am writing to formally request a review by BPA of the "New Large Single Load" status of one of EWEB's major industrial customers, Hyundai Electronics America.

By letter dated October 29, 1996, Bonneville attributed New Large Single Load status to Hyundai (now Hynix Semiconductor America) effective on or about October 1, 1997. This determination was made during the original construction and startup of the Hynix facility, and was based on prospective information that the company provided to EWEB regarding anticipated electrical loads and that we then provided to BPA.

During recent retail contract negotiations, Hynix officials asked us to provide information concerning this designation, including copies of BPA's past and present New Large Single Load Policy. In reviewing the policy and actual metered load data for their facility, company representatives have raised questions about how the BPA policy is interpreted and applied, and whether some or all of their load should be eligible for service with BPA Priority Firm power.

Subsequent conversations between EWEB and BPA staff indicate that a review of this designation is appropriate given the questions raised and data now available. This matter is a major consideration in EWEB's power supply and retail pricing relationship with Hynix. We do not want any confusion, misinterpretation, or lack of clarity concerning this designation to persist as we complete negotiations on renewal of their current service agreement that expires on September 30, 2006.

EWEB understands that precedent exists for re-examination of a New Large Single Load designation. In 2002, a rolling mill located within the service territory of Cowlitz PUD requested and received such a review, resulting in a reversal of its New Large Single Load status. We ask that BPA undertake a similar review, taking into account the supplementary information that we will be providing soon through our BPA Account Executive Theresa Rockwood.

We look forward to timely consideration of our request, and will be pleased to provide any additional information required to support your review and related determinations.

Sincerely,

(b)(6)

Randy L. Berggren
General Manager

cc: Mr. Paul Norman, BPA
Mr. John Lebens, BPA
Ms. Theresa Rockwood, BPA
Mr. Robert Anderson, BPA
Mr. ChanKey Ho, Hynix
Mr. Greg Sladcik, Hynix

Department of Energy
Bonneville Power Administration
Eugene Customer Service Center
1600 Valley River Drive, Suite 230
Eugene, Oregon 97401-2129

October 29, 1996

Randy L. Berggren, General Manager
Eugene Water and Electric Board
500 East 4th Avenue
Eugene, OR 97441

Dear Randy:

Bonneville Power Administration (BPA) acknowledges receipt of your notice pursuant to section 8(c) of your utility Power Sales Contract, No. DE-MS79-81BP90456 (PSC) that Hyundai Electronics America, Inc. (Hyundai) constitutes a New Large Single Load (NLSL) on Eugene Water and Electric Board's (EWEB) system. Hyundai's load increases EWEB's resource responsibilities by 35 aMW on or around October 1, 1997.

We have prepared the attached Table 1 to Exhibit K of EWEB's PSC listing Hyundai as a NLSL as of October 1, 1997.

BPA has been informed by EWEB that it plans to serve the Hyundai load with a combination of its own resources (that are not currently dedicated in its Firm Resources Exhibit (FRE) to serving is Actual Firm Load), contract acquisitions and possibly some spot market purchases. An amendment of EWEB's FRE will need to be made to reflect EWEB's resource choices to serve this NLSL.

Since EWEB has elected to serve this NLSL as other than a requirements load, BPA is under no obligation to provide requirements service to such load for the remaining term of EWEB's utility PSC until the notice provisions of section 9 of EWEB's utility PSC have been met.

Should EWEB at any time experience an inability to provide adequate resources to serve Hyundai, after complying with the notice provisions of section 9 of EWEB's utility PSC, BPA may provide requirements power at its New Resources Rate (NR-Rate) to serve all or any such increment of the Hyundai load.

Sincerely,

(b)(6)

John P. Lebens
Account Executive

Enclosure

Revision 1
Exhibit K, Table 1, Page 1 of 1
Contract No. DE-MS79-81BP90456
City of Eugene (Eugene Water & Electric Board)
Effective at 2400 hours on
September 30, 1997

This Revision 1, Exhibit K, Table 1 adds the Hyundai Electronics America load as a New Large single Load.

NEW LARGE SINGLE LOAD DETERMINATIONS EXHIBIT

(This exhibit is for information purposes only and shall not control any determinations made pursuant to Section 8 of this contract or Section 3(13) of P.L. 96-501.)

TABLE 1

LIST OF PURCHASER'S LOADS WHICH ARE NEW LARGE SINGLE LOADS

Description of Facility	Location
Hyundai Electronics America	Eugene, OR

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By (b)(6)

Name: John P. Lebens

Date: October 29, 1996

Department of Energy
Bonneville Power Administration
Eugene Customer Service Center
1600 Valley River Drive, Suite 230
Eugene, Oregon 97401-2129

February 28, 1996

Mr. Garry Kunkel, Director, Electric Division
Eugene Water & Electric Board
P. O. Box 10148
Eugene, Oregon 97440-2148

Dear Mr. Kunkel:

I understand from discussions with you and your staff that Eugene Water & Electric Board (EWEB) will be the sole electric power supplier of the new Hyundai Corporation facility currently under construction in west Eugene. This load is expected to exceed the 10 average megawatt threshold for being designated a New Large Single Load (NLSL) as defined in the Northwest Power Act and Contract No. DE-MS79-81BP90456 (Power Sales Contract) between EWEB and Bonneville Power Administration (BPA).

In general, the process of completing a NLSL determination may take more than a year and will involve considerable discussion between BPA and EWEB. We expect most of the workload will be BPA's, however, there are several items that I hope EWEB can provide quickly to help simplify and expedite this effort.

1. Please provide us with the expected size of the Hyundai electric load, including any schedules of how the load is expected to develop over time and when EWEB anticipates the load will exceed the NLSL threshold.

2. Please let us know (a) the date of energization, and (b) the date of first commercial operation at the Hyundai facility. Either of these dates may be used as the starting date for the 12-month period during which the Hyundai load will be measured. BPA will evaluate the effects of using each of the two dates for the 12-month load measurement period.

You have indicated that EWEB plans to serve all or part of the Hyundai load with resources other than Firm Resources, as permitted under section 8(e) of the Power Sales Contract. I would like to discuss EWEB's options as quickly as possible so that appropriate contract actions can be completed, scheduling arrangements are in place, and billing procedures are established before the Hyundai load becomes a NLSL.

We will need to meet soon to discuss options and implications for dedicating resources to the NLSL, outline a schedule for completing the NLSL process, and share information. I'll call you when we are ready to schedule a time. As always, feel free to call me at 465-6804 if you have any questions.

Sincerely,

(b)(6)

John P. Lebens
Account Executive

cc:
Scott Spettel - EWEB

Eugene Water & Electric Board

EWEB

500 East 4th Avenue
Post Office Box 10148
Eugene, Oregon 97440-2148 503•484•2411

Fax 503•484•3762

Scott

December 22, 1995

Mr. John P. Lebens
Account Executive
Bonneville Power Administration
703 Broadway, Suite 100
Vancouver, WA 98660

Dear Mr. Lebens:

In accordance EWEB's power sales contract with BPA, I would like to inform you that EWEB anticipates providing electric service to a new customer whose connected load will exceed 10 MVA. The Hyundai Corporation has received permits to construct a facility in west Eugene, and has asked EWEB to provide utility services to their new facility. The energy load of this facility is expected to exceed 10 aMW on an annual basis.

EWEB does not plan to purchase power for this facility from BPA as a "new large single load." We also understand that EWEB will not receive an entitlement to "priority firm" power for this increment of load under the terms of our power sales contract with BPA. As such, we are planning to independently acquire power and energy necessary to serve this facility .

Please let me know if I can provide more information to you in this regard.

Sincerely,

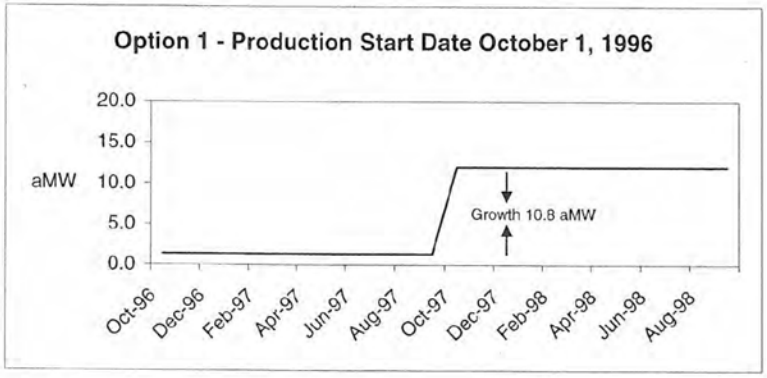
(b)(6)

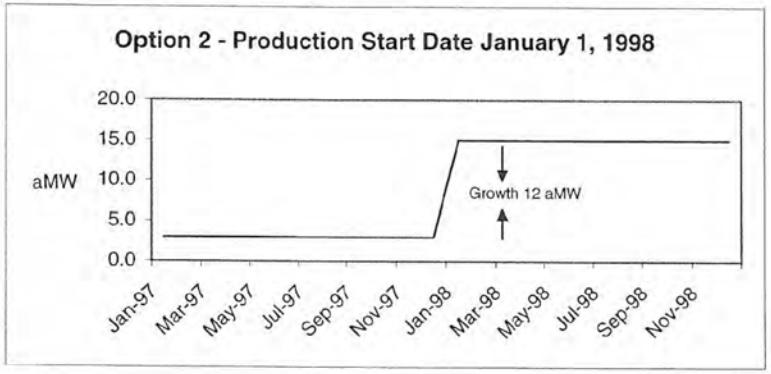
Scott C. Spettel
Resource Planning Manager

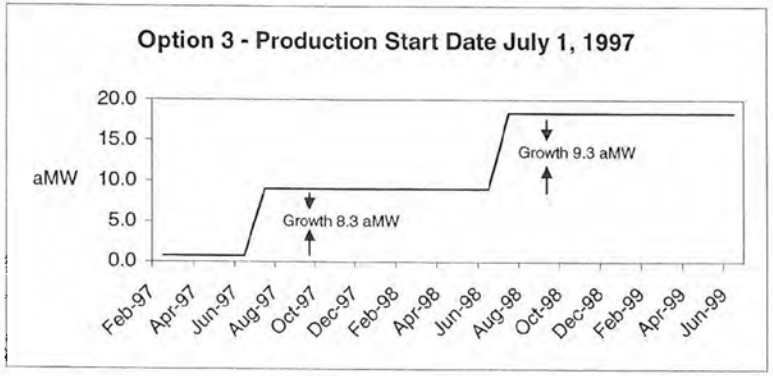
cc: Carol S. Fleischman - BPA

27760029

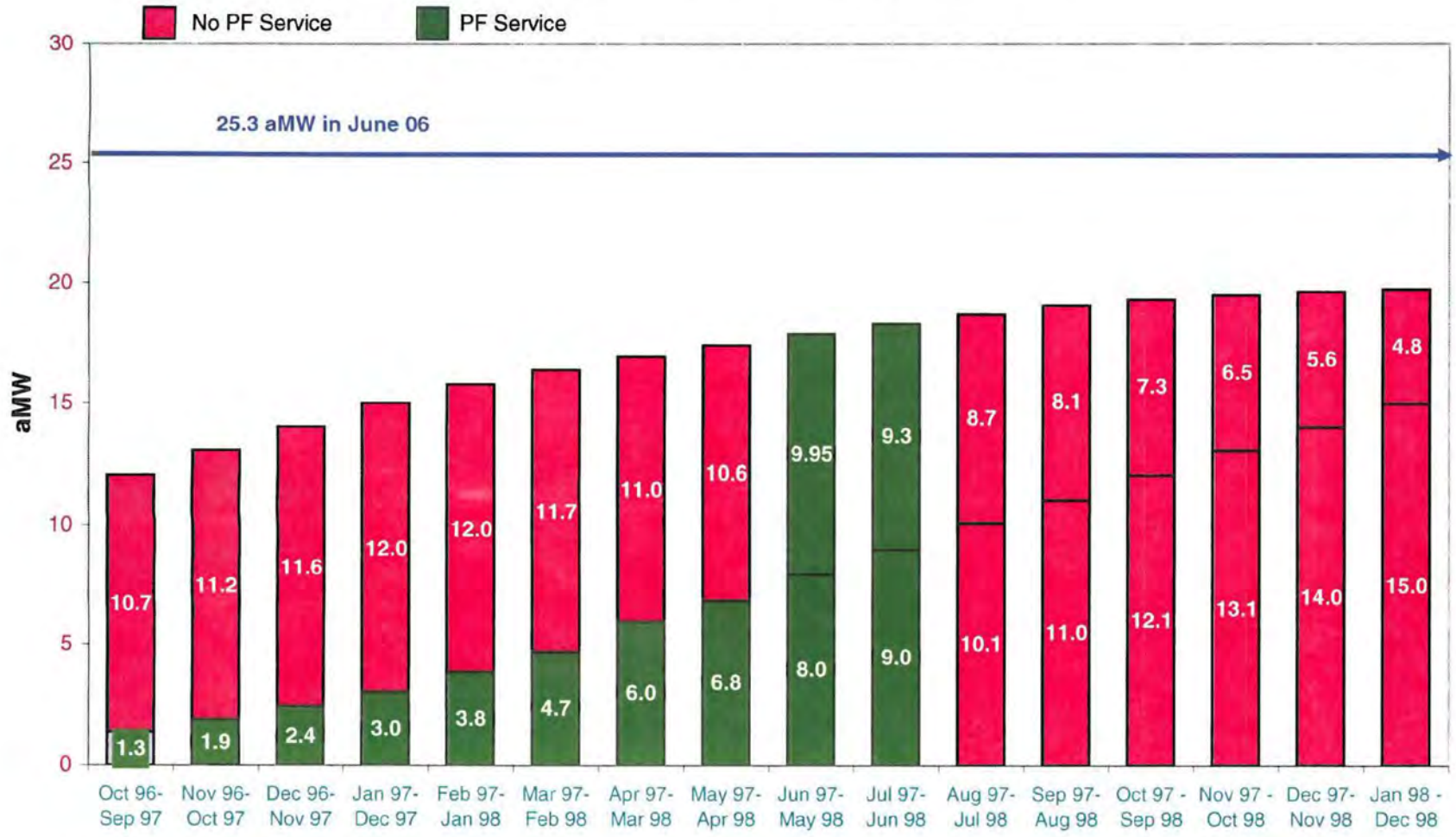
Alternative Production Dates for Hynix







PF Service to Hynix Based on Various Start Dates



Values appearing on top represents increase 1-year later than timeframe shown on x-axis.

SITE VISIT
HYNIX
7 FEB 07

ISSUE:

Is the Hynix load on EWEB a NLSL?

CONCLUSION:

The Hynix load is a NLSL.

While Hynix and EWEB have made an extensive case for non-NLSL status, on its face their argument seems to me to be unpersuasive.

The issue here is the "start date" for measuring load growth at the facility, the parties do not dispute the plant in its entirety constitutes a single facility.

All the issues and facts under discussion in this case occurred in the 1996 – 1997 timeframe, ten years ago.

Hynix through EWEB has submitted two sets of meter readings and power bills, these figures do not agree. EWEB and Hynix maintain that on review of the data they had to correct some of the data in 2007.

All BPA has received are photo copies of the relevant documents, BPA has not seen any original contemporaneous documents.

Hynix and EWEB have propounded a theory which breaks new ground in NLSL Policy; they allege that Hyundai/Hynix had ongoing construction load when they commenced commercial operation and that such load should be deducted form their meter readings during the first twelve months of commercial operation.

Current NLSL Policy draws a line between the construction phase and the commercial operation phase, essentially once commercial operation has begun all load at the facility is considered in making a NLSL determination. While it might be reasonable to deduct "construction" load form total facility load where the final facility load would be 9.9 aMw or less the fact is that Hynix's load is over 20 aMw and growing.

The Parties have never agreed on a start date. BPA assumed a start date in 1997 and EWEB never disputed such decision.

Because EWEB and Hynix did not dispute the NLSL determination for ten years;

Because EWEB agreed with BPA that the Hyundai plant became a NLSL in September 1997;

Because all the data they have submitted have been photocopies and not original documents, and "corrected" photocopies at that:

Because the load data provided by Hynix/EWEB, even corrected, does not support the conclusion that Hyundai load did not exceed 9.9 aMw in the first year of commercial operation:

Because EWEB/Hynix have propounded a theory of NLSL policy to get around the objection above, that does not comport with settled NLSL Policy;

Because the current Hynix load is well over 20 aMw and growing;

The Hynix plant is a NLSL on EWEB's system.

BACKGROUND:

The Hynix (formerly Hyundai) D-RAM silicon chip plant in Eugene has been a NLSL since it opened in 1997. Current load is between 23 and 25 aMw. Hynix was declared a NLSL as the result of a "prospective NLSL determination" since EWEB (the serving utility) informed BPA that the plant's basic operating load when it commenced production would be nearly 20 aMw. BPA accordingly made such a determination and Hyundai and EWEB were free to obtain service from below-PF market purchases in the 1996 – 2000 timeframe. When EWEB and BPA entered into negotiations for the current "Subscription" power sales contracts, BPA proposed and EWEB accepted that the NLSL be served with EWEB-owned resources during the Subscription contract term.

Two industrial loads came on during the later half of the 90s, Hyundai/Hynix at EWEB, and SteelScape at Cowlitz. Both were declared NLSLs on a prospective basis at the request of their serving utilities.

SteelScape/Cowlitz asked BPA to reexamine its NLSL determination. A review of the situation disclosed that the SteelScape plant load was approximately 8 aMw and that it had *Never* exceeded 9.9 aMw in any year of commercial operation. On those facts BPA found that SteelScape was not a NLSL on Cowlitz and was therefore entitled to service from Cowlitz with power purchased at PF.

TALKING POINTS
NLSL & HYNIX

NLSL
The Northwest Power Act, in Section 3(13), defines a new large single load as: any load associated with a new facility, an existing facility, or an expansion of an existing facility –

(A) which is not contracted for, or committed to, as determined by the Administrator, by a public body, cooperative, investor-owned utility, or Federal agency customer prior to September 1, 1979, and

(B) which will result in an increase in power requirements of such customer of ten average megawatts or more in any consecutive twelve-month period.

HISTORY
Origin of New Large Single Load Restrictions

When the Northwest Power Act was being developed in the late 1970s, BPA and the region fully expected to be facing power supply deficits in the near future. In fact, in 1975, BPA had issued Notices of Insufficiency to its investor-owned utility customers (IOU's), which ended firm sales to IOU's. BPA's efforts to develop a power allocation policy (for allocation between customer classes) anticipated shortages for another major BPA customer group, the preference utilities. These expected shortages stimulated the development of provisions in the act, including the new large single load provisions, which would limit access to federal power. Today with BPA pursuing a new allocation policy (to allocate between individual customers) the NLSL provisions have taken on a renewed urgency.

There were a number of factors which contributed to the inclusion of NLSL provisions in the Northwest Power Act.

1) NLSL provisions helped broaden support for passage of the Act among representatives of other parts of the United States. NLSL restrictions in the Northwest would protect industry in other parts of the country by eliminating rate inducements to relocate to the Pacific Northwest. This was a critical element in securing support for the Act from Congressional members from the Northeast.

2) NLSL restrictions were also intended to equalize rates to new industries between BPA's preference utility customers and IOU's. The NLSL restrictions also discouraged the industrial customers of IOUs in the Region from switching to service from preference utilities. This increased support for the Act from Northwest IOU's.

3) NLSL provisions were included to induce DSIs to sign new contracts with BPA. By preventing DSIs from obtaining retail service from preference utilities with relatively low priority firm rates, NLSL provisions helped to obtain the regional reserves and rate support from DSIs that were part of the structure of the Act.

4) NLSL provisions were intended to preserve Federal base system resources for residential and farm loads (especially important because of the expected regional resource deficits).

5) NLSL provisions were designed to motivate, by means of marginal cost pricing, the adoption of energy-efficient processes or designs by new industries. Conservation and environmental groups therefore supported NLSL provisions in the interest of energy efficiency.

Northwest Power Act References

Several sections of the Northwest Power Act refer to NLSLs. Section 3(13) defines New Large Single Loads. Section 7(b) (4) prohibits NLSLs from receiving service at the Priority Firm Power rate. Section 5(c) (7) (A) excludes the cost of resources used to serve NLSLs from a utility's Average System Cost under the Residential Exchange program.

OPERATIONAL CONTEXT

It should be borne in mind that the requirements and procedures implemented with the Regional Act and the NLSL Policy reflect the contractual history and technology available (notably the standard of available load metering equipment) at the time of the Regional Act. For example in 1981 Power Sales Contracts, which first implemented the provisions of BPA's NLSL Policy, BPA relied on information provided by the customer pursuant to sections 8 & 10 of the contract. These sections outline the customer's obligations to provide BPA all relevant information needed to administer the contracts and maintain an ongoing power sales relationship with the customer in keeping with the requirements of the Regional Act. [These obligations are preserved in sections fifteen & sixteen of the Subscription Power Sales Contracts.] In turn BPA's customers relied on their consumers to make relevant information available to them for transmittal to BPA.

Current BPA NLSL policy acknowledges the advent of reasonably priced metering equipment which meets BPA revenue requirements and can be accessed by BPA remotely. BPA is requiring installation of such meters in all NLSL situations that come up for BPA review. What this means to EWEB & HYNIX is, that if BPA carries out a new NLSL determination procedure at HYNIX, among other requirements will be installation of BPA revenue quality meters at the HYNIX site.

NLSL DETERMINATIONS

Determination of Ten Average Megawatt Increase.

An increase in load shall be considered a New Large Single Load if the energy consumption of the Consumer's load associated with a new facility, existing facility or expansion of an existing facility during the immediately past twelve-month period exceeds by ten average megawatts or more the Consumer's energy consumption for such new facility, existing facility or expansion of an existing facility for the consecutive twelve-month period one year earlier, or the amount of the contracted for, or committed to load of the Consumer as of September 1, 1979, whichever

START DATES

Based upon the available information concerning an increase in load, Bonneville and the Customer may agree that an increase in load associated with a new facility, existing facility or expansion of an existing facility should be considered a New Large Single Load from the date of commencement of commercial operation of such increase in load. If Bonneville and the Customer cannot determine or agree that the increase in load should be considered a New Large Single Load, the energy used by the facility shall be monitored and reported monthly by the Customer to Bonneville following the commencement or the change in operation of the load. If requested, Bonneville and the Customer will agree to a Customer-specific monitoring procedure.

1. Date of Initial Energization
   This is the date during the construction/installation of the facility on which production equipment is first energized and left energized. If equipment is installed, energized for test purposes and shut down that is not the date of initial energization. The date of initial energization marks the beginning of the end of the installation and test phase of the construction process.

2. Date of Commercial Operation
   The date production commences at the plant; the end of the construct process. The plant need not be a full commercial capacity (for BPA NLSL purposes), a "ramp up" phase is fairly common in new installations.

3. Date Agreed by the Parties
   BPA and the Customer may decide to agree on a date for the commencement of monitoring of the load growth at the facility. Such a procedure has been used in the past for prospective NLSL determinations. There was no monitoring of the Hyundai load on EWEB; all the parties assumed the load was a NLSL from the start.

PROSPECTIVE NLSL DETERMINATIONS

Sometimes a customer is in negotiations with a prospective consumer whose load on the customer is expected to exceed 10 aMw during the first year of operation. In that case the customer may contact BPA with a request for a "prospective" NLSL Determination.

NLSL DETERMINATIONS

When BPA makes a determination of NLSL status it goes through a complete process of evaluation of the load in question.

Facility Determination
Bonneville and the Customer shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a New Large Single Load, based upon the following criteria:

(1) Whether the load is operated by a single Consumer;

(2) Whether the load is in a single location;

(3) Whether the load serves a manufacturing process which produces a single product or type of product;

(4) Whether separable portions of the load are interdependent;

(5) whether the load is contracted for, served or billed as a single load under the individual Purchaser's customary billing and service policy;

(6) Consistent application of the foregoing criteria in similar fact situations; and

(7) Any other factors the parties determine to be relevant.

Bonneville shall show an increase in load associated with a Consumer's facility which has been determined to be a New Large Single Load on Table 1 of the New Large Single Load Determinations Exhibit. Bonneville shall show loads associated with a Consumer's facility which Bonneville has determined were contracted for, or committed to prior to September 1, 1979, on Table 2 of the New Large Single Load Determinations Exhibit. Bonneville shall have the unilateral right to amend Table 1 or make additions to Table 2 of such exhibit to reflect such determinations when made.

Determination of Ten Average Megawatt Increase.

An increase in load shall be considered a New Large Single Load if the energy consumption of the Consumer's load associated with a new facility, existing facility or expansion of an existing facility during the immediately past twelve-month period exceeds by ten average megawatts or more the Consumer's energy consumption for such new facility, existing facility or expansion of an existing facility for the consecutive twelve-month period one year earlier. In practical application this means, did the load grow by 87,600,000kWh between the two dates certain?

FACILITY DETERMINATIONS

(a) **Determination of a Facility.**

Bonneville and the Customer shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a New Large Single Load, based upon the following criteria:

(1) Whether the load is operated by a single Consumer;

(2) Whether the load is in a single location;

(3) Whether the load serves a manufacturing process which produces a single product or type of product;

(4) Whether separable portions of the load are interdependent;

(5) whether the load is contracted for, served or billed as a single load under the individual Customer's customary billing and service policy;

(6) Consistent application of the foregoing criteria in similar fact situations; and

(7) Any other factors the parties determine to be relevant.

Bonneville shall show an increase in load associated with a Consumer's facility, which has been determined to be a New Large Single Load on a Table in a New Large Single Load Determinations Exhibit. Bonneville shall show loads associated with a Consumer's facility, which Bonneville has determined were contracted for, or committed to prior to September 1, 1979, on a Table in a New Large Single Load Determinations Exhibit. Bonneville shall have the unilateral right to amend such tables of such exhibit to reflect such determinations when made.

NLSL REDETERMINATION PROCESS

BPA will require the following:

1. Load history of the plant, a month-by-month record of load growth and fluctuations at the plant. Meter readings and billing records.

2. The electrical plan of service at the plant (one line diagrams, map, metering arrangements, etc)

3. Corporate history of the plant what place or places does the Hynix facility occupy in the Hynix corporate structure?

4. Review of plant product(s).

5. Site Visit and tour of facility.

Re-Evaluation of NLSL Status for Hynix
Contracts Decision Team (CDT) Agenda
August 6 * 1:00 PM, Room 606

Members:
Burns, Allen L - PT-5; Oliver, Stephen R - PG-5; Thompson, Garry R - PSE-SPOKANE; Coe, Scott – PSW-6; Roberts, Timothy C - PGL-5; Maichel, Chuck - KS-6; Richardson, Carolyn A - PFP-6; Adelman, Elly - PSS-6; Kitchen, Larry - PTL-5; Bliven, Raymond D - PF-6; Rogers, Joe – PSS-6; Connally, Kieran – PGS-5

Presiding Officer: Mark Gendron

TIME	MINUTES	BALANCED SCORECARD # and AGENCY OR POWER FUNCTION STRATEGIC OBJECTIVE	AGENDA TOPIC OR ISSUE/PROPOSAL	SPONSOR AND PRESENTER	OBJECTIVE OF PRESENTATION
1:00 – 1:55	55	A S10 and P S10: The value of the existing federal power system is preserved for the region for the long run, while ensuring obligations to federal taxpayers are met. A S11 and P S11: Customer, constituent and tribal satisfaction, trust and confidence meet targeted levels. A I7 and P I7: Decision making reflects consistent application of specified criteria.	Should BPA change the NLSL status of Hynix based on historical information provided by EWEB and Hynix?	Theresa Rockwood Robert Anderson Tom Miller Rod Boling	**Decide**
1:55 – 2:00	5		➢ Confirm decision or direction provided	Mark and Team	**Confirm decisions and direction**

27760029

Decision Support Analysis (Issue Paper) for Re-Evaluation of NLSL Status for Hynix August 6, 2007

1. **Sponsor and Key Participants:**
   - The sponsor is Theresa Rockwood, EWEB's BPA account executive.
   - Key participants involved in presenting the issue are Robert Anderson, Tom Miller and Rod Boling.

2. **Issue or Proposal and the Decision to be Made:**
   - Does additional information warrant BPA changing the NLSL status of Hynix based on the current information provided by EWEB and Hynix?

3. **Background of the Issue:**
   - The Hynix (then Hyundai) chip fabrication plant in Eugene OR was addressed in a second of two "prospective" NLSL determinations made by BPA in the mid-1990s. The Hynix (then Hyundai) plant was initially represented by EWEB as a planned 30 + aMW load that would come on at over 10 aMW in its first year of production and therefore should be designated a NLSL from the start, even before production commenced. BPA reviewed the information provided at the time and drafted a letter designating the load as a NLSL effective October 1, 1996. Actual construction ran behind schedule and the plant substation was not energized until February 1997. The first silicon chip production test runs commenced in January 1998. Neither EWEB nor Hynix contested the NLSL determination at the time; nor did they request a review of the load growth at the plant in the 1996 – 1998 timeframe.
   - In 2006, EWEB approached BPA on Hynix's behalf requesting that BPA review its NLSL determination based on Hynix's claim that in 1997 Hynix's load did not grow at a rate of 10 or more aMW in the initial 12-month period, and in that event the Hynix load did not qualify as a NLSL; therefore, the NLSL designation should be rescinded and a new determination made that the Hynix load should be allowed to buy federal power from EWEB at PF.
   - On August 26, 2006, EWEB made a formal request for such review on Hynix's behalf.
   - Hynix has at BPA's request provided a considerable amount of documentary information from its company records, the bulk of it 10 or more years old. All evaluations and graphical representations are based on this data.

4. **Agency or Power Function Strategic Objectives:**
   - A S10 and P S10: The value of the existing federal power system is preserved for the region for the long run, while ensuring obligations to federal taxpayers are met.
   - A S11 and P S11: Customer, constituent and tribal satisfaction, trust and confidence meet targeted levels.
   - A I7 and P I7: Decision making is integrated, risk-informed and managed through consistent application of specified criteria.

5. **Key Decision Factors and Recommendation:**

- BPA measures large facility energy consumption for NLSL purposes based on production load and not other loads, e.g. construction. Three possible start dates for production load growth monitoring periods may be used: October 1996 as agreed by the parties; January 1998, the start of actual production; or the date of initial energization of production load, which occurred sometime between October 1996 and January 1998.

- If BPA elects to stay with the October 1996 start date in EWEB's power sales contract, as, the effective date of Hynix's NLSL status, Hynix is entitled to BPA service purchased at NR only. It is clear from the data submitted that construction at the plant was slow in developing at the site and that there was no load at all, construction or production on the site until February of 1997. The parties agreed the load would be a NLSL from October 1996 on and therefore did not monitor load at the site. A review that attempts to ascertain the status of the load based on actual load growth is not furthered by relying on the contractual date of NLSL status.

- If BPA finds a basis for selecting the month in which production on site actually commenced for the start of the first measuring period, it will use January 1998 as described in Hynix' data and its letter submittal. The production load growth starting in January 1998 measured for 12 consecutive months results in NLSL status at the end of year one and no eligibility for PF. The facts in this case are very clear. Hynix submitted documentation that states that production began in January 1998. "The first production runs from the pilot line began in January 1998."

- If BPA elects to settle on a date of initial energization, BPA will consider in what month actual production equipment was installed and energized. Hynix/EWEB argue that installation and energization of the clean room air handling equipment constitutes the first installation and energization of production equipment. Hynix further argues that it had "manufacturing personel" on site. BPA cannot accept this argument. BPA finds air handling to be a necessary part of the plant infrastructure, like the roof or floor, whose construction and operation is a precursor to production but is not production of a marketable product. Installation of the air handling equipment alone is necessary but not sufficient to make any product and therefore does not rise to the level of the date of initial energization of production. It is better viewed as part of the construction load. BPA has never used initial energization in an after the fact determination.

- The test is, once the air handling system is installed and operating, how much chip production will result from operating the air handling system alone. Since no chips will be fabricated with the air system operating alone we cannot use the June or July months requested by Hynix/EWEB. Looking for the month of the first installation and energization of production machinery, the most likely month is August 1997 (the date of initial energization of the first production machinery, so called by Hyundai) commenting measurement in August 1997 results in NLSL status for the Hynix plant at the end of the first year.

- BPA has many prior examples of distinguishing between production and non-production loads at industrial plants, notably at DSIs. DSIs are not eligible for service with power purchased at PF, however, BPA has sold PF to local utilities to provide "station service" or "wheel turning " load on-site that is not used for production at the DSI site.

Agency Key Decision Factors
Three Alternative Start Dates

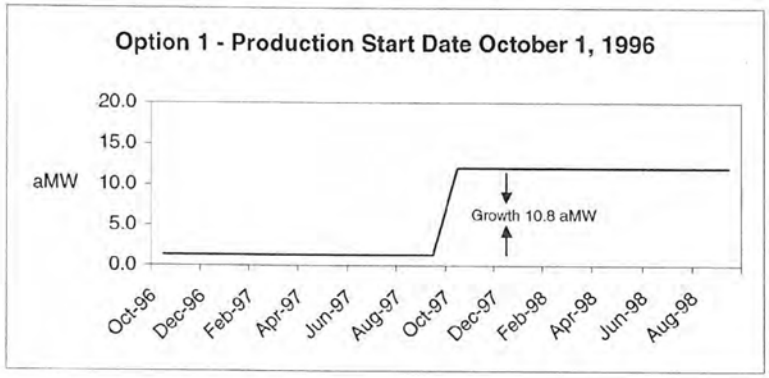
	Option 1 October 1996, as Agreed by Parties	Option 2 January 1998, the Start of Actual Production	Option 3 Date of Initial Energization of Clean Room
Business/Finance	• No change to NLSL	• No change to NLSL	• Hynix and EWEB contend that initial energization is June 1997 when the "air handling system" was energized. Using that date would entitle Hynix to service at PF for the entire load (about 26 aMW and growing).
Legal	• No Impact	• No impact	• BPA through OGC must justify increasing EWEB's PF load by 26 aMW (and growing) in a decision that is not strongly supported by the consumers own statements and goes against existing policy. BPA may have to review other determinations made. BPA's re-determination may be legally challenged by other customers given HWM impacts.
Environmental	• No impact	• No impact	• No impact
External Stakeholders:	• No impact	• No impact	• Other customers will be interested in any change to a 10 year old NLSL determination. EWEB's HWM would increase slightly (6 to 10 aMWs). Other NLSL loads may request re-consideration.
Customers	• Hynix will be disappointed that we found no convincing evidence to change the NLSL status.	• Hynix will be disappointed that we found no convincing evidence to change the NLSL status.	• EWEB has two resources (Weyerhauser co-gen and Smith Creek) dedicated to serve the Hynix load. If BPA were to serve the load at PF, we would require EWEB to use these two resources to serve its TRL. This would decrease EWEB's net requirement by about 20 aMW.

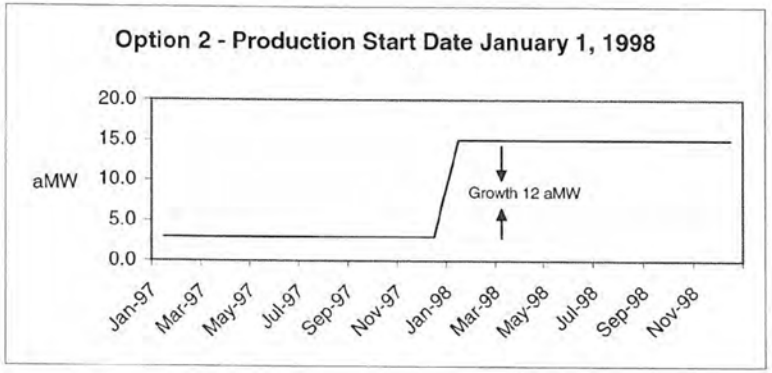
	Option 1 October 1996, as Agreed by Parties	Option 2 January 1998, the Start of Actual Production	Option 3 Date of Initial Energization of Clean Room
Risk	• Defensible position but not as clear cut as Actual Production. We may experience some political pressure, as Hynix has referred often to their connections with Oregon's governor and Congressional representatives	• No risk in regard to consistency with policy and historical NLSL decisions. We may experience some political pressure, as Hynix has referred often to their connections with Oregon's governor and Congressional representatives	• BPA will have additional PF load responsibility.
Environmental Advocates	• No impact	• No impact	• No impact
Administration, DOE & OMB	• No impact	• No impact	• No impact
Congress	• Hynix has connections with DeFazio, Smith and Wyden.	• Hynix has connections with DeFazio, Smith and Wyden.	• No impact
Treasury	• No impact	• No impact	• Additional load obligation for BPA
Rating Agencies	• No impact	• No impact	• Additional load obligation for BPA
BPA's People & Processes	• On-going monitoring of load to determine it does not grow more than 10 aMW in any 12-month period.	•	• On-going monitoring of load to determine it does not grow more than 10 aMW in any 12-month period.

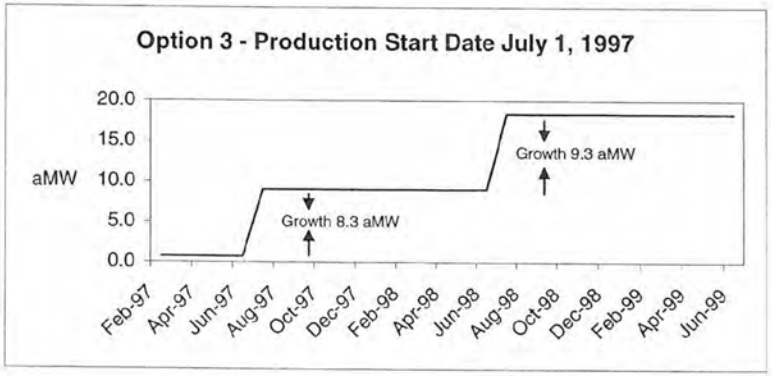
- Option 1; The contractually established start of NLSL status in October 1996 as agreed by the Parties, while justified by the agreement of the Parties does not reflect subsequent events (various construction delays that delayed the first deliveries of power to the on-site substation). We therefore think a better date for load growth measurement purposes could be found.
- Option 2; Allows BPA to start measuring load growth on a date that reflects the actual development of the production facility while using a date that is not in question among the Parties.
- Option 3; The date of initial energization is extremely hard to quantify based on the ten-year-old data available. The very inconclusiveness of the data argues against using such a date to base a decision worth literally millions of dollars over the life of the plant.

6. **Recommendation: We recommend that BPA use the January 1998 date from which to measure load growth at Hynix. This date is the most reliable in an evaluation that is ten years after the fact, and results in no change to Hynix's NLSL status.**

Alternative Production Dates for Hynix







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EWEB & Hynix
NLSL Issue

In 1995 EWEB notified BPA that Hyundai USA would be building a chip fabrication plant in Eugene and that the load at the plant would make it a NLSL. BPA made a prospective NLSL determination accordingly and declared the load a NLSL on EWEB effective 1 Oct 96. In August 2006 Hynix (Hyundai's successor in interest) asked through EWEB, that BPA reopen the question of the plant's NLSL status. Mark Gendron, Theresa Rockwood and Robert Anderson visited EWEB to begin discussions in January 2007. Staff had several subsequent meetings with EWEB and Hynix including site visit to the plant on 7 Feb 2007. EWEB and Hynix submitted a great deal of information on the growth of the load at the plant including meter readings, billing records and Hyundai's records of the construction of the plant.

After a careful and lengthy review of the submittals staff concluded that the most likely date to start measuring load growth at the facility under BPA's NLSL Policy was August 1997 and if that date was used the load would have become a NLSL in its first year of operation. Alternative dates from which to begin to measure load growth were suggested by EWEB and Hynix; none were in accord with BPA's NLSL Policy.

On October 5, 2007 EWEB and Hynix came to Portland to meet with Paul Norman for a last discussion of the issue. The burden of Paul's remarks was that under the NLSL Policy and in light of the facts presented, EWEB and Hynix had failed to present a compelling reason for BPA to reopen the question of Hynix's NLSL status.

The letter from Dick Helgeson dated November 29, 2007 (attached) tries to make the case for starting to measure the load growth starting February 1997 (the month in which EWEB first energized the Substation at Hynix), such a finding would give the Hynix load an eligibility for service with up to 4 aMw of power purchased at PF vice NR. All the Parties agreed that construction was still going on at the site after February 1997; a constant of BPA's NLSL Policy from 1981 to date is that BPA will not consider for measurement for NLSL determination purposes, load that includes construction load. It is for this reason that staff rejected the February 1997 start date for measurement purposes when it was first suggested. Using February 1997 as a start date for measuring load growth would strike at a fundamental principle of BPA's NLSL Policy, that only production related load is measured for NLSL determination purposes.

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Eugene Water & Electric Board
EWEB
500 East 4th Avenue / Post Office Box 10148
Eugene, Oregon 97440-2148
541-484-2411 Fax 541-484-3762

2 9 2007

November 26, 2007

Mr. Paul Norman
Senior Vice President, Power Services
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208

Dear Paul:

SUBJECT: PSW-6 Hynix New Large Single Load Designation

We appreciated the opportunity to meet with you on October 5, to discuss BPA's ongoing review of Hynix Semiconductor America's New Large Single Load (NLSL) status. While disappointed and not necessarily in agreement with BPA's response to views advanced by Hynix in this matter, we did obtain a better understanding of the basis for the preliminary determination outlined in your agency's letter on August 23, 2007.

EWEB sought this review in order to resolve lingering questions concerning Hynix's original NLSL designation and to assess whether all or a portion of their facility's load should be eligible for preference power service. EWEB's primary role in this process has been to help facilitate the review and to work with BPA to ensure that information and perspective brought forward by Hynix officials would receive full and fair consideration.

Until now, EWEB has not taken a strong position on the merits of this issue, choosing instead to balance our advocacy for Hynix as their serving utility with appropriate regard for BPA's authority and discretion in making NLSL determinations. However, we too have carefully reviewed BPA's NLSL policies, the record with respect to the company's current designation, and the historical facts and circumstances concerning construction and startup of the Hynix facility. We are therefore compelled to offer EWEB's own assessment and proposal concerning disposition of this matter.

In brief, we propose that BPA designate February 5, 1997, the clearly evidenced date of facility energization, as the appropriate start date for purposes of determining preference eligibility for the Hynix load. This recommended start date does not change Hynix's underlying NLSL designation. However, application of this date in the context of BPA's published policy would establish prospective eligibility for 4.0 aMW of preference power at the BPA priority firm rate for partial service to the Hynix facility.

EWEB's proposal, as described in detail in the attached document, represents a balanced and justified outcome for this review. Our proposal relies on readily available facts, a plain and literal

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reading of BPA's applicable policy, and appropriate consideration of the discretionary parameters contained therein. Accordingly, we believe it provides an opportunity for final resolution in the spirit of a reasonable compromise that should be acceptable to all parties concerned.

We appreciate your willingness to consider our proposal, and look forward to discussing it further with you and other members of the BPA staff in the near future.

Sincerely,

(b)(6)

Dick Helgeson
Director, Power Resources Division
Eugene Water & Electric Board

Enclosure: EWEB Request Concerning Hynix Preference Eligibility

cc: Randy Berggren, EWEB
Mark Gendron, BPA
Theresa Rockwood, BPA
Greg Sladcik, Hynix
Ken Cannon, Cannon & Hutton

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REQUEST TO BONNEVILLE POWER ADMINISTRATION REGARDING PREFERENCE POWER ELIGIBILITY FOR HYNIX SEMICONDUCTOR AMERICA'S MANUFACTURING FACILITY

Submitted November 26, 2007

By letter of August 25, 2006, the Eugene Water & Electric Board requested a review of Bonneville Power Administration's New Large Single Load (NLSL) designation for Hynix Semiconductor America's manufacturing facility located in Eugene, Oregon. The purpose of this review was to consider, based on provisions of BPA's published NLSL Policy and an examination of available historical information, whether all or a portion of the Hynix facility's load should be eligible for Priority Firm service from BPA.

Such a review has been undertaken by BPA over the past year, through initial phases of discovery and analysis in which EWEB and Hynix have been active participants. BPA is now in the determination phase of this process, having provided a preliminary written response on August 23, 2007 followed by a meeting with the parties on October 5 for further clarification and discussion.

During this process, EWEB has completed its own assessment of the record and examination of BPA's NLSL policy as it applies to the Hynix designation. Based on our review, we offer the following analysis and justification for proposed partial preference power eligibility for the Hynix facility. We believe that a determination consistent with our proposed approach is appropriate, defensible, and well within BPA's discretion.

Pertinent BPA Policy Provisions

EWEB relies on BPA's April 2001 New Large Single Load Policy as the basis for this request. BPA's policy outlines the process and criteria for making NLSL determinations, and has been the subject of EWEB inquiry and BPA staff guidance during the course of the current review. This document is a consolidation of previously established BPA policies and procedures that have been applied in the past and remain in effect to this day.

BPA's procedure for making NLSL determinations involves two distinct phases. The first is a planning phase (planning service, load monitoring, and billing) in which the serving utility notifies BPA of plans to serve a new customer whose load is expected to exceed 10 aMW. In this phase, projected information about the new customer and its estimated loads are provided to BPA. Based on this information, plans are made for service, with a preliminary NLSL designation applied as of an agreed-upon start date with suitable arrangements for load measurement and billing.

Three alternatives are provided for determining the applicable "start date", any one of which may be selected by the customer and serving utility with BPA concurrence. These options include the date of utility service, the date of facility energization, and the date of commercial operation. When officially designated by agreement of the parties, one of

these dates becomes the initial point from which load increases for a new facility are to be measured.

The second and final phase of this process (formal NLSL determination) is accomplished after the load is served. BPA monitors the load in successive 12-month increments from the designated start date to ascertain if and when an increase of 10 aMW or more has occurred in any subsequent period. Once this threshold has been exceeded, BPA then makes its determination using available data as outlined in Section V(B)4 through V(B)7 on pages 12 and 13 of the policy. Only then can BPA determine the facility's ultimate status and whether, by virtue of the pattern of power consumption exhibited, any portion of the facility's load is eligible for service at the preference (priority firm) rate.

Our reading of the policy indicates that under normal circumstances, a facility does not actually become a NLSL until BPA makes this final retrospective determination, which is to be communicated in writing along with a copy of a decision paper describing the basis for BPA's decision.

Justification for Review and Reconsideration

A review of the record in this matter indicates that Hynix's current NLSL status was simply designated on a prospective basis, taking into account initial load projections and project schedules established prior to the time the facility was actually constructed and began operation.

In mid-1995 when the project was announced, Hynix's plans called for rapid completion of an initial fabrication building and production line, with subsequent construction of a second fabrication building and production line anticipated over a short period of time. As required under terms of its contract with BPA, EWEB gave notice of this planned new load with associated estimates of power requirements in the range of 40 aMW at build out. Due to the size of the projected Hynix load and the company's plans to attain full operation on an accelerated schedule, all parties assumed that the facility would quickly exceed the 10 aMW threshold, with no viable opportunity for partial preference power eligibility or a managed "phase-in" to avoid NLSL status.

Acting on this preliminary information, EWEB made plans to serve the facility with non-BPA resources, and BPA reflected these plans in a contract exhibit identifying the Hynix facility as a NLSL effective in October 1996, at the beginning of the operating year in which the facility was expected to commence operation. While this action seemed reasonable at the time and under the circumstances, it represents a substantial abbreviation of the determination procedures outlined in BPA's NLSL Policy.

As a consequence, none of the available alternative start dates was ever officially designated, no monitoring of subsequent 12-month load increments was undertaken, and no final determination or documentation was provided to confirm the Hynix facility's ultimate status and eligibility for power from BPA. These shortcomings in process, combined with an actual load pattern that deviated significantly from original planning

estimates, justify the current review and reconsideration in order to complete the record and make a proper final determination as to the NLSL status of the Hynix facility.

This result can only be obtained by examining the record and available facts, applying BPA's policy criteria with respect to available alternative start dates, assessing the loads that actually occurred, and affording Hynix reasonable consideration within the discretion that would have been originally available under BPA's policy had the full determination process been followed as proscribed.

Date of Utility Service

From the standpoint of a retail load serving entity, service to a new customer is customarily considered to commence when all utility-owned facilities necessary for delivery of power to the customer's facility have been installed and placed in service. This is the time at which electric service becomes available to a new customer at the designated point(s) of delivery, and depending on circumstances may or may not correspond to the beginning of actual power consumption.

EWEB contracted with Hynix to construct a utility-owned substation on the plant site fed by dual 115 kV transmission circuits extended from EWEB's existing Willow Creek Substation. The Hynix Substation was configured for permanent service to the company's new production complex, and was sized to accommodate anticipated future expansion. EWEB completed construction of these utility facilities during the summer of 1996, and they were commissioned and placed in service on October 15 of that year. Electric service has remained continuously available to the Hynix facility since that time.

EWEB therefore asserts that, to the extent applicable for purposes of a BPA NLSL determination, the initial Utility Service Date for the Hynix facility was October 15, 1996.

Date of Facility Energization

In simple terms, based on both common sense and a reading of BPA's policy, the Date of Facility Energization occurs when power, having been made available by the serving utility, actually begins to flow to a new facility as evidenced by electric consumption by a permanent installation owned by the consumer.

In the case of the Hynix facility, this permanent installation would reasonably include the major structures, large ancillary items such as boilers, chillers, water treatment, and air handling equipment, as well as fabrication tools and machinery associated with the Company's manufacturing process. Electric loads and consumption associated with these elements of a new facility would be considered "permanent" because they persist beyond the construction phase of a project and become an integral part of the Company's subsequent production operation.

As referenced in the general timeline provided during the course of this review, construction of Hynix's Central Utilities and Fabrication buildings was substantially complete by January 1997, having progressed to a state that would accommodate installation, configuration, startup and testing of major permanent equipment items associated with the Company's manufacturing process. Load side breakers in EWEB's substation were closed on January 21, 1997 in anticipation of facility energization, making power available to customer–owned bus gear for distribution within the plant.

As shown by metering and billing records furnished by EWEB, actual energization of the Hynix facility occurred at 16:00 hours on February 5, 1997 with commencement of power flow and electric consumption by the Company's permanent structures and equipment. For purposes of applying BPA's NLSL policy, it is therefore appropriate that this date and time be designated as the Facility Energization Date.

Commencement of Commercial Operation

Little guidance is given in BPA's NLSL Policy concerning the establishment of a facility's Date of Commercial Operation or the specific criteria that would determine this date. However for the Hynix facility, in accordance with the timeline provided, this date would most logically be regarded as January 1, 1998 when Hynix began to produce its first wafers on the pilot line.

Proposed Start Date

EWEB proposes that February 5, 1997, the Date of Facility Energization as outlined above, be designated as the appropriate start date for purposes of determining Hynix NLSL status and eligibility for preference power service in accordance with the provisions of BPA's NLSL policy. As stated, this is the date and time that power was first supplied by EWEB to the Hynix facility through its main service facilities for purposes of startup, testing, and commissioning of the major equipment and processes necessary to establish a viable production environment so that manufacturing could commence. This was also the first point at which power consumption associated with the permanent installation is evidenced by EWEB's metering, billing and operating records.

We assert that among available alternatives, this is the most logical point at which to begin measurement of the Hynix load. Although electric service first became available approximately 3 months earlier when EWEB's dedicated transmission and substation facilities to the point of delivery were placed in service, the associated power bus and distribution feeds within the plant had not yet been energized, so there was no power flow or consumption registered until early February. In EWEB's view, the only particular historical significance of the October date is that it happens to correspond with the beginning of a new BPA contract year in which Hynix was expected to begin operation, and came at the time when EWEB had planned to make service available for plant startup based on Hynix's original accelerated construction schedule.

Similarly, we would not regard the date of commercial operation to be an appropriate marker in this case, since this date came well after the facility was actually energized and after major components integral to production were commissioned and using power during startup. It is important to note that a substantial amount of the plant's electric load is associated not with the actual production tools which came on line closer to commercial operation, but with the auxiliary equipment that support the clean room environment in which these tools operate.

Designation of the February Date of Energization is entirely within the discretion afforded under BPA's policy. It represents an observable "bright line", evidenced by the recorded manual operation of a breaker, and can therefore be reasonably chosen in retrospect without undue judgment or interpretation based on the plain language of BPA's policy.

Construction and "Pre-Production" Load

Pertinent provisions of BPA's NLSL Policy provide that "Construction loads are not included in the first year of consumption, and do not establish the energization date. ***The energization date must be based on consumption of power by a permanent installation….owned by the consumer***" (emphasis added). While little additional mention is made in BPA's policy concerning the definition of construction load, the clear intent is that it comprises load of a temporary or transient nature associated with on-site construction activity, as distinguished from load related to equipment being installed, tested and commissioned by the customer as part of a permanent installation or load that will persist as part of the customer's process once commercial operation is attained.

EWEB observes that two separately metered temporary construction services, each rated at 150 kVa capacity, were provided and maintained throughout construction of the Hynix facility. These services and all related consumption and billings were the responsibility of the company's general contractor, Meisner & Wurst. Use of these temporary services occurred before, during, and after energization of the facility until they were removed at the end of construction. The existence of these services demonstrates that any significant construction load was provided separately, whereas power consumed initially and subsequently though the Hynix substation was for uses associated with "a permanent installation".

We acknowledge that there may have been minor incidental uses of power for construction-related activity within the Hynix structures following facility energization. These activities were generally limited to occasional operation of portable plug-in power tools, in a manner consistent with incidental construction uses that continue to this day as the manufacturing process evolves. However these uses, to the extent they occurred at final stages of the construction process, would have been minimal and certainly inconsequential for purposes of this determination.

In recent discussions and correspondence concerning this matter, BPA has used the term "pre-production" load as similar to "construction" load, inferring that all such load is to

be excluded from consideration in determining NLSL status and preference power eligibility. The term "pre-production load" does not appear anywhere in the BPA policy as a consideration for these determinations. Even if it did, exclusion of all load occurring prior to first production or commercial operation would be in direct conflict with provisions that permit selection of utility service or facility energization dates for initial measurement of consumption. These alternative dates always precede facility production, and their identification and application would be meaningless in the context of BPA's policy if intervening "pre-production" load were excluded.

Eligibility for Priority Firm Service

Taking February 5, 1997 (Facility Energization) as the designated "start date" for purposes of measuring load accumulation in subsequent twelve month increments results in the calculation of consumption values shown in Attachment 1 to this document. Monthly values are drawn from documented metering and billing data furnished to BPA as part of this review, and have been adjusted using available 15-minute interval data to reconcile for the difference between calendar month billings and the February 5 energization date.

Aggregate consumption for the 12-month initial service period (or "test" year) beginning February 5, 1997 amounted to 34.83 million kilowatt-hours, or 4.0 average megawatts, which is well below the 10 average megawatt threshold for triggering NLSL status. In accordance with procedures outlined in BPA's policy (see Section II.B beginning on page 6), load increases for each subsequent 12-month measuring period were then calculated as the difference between consumption registered in each successive period and consumption for the immediately preceding period.

Applying this method, values shown in the attached table indicate that the NLSL threshold was exceeded in late December of the second 12-month period ending at 16:00 hours on February 5, 1999. By application of BPA's policy, Hynix is thus properly designated as a New Large Single load at the beginning of the second measuring period, or on February 5, 1998. Accordingly, all load accumulating from that date forward is properly considered as part of the facility's NLSL status and excluded from preference consideration. However, load established during the first 12-month measurement period following Facility Energization is eligible for preference service.

Therefore, if the Date of Energization proposed by EWEB is used to determine the designated start date, EWEB and Hynix are entitled to receive 4.0 average megawatts of BPA power annually at the preference priority firm rate for service to the facility.

Request for Prospective Adjustment to PF Entitlement

EWEB requests that an adjustment be made to its BPA power purchase entitlement to reflect the above change in Hynix's NLSL status. Specifically, we request that there be corresponding revisions made to EWEB's contract exhibits to evidence 4.0 average megawatts of additional annual priority firm entitlement associated with the Hynix load.

It is intended that this adjustment be prospective in nature, applying only to future periods following this review and the effective date of BPA's final related determination. For reasons discussed below, this change will have no anticipated impact on the actual amount of BPA preference power delivered to EWEB between now and September 30, 2011 (the end of the current subscription contract term).

Implementation Under Current BPA Power Sales Agreement

EWEB obtains power from BPA under terms of a standard Slice/Block Subscription Contract, which became effective on October 1, 2000 and extends through September 30, 2011. Delivery of preference power under this contract is structured in fixed amounts over the ten-year term.

In compliance with the contract provisions, annual adjustments to EWEB's contract exhibits for eligible load and dedicated resources are routinely applied to maintain a balance between forecasted preference-eligible loads and BPA's fixed annual firm power deliveries. Because EWEB experienced significant load losses in 2001 and 2004, the utility's purchase of power for preference-eligible loads currently exceeds its annual net requirement. This means that EWEB is currently surplus, with corresponding reductions made to its firm resource declarations to account for the difference.

Implementation of the proposed change simply requires offsetting revisions to EWEB's current contract exhibits. Specifically, those exhibits pertaining to EWEB's Total Load, Firm Resources, and Net Requirements would be adjusted to incorporate the additional amount of power associated with the 4.0 aMW change in entitlement for partial service to the Hynix facility. Hynix would remain designated as a New Large Single Load, and the facility's net load above this 4.0 aMW preference-eligible threshold (currently a residual of about 21.0 aMW) would remain served on a planning basis with specified non-BPA power resources, as is currently the case.

Thus for the remainder of the current contract term, it is expected that the requested 4.0 aMW increase for Hynix will be covered by EWEB's firm surplus with no net change in the amount of power actually supplied by BPA.

Impact on Post-2011 Tier 1 Preference Entitlement

BPA is presently working with its publicly owned utility customers and other regional stakeholders to define the parameters for post-2011 power sales contracts and to resolve related issues so that new contracts for future service can be executed well before the current contracts expire.

According to terms outlined in BPA's July 2007 Regional Dialogue Policy Record of Decision, the agency intends to assign future entitlements to existing low-cost preference power based on projections of each utility's eligible loads, dedicated firm resources, and net requirements for the year 2010. The resulting allocation will define the maximum

amount of Tier 1 preference power that each utility can receive during the ensuing 15-year contract period. Utility load in excess of this Tier 1 entitlement is to be served with higher-cost Tier 2 resources acquired by BPA, or by resources secured independently by utilities themselves.

Although the proposed change in Hynix preference eligibility is not likely to result in additional BPA power deliveries to EWEB before the end of the current contract, it is expected that the resulting 4.0 aMW increase in entitlement would be reflected in BPA's post-2011 allocation and establishment of EWEB's Tier 1 "high water mark". This would occur naturally under BPA's proposed allocation formula, because the proposed 4.0 aMW increment of eligible load associated with Hynix would be included as described above in EWEB's 2010 load and resource figures used in the allocation.

We note that the amount of power associated with this change is quite small in relation to the anticipated 7,300 aMW allocation of the total BPA system, and of a magnitude comparable to other utility load and resource adjustments being considered by BPA in the context of Regional Dialogue.

Summary & Conclusion

EWEB tenders this request in good faith to resolve legitimate outstanding issues concerning the Hynix Facility's NLSL status, and to remedy apparent deficiencies in the process by which the original NLSL determination was made. Our proposal is fairly conservative, in that it is based on verifiable historical facts and a straightforward, literal application of BPA's established NLSL policy. As such, it represents an appropriate compromise between the company's articulated position and BPA's preliminary response.

EWEB believes that this proposed outcome should be acceptable to all parties concerned, as it is fully justified, imminently defensible, and well within BPA's discretion to implement. We remain available to discuss this request, and to provide supplemental information as needed to secure BPA's consideration and concurrence so that this matter can be brought to a reasonable and timely conclusion.

Attachment 1

Request to Bonneville Power Administration Regarding Preference Power Eligibility for Hynix Semiconductor Manufacturing America

Consumption From Date of Facility Energization

Month & Year	Consumption (kWh/month)	Month & Year	Consumption (kWh/month)
Feb 1997 (1)	52,000	Feb 1998 (3)	7,191,888
Mar 1997	123,000	Mar 1998	9,353,900
Apr 1997	194,150	Apr 1998	9,813,500
May 1997	665,000	May 1998	10,414,050
Jun 1997	1,486,500	Jun 1998	10,611,650
Jul 1997	2,191,450	Jul 1998	11,599,600
Aug 1997	3,558,400	Aug 1998	12,093,350
Sep 1997	3,542,550	Sep 1998	12,498,800
Oct 1997	4,538,000	Oct 1998	13,284,400
Nov 1997	4,723,100	Nov 1998	13,273,000
Dec 1997	5,298,700	Dec 1998	13,811,500
Jan 1998	7,260,900	Jan 1999	14,112,700
Feb 1998 (2)	1,193,250	Feb 1999 (4)	2,093,750
Annual Total	**34,827,000**	**Annual Total**	**140,152,088**
aMW	**4.0**	**aMW**	**16.0**

Notes:

(1) February 5, 1997 @ 16:00 hrs. was the date and time Hynix energized their facility

(2) Consumption represents usage from February 1, 1998 @ 00:00 hrs. thru February 5, 1998 @ 15:45 hrs.

(3) Consumption shown is the net monthly consumption (total consumption minus energy consumed from February 1, 1998 @ 00:00 hrs to February 5, 1998 @ 15:45 hrs.

(4) Consumption represents usage from February 1, 1999 @ 00:00 hrs. thru February 5, 1999 @ 15:45 hrs.

27760029

Pres 6/6/97	Jun-97	◆ Marking the cleanroom floor for tool placement
Pres 6/13/97		◆ 120 process tools in Fab
Manufacturing 6/20/97		◆ 216 Manufacturing personnel onsite
Pres 6/97		◆ Manufacturing Technicians, Equipment Technicians, and Process Technicians on shift work.
City of Eugene Letter of 6/19/97; Pres 7/15/97		◆ Chemical Ready Requirement and Checklist issued by City of Eugene (COE) Fire Marshal - will cause delay in bringing chemicals onsite.
Pres 6/13/97		◆ Begin laminarity checks of Fan Filter Units (FFUs).
Pres 6/13/97		◆ CUB Checkout for turnover begins (6/13)
Pres 6/20/97;7/3/97, Pres 7/97		◆ Start up Chiller #8 on temporary feed (6/14). Will go back down for main feed wiring rework/repairs.
Mike Noth (Elect Eng'r) E-mail		◆ Chillers back on normal feed in early July 97.
Pres 6/20/97		◆ Start up chilled water system to Fab.
Facilities 6/8/97		◆ Vendor start up of several Make Up Air Units (MUA's) and Tower Fans
		◆ Completed particle and laminarity checks on Zone 1 Fan Filter Units
Facilities 5/1/97		◆ Completed electrical to house scrubbers and General Exhaust Fans (GEFs). Not needed yet - no tool exhaust hooked up.
Pres 6/27/97		◆ Construction Completion Status CUB Substantially Complete Fab ~90% Admin ~75%
Facilities 7/13/97	Jul-97	◆ Permit for Tool Hook Up issued by City of Eugene - allows energization of process tools.
Pres 7/3/97		◆ Continue to monitor particles, temperature and humidity. Greater importance now that steppers are in the fab.
Pres 7/3/97		◆ Fifth group of Manufacturing Technicians complete orientation
Facilities 7/20/97		◆ Facility Technicians to 24/7 coverage
Pres 7/3/97; EE 7/10/97		◆ Operating on house chillers
QA 7/31/97		◆ Start Up Zone 1 Fan Filter Units
QA 7/31/97		◆ Begin establishing Class 1 Environment
Approximated based on 9/1 Pilot Line Date. Chemicals would need to be onsite a week earlier to introduce chemicals and flush lines.		◆ Expect Chem Ready by 8/25
Pres 7/21/97		◆ Expect to start Pilot Line 9/1
Pres 7/25/97		◆ Construction Completion Status CUB Substantially Complete Fab ~95% Admin ~90%
Pres 8/97	Aug-97	◆ 574 employees on board
Pres 8/1/97		◆ Environmental is "taking actions to move from construction to operation" permit wise.
Pres 8/8/97, 8/15/97		◆ Issues with City of Eugene (ChemReady) slowing completion
Pres 8/29/97		◆ Energized first 10 production tools

Start Up of Fab Environment and Facility

Pres 9/97
Pres 9/5/97
Pres 9/5/97
Pres 9/19/97

Facilities 10/19/97
Facilities 10/19/97
Process Engineering 10/1/97
Pres 10/3/97
Process Engineering 10/8/97

Chem Ready Sign-Off 12/19/97
Approximated based on Chem Ready sign off

CUB	Substantially Complete
Fab	~98%
Admin	~95%

Sep-97
- Pilot line tool install will complete in October 97.
- Final clean in Fab begins
- General Contractor schedule now has a 10/17 completion date for Fab
- Continuing to turn on power to process tools.

Oct-97
- Pilot Tool electrical hook up completed.
- Completed start up of Solvent Fume Scrubber
- Received Budget plan for 1998
- Reviewing Phase 2 Tool Investment plan based on 3rd and 4th Generation 64 meg technology
- Overall pilot line tool hook up status:

Diffusion	78%
Thin Films	46%
Photo	78%
Etch	49%

Dec-97
- Chem Ready sign off received (12/21)
- Chemicals brought on site and bulk chemical systems are flushed and prepared for high purity chemical distribution

Jan-98
- Begin first production runs (Pilot Line)

Source:		**FACILITY START UP TIMELINE:**
Pres 4/96	Apr-96	❖ Foundation Permits Issued. Completion is expected by June 97.
Pres 4/96		❖ Lane Regional Air Pollution Authority (LRAPA) permit expected by 5/24/96 - Allows steel construction to begin
Pres 7/96	Jul-96	❖ US employee headcount at 15
Pres 10/96	Oct-96	❖ Review of Tool install vendors completed.
Pres 12/96	Dec-96	❖ Central Utility Building (CUB) and Fab look to complete in time to begin production in July 97.
Pres 1/97	Jan-97	❖ Tool install vendor selected
Pres 2/97	Feb-97	❖ Major equipment deliveries are on schedule
Pres 3/97	Mar-97	❖ Construction completion date is slipping
Pres 4/4/97	Apr-97	❖ Tools on order and in transit
Facilities 4/6/97		❖ Selecting Rigging Contractor
Pres 4/4/97		❖ Test and Teach Wafers for new tool quals and training are
		❖ being prepared for tool quals at Fab 7 in Korea
Pres 4/25/97		❖ Construction Completion Status
		CUB ~80%
		Fab ~50%
		Admin ~50%
Construction 5/2/97	May-97	❖ Facility construction completion projected in July 1997.
Pres 5/23		❖ Process Tool deliveries and installation begin
Pres 5/23		❖ Six truckloads per day - six days per week.
Pres 5/2/97 and Pres 5/9/97		❖ Problems with clean room contamination issues
Facilities 5/25 and QA 6/20/97		❖ Tower Fans started. Will need to go down to allow completion of insulation and coating (June/July).
Construction 5/15/97		
Mike Noth (Elect Eng'r) E-mail		❖ Have temp chillers onsite for environmental control
Pres 5/23/97		❖ Refrigerant monitoring system installed in CUB.
		Able to run on installed chillers (previously no Freon allowed by Fire Marshal)
Pres 5/9/97		❖ Begin monitoring Fab environment for particles, temperature and humidity.
Facilities 5/4/97		❖ All Fab Subs energized. 1 and 5 carrying small load.
Pres 5/30/97		❖ Construction Completion Status
		CUB ~95%
		Fab ~75%
		Admin ~60%

Eugene Water & Electric Board

500 East 4th Avenue / Post Office Box 10148
Eugene, Oregon 97440-2148
541-484-2411 Fax 541-484-3762

October 1, 2007

Mr. Paul Norman, Senior Vice President – Power Services
Bonneville Power Administration
P.O. Box 14428
Portland, OR 97293-4428

Dear Paul,

RE: PSW-6 Hynix New Large Single Load Designation

This is in reply to BPA's letter of August 23 outlining your preliminary findings concerning review of Hynix Semiconductor's status as a New Large Single Load (NLSL). We appreciate this opportunity to once again emphasize the importance of this issue, and to share our observations and response to BPA's initial conclusions.

As you know, EWEB sought this BPA review in order to resolve questions posed by Hynix management about the company's NLSL status during our 2006 retail service contract negotiations. As a fundamental consideration in the supply and pricing of power to one of EWEB's largest customers, and particularly given the rather broad language of BPA's related policies, it is natural that we would turn to you for assistance with this most important matter.

EWEB and Hynix have engaged BPA staff over the past year in several meetings devoted to this topic, an extensive tour of the Hynix facility, and provision of substantial information for your consideration. From the onset, it has been our expectation that this matter would receive the agency's full and thoughtful attention, and that this review would result in a responsive, well documented, and definitive determination consistent with a clear interpretation and appropriate application of BPA's NLSL Policy.

In the weeks leading up to the August 6th meeting of your decision team, we were told that BPA's response would include review of pertinent historical information and policy context, the agency's analysis of the data and perspectives offered by Hynix, an evaluation of the various options considered, and clarification of the key policy parameters that would support findings and a determination specific to the facts in this case.

While recognizing that BPA's August 23rd letter is preliminary in nature, and perhaps intended simply to convey staff's formative thinking, we had anticipated that it would provide a much more detailed articulation of the agency's assessment. Instead, although clearly communicating BPA's view that no change in the company's status appears warranted, the letter offers characterizations that seem inconsistent with known facts, introduces some new terms and concepts, and draws conclusions without a full and adequate explanation.

As examples, BPA's letter states that EWEB and Hynix "actively sought" NLSL status in 1996 when initial service was provided, and that the Hynix load "quickly grew" to over 25 aMW. The record shows that EWEB simply notified BPA of an anticipated new load with installed service capacity of 10 MVa or more as required by the terms of our power sales contract, and that BPA made its prospective determination on the basis of projections while the facility was under construction. It is also clear that no formal determination or retrospective verification was undertaken, and that the company's actual load grew to its current level of less than 25 aMW over a considerable period of time.

Hynix has provided information regarding construction, startup and initial operation of their manufacturing facility, which they maintain supports a July 1997 start date and a reversal of their NLSL designation. This is a critical matter for Hynix that affects the long-term viability and competitiveness of their Eugene facility. Identification of the proper start date is key to this determination, and absent better definition and a clearer policy interpretation by BPA, it is reasonable that Hynix would continue to assert their position.

We appreciate that you and Mark Gendron have offered to meet with us again on October 5th to discuss this matter further, and to share BPA's current thinking and analysis in greater detail. EWEB's objective throughout has been to seek a fair and equitable review, provide an opportunity for Hynix to advance pertinent information in support of the company's perspective, and to obtain a clear and justifiable determination from BPA that comports with its NLSL policy and reflects the Administrator's discretion shown previously in NLSL matters.

It remains our desire to work constructively with BPA and Hynix to bring questions concerning Hynix Semiconductor's NLSL status to a timely, appropriate, and amicable resolution.

Sincerely,

(b)(6)

Dick Helgeson
Director, Power Resources Division
Eugene Water & Electric Board

cc: Randy Berggren, EWEB
Mark Gendron, BPA
Theresa Rockwood, BPA
Greg Sladcik, Hynix
Ken Canon, Canon & Hutton

PETER A. DEFAZIO
4TH DISTRICT, OREGON

TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEES:
HIGHWAYS AND TRANSIT
CHAIRMAN
AVIATION
RAILROADS

HOMELAND SECURITY
SUBCOMMITTEES:
TRANSPORTATION SECURITY AND INFRASTRUCTURE PROTECTION
MANAGEMENT INVESTIGATION, AND OVERSIGHT

NATURAL RESOURCES
SUBCOMMITTEE:
NATIONAL PARKS, FORESTS, AND PUBLIC LANDS

Congress of the United States
House of Representatives

PLEASE RESPOND TO:
☐ 2134 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-3704
(202) 225-6416

☒ 405 EAST 8TH AVENUE, #2030
EUGENE, OR 97401
(541) 465-6732
1-800-944-9603

☐ 125 CENTRAL AVENUE, #350
COOS BAY, OR 97420
(541) 269-2609

☐ 612 SE JACKSON STREET, #9
ROSEBURG, OR 97470
(541) 440-3523

defazio.house.gov

December 21, 2007

RECEIVED BY BPA ADMINISTRATOR'S OFC-LOG #: 07-0157
RECEIPT DATE: 12-26-07
DUE DATE: 1-10-08

Assign: DKR-7
cc: F03, DKN/DC, L-7, P-6, PS-6, Rockwood PSW-6

Stephen J. Wright, Administrator
Bonneville Power Administration (BPA)
905 NE 11th Avenue
Portland, OR 97232

Dear Mr. Wright:

Please note my interest in the status of the Hynix Semidconductor Manufacturing America Inc. New Large Single Load (NLSL) designation. I know BPA denied the original request from Hynix to have all or a portion of its load eligible for preference power service and is opposed to the current NLSL designation. I understand Hynix based the request for a new designation on their actual power usage rather than the power usage projected when the company originally constructed the plant in Eugene.

After the denial, the serving utility, the Eugene Water and Electric Board (EWEB), developed a second proposal. I have enclosed a copy of the EWEB proposal. Please note EWEB's "strong" support for a new designation that would clarify Hynix's start date as February 5, 1997, and would prospectively make 4.0 aMW available for preference power, not the 25.0 aMW of the original proposal.

I urge you to give the EWEB proposal full and fair review and consideration. My aide, Karmen Fore, is available if you have questions.

Sincerely,

(b)(6) [redacted]

PETER DeFAZIO
Member of Congress

PAD:knf
enclosure

Eugene Water & Electric Board

500 East 4th Avenue / Post Office Box 10148
Eugene, Oregon 97440-2148
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(b) (6) [redacted]

Dick Helgeson
Director, Power Resources Division
Eugene Water & Electric Board

cc: Randy Berggren, EWEB
Mark Gendron, BPA
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Director, Power Resources Division
Eugene Water & Electric Board

cc: Randy Berggren, EWEB
Mark Gendron, BPA
Theresa Rockwood, BPA
Greg Sladcik, Hynix
Ken Canon, Canon & Hutton

Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

In reply refer to: PKL

MAY 23 1986

To Interested Parties:

This letter is to familiarize you with the Bonneville Power Administration's (BPA) New Large Single Load (NLSL) practices currently in use, particularly the recent discussion on serving new large loads with surplus firm power and/or nonfirm energy.

Section 3(13) of the Northwest Power Act, P.L. 96-501 (Act) defines a NLSL, in part, to be any load associated with a new facility, an existing facility, or an expansion of an existing facility which causes the power requirements of the servicing utility to increase by 10 average megawatts (MWa) or more in any consecutive 12-month period. The utility power sales contract offered by BPA in response to the Act provides a working definition which focuses on the energy consumption at the facility itself. The contract defines any new load or expansion of an existing load at a single facility to be a NLSL if its energy consumption in any consecutive 12-month period exceeds by 10 MWa or more its energy consumption during the immediately preceeding 12-month period.

The contract specifies that power purchased from BPA to serve NLSLs must be at the section 7(f) new resource rate. Power is available from BPA at the 7(b) priority firm rate for non-NLSL firm loads of preference customers.

Since passage of the Act and subsequent execution of the contracts, BPA has worked with its customers to develop reasonable, workable practices for providing service to new large loads. The enclosed discussion paper outlines the NLSL practices which BPA and its customers are currently using.

Recently, interested parties asked BPA to explore additional ways of serving new large loads, especially in light of the current power surplus. In response to the requests, BPA explored the possibilities of using a combination of priority firm power (PF) and surplus firm power (SP) and/or nonfirm energy (NF) to bring new large loads on line. Under this "SP/NF Phase-In concept", a new large preference-customer load would receive a 9.9 MWa base level of PF service the first 12 months. Incremental power needs above this base level would be met with SP and/or NF, whenever they were available. Additional 9.9 MWa blocks of PF would be phased-in each subsequent year. In this way, the entire load could ultimately be served totally with PF

as long as the SP or NF had been available in sufficient quantities to allow the PF phase-in process to proceed.

Although the SP/NF Phase-In concept never became a formal BPA proposal, BPA staff informally discussed it with several BPA customers and representatives of the Public Power Council, the InterCompany Pool, industrial concerns, state government officials, the Northwest Congressional delegation, and other interested members of the public.

The concept received mixed reviews. Parties favoring it pointed out it might help BPA dispose of a portion of its surplus and help stimulate regional economic development. Those who opposed it believed it would result in unfair competition and foster load shifting between utilities. Many commenters encouraged additional study of the concept before any official policy was developed.

In addition, many comments on this and other NLSL issues have been received during BPA's scoping process for the environmental impact statement (EIS) being prepared on the power sales contracts offered in response to the Act. Since BPA will be evaluating NLSL issues in this EIS, the analysis of the implications of the SP/NF Phase-In concept will also be performed during that process.

Because the EIS process is already underway and considering the wide spectrum of views on the SP/NF Phase-In concept, BPA believes the concept should be addressed in the following manner:

1. BPA will not consider the SP/NF Phase-In concept for existing loads (BPA's current practice) to avoid facilitating load shifts from one utility to another.

2. BPA will study the implications of using the SP/NF Phase-In concept for new loads or expansions of existing loads in the power sales contract EIS currently under development.

Copies of the draft power sales contract EIS Implementation Plan and schedule will be made available to you. The draft Implementation Plan should be ready this summer. Update letters will announce specific public involvement opportunities throughout the EIS process. In the meantime, BPA will continue to operate under existing NLSL practices which do not allow use of the SP/NF Phase-In concept. A final decision on using SP/NF Phase-In for new loads or expansions of existing loads will be made after the power sales contract EIS is completed.

If you have questions about BPA's approach on these NLSL matters, I encourage you to contact Sue Hickey, Deputy Power Manager for Marketing, at

(503) 230-4265, or John Pyrch, Assistant Director, Division of Customer Service, at (503) 230-4153.

Sincerely,

(b) (6) [redacted]

Walter E. Pollock,
Assistant Power Manager
for Marketing

Enclosure

NEW LARGE SINGLE LOAD PRACTICES CURRENTLY USED
BONNEVILLE POWER ADMINISTRATION

The utility power sales contract offered by the Bonneville Power Administration (BPA) in response to the Northwest Power Act (Act) defines a New Large Single Load (NLSL) to be any new load or expansion of an existing load at a single facility whose power requirements increase by 10 MWa or more in any consecutive 12-month period as compared to its consumption during the immediately preceeding 12-month period.

The contract specifies that power purchased from BPA to serve NLSLs must be at the section 7(f) new resource rate. Power is available from BPA at the 7(b) priority firm rate for non-NLSL firm loads of preference customers.

In providing service to new large loads, BPA has used the following practices.

RESPONSIBLE PARTY*	SERVICE PRACTICE
Facility	Phased-In Load (section 8(b), power sales contract) A load can be served with power purchased by a preference customer at the 7(b) rate if the increase in load in any consecutive 12-month period does not reach 10 MWa as compared to the previous 12-month period. Any increase of 10 MWa or more occurring in any consecutive 12-month period causes the load to become a NLSL; the increase and any future increases are to be served at the 7(f) rate.
Facility/ Utility/ BPA	CF/CT Determination (section 8(b), power sales contract; section 3(13)(B), Act) A new load of 10 MWa or more may be served with power purchased by a preference customer at the 7(b) rate if it was "contracted for, or committed to" (CF/CT) by the utility prior to September 1, 1979. CF/CT status assures the load an agreed-upon base level of service at the 7(b) rate for the life of the facility. Any load above the CF/CT level which equals or exceeds 10 MWa in any consecutive 12-month period as compared to the previous 12-month period is considered a NLSL to be served at the 7(f) rate. Once this occurs, any subsequent increment of load is also considered a NLSL to be served at the 7(f) rate.
Utility/ BPA	Facility Determination (section 8(a), power sales contract) A preference customer's new load may be served with power purchased at the 7(b) rate if it consists of two or more distinct loads which meet each of the following criteria: - are separately metered; - experience annual load growth under 10 MWa; - involve different manufacturing processes or products; - are independent of one another; - are contracted-for and customarily billed as separate loads; and - are treated consistently with similar fact situations.

Facility/ BPA	Start-Up Date (section 8(d), power sales contract)	Either the date of initial energization of a facility (for testing or start-up) or the commencement of commercial operation may be selected, with BPA's concurrence, to define the start of the consecutive 12-month periods. Depending on the anticipated first-year usage pattern of the load, selection of one date over the other may enable a load to receive power purchased by a preference customer at the 7(b) rate.
Utility	Resource Dedication (section 8(e), power sales contract)	A NLSL need not be served with power purchased from BPA. All or a portion of a customer-owned resource which is not included in the utility's Firm Resources Exhibit (FRE) in its power sales contract or which has been withdrawn from the FRE may be dedicated to serving a NLSL. However, if the resource cannot supply the total requirements of the NLSL, BPA may serve the difference at the 7(f) rate with appropriate notice. Firm power at the 7(b) rate can be made available to any preference customer to serve any residual (non-NLSL) Actual Firm Load as defined in the power sales contract formerly served by a resource removed from the customer's FRE for this purpose.
Facility/ Utility	Change in Utility (section 8(b), power sales contract)	A load is not a NLSL if it moves from one location to another within the serving utility's service territory. A load which changes utilities becomes a NLSL if its energy consumption during the first 12-month period commencing on the date it becomes served by the new utility is 10 MWa or more.

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* This column identifies the entity (or entities) principally responsible for implementing the specific NLSL practice. For example, under the "Phased-In Load" practice, the facility determines the rate at which a load is phased into service.

(WP-PKLD-8673b)

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

August 23, 2007

In reply refer to: PSW-6

Mr. Richard Helgesen
Director, Power Resources Division
Eugene Water & Electric Board
PO Box 10148
Eugene, OR 97401

Dear Mr. Helgesen:

The Bonneville Power Administration (BPA) has concluded your requested review of the New Large Single Load (NLSL) determination for Hynix. First, we want to acknowledge how important the Hynix facility and the jobs it provides are to the economic well being of Eugene and Lane County. Because of this and because the issue is of such importance to EWEB, we have invested considerable effort in reviewing the facts and history surrounding the Hynix NLSL determination. We appreciate the detailed information provided and the opportunity to tour the facility to assist us in our review.

As you are aware, BPA is required by sections 3(13) and 7 of the Northwest Power Act, P.L. 96-501 to make determinations of the NLSL status of our customer's large industrial and other loads in the Northwest. We must be thorough and evenhanded in applying the determinations. There are potentially hundreds of MWs of commercial and industrial loads that would like to access PF power, particularly at this time when market prices are well above the PF rate.

In 1996, EWEB and Hynix actively sought NLSL status when market prices were below PF. As anticipated then, the Hynix load quickly grew to over 25 aMW – well over the 10 aMW NLSL threshold. As documented in our Power Sales Contracts, BPA and EWEB have treated the Hynix load as a NLSL for the entire period from October 1996 until the present. There is only one case in which BPA reviewed a prior NLSL decision and concluded the load was not a NLSL. The facts in that situation were significantly different than the Hynix case. Most importantly, the load at no time in its history met the 10 aMW threshold. This load was clearly not a NLSL.

BPA measures production load at a consumer's facility for 12 consecutive months of consumption. BPA does not include pre-production load. Our analysis of Hynix focused on the start date for measurement against the 10 aMW standard, because the start date is critical to the NLSL determination. Historically, we have used three definitions of start date:

1) The date of the original NLSL determination based on then-expected load growth. For Hynix this date is October 1996, which is the date of the original determination after

EWEB notified BPA that the load would be greater than 10 aMW and BPA agreed to make the determination based on that information,

2) The date of actual initial energization of production equipment. For Hynix this is August 1997.
3) The date that production actually started. As stated by Hynix this is January 1998.

Under any of these three production load start date definitions, the entire Hynix load is NLSL. Hynix has argued for a July 1997 start date because this is when the air handling equipment became operational. We respectfully conclude that the date on which air handling equipment became operations is not an appropriate date to determine NLSL status because production did not commence at that time and it is not consistent with any of the three definitions of start dates that we have used for measuring production load at a consumer's facility in making NLSL determinations. The air handling equipment was necessary but not sufficient to the production of silicon chips.

Based on the above, BPA does not find a basis for any of Hynix's load qualifying for PF rate service. Our analysis of the information provided indicates that the original October 1996 agreed upon date as the beginning of Hynix's NLSL term should not be changed or if changed, would be changed to a production load start date of January 1998. As such, the status of this load is reaffirmed. We are willing to share our analysis with you in greater detail and to discuss our findings with you. If you have any other information which suggests an error, we are willing to consider that in our assessment. Absent that our conclusion is stated above.

Sincerely,

(b) (6) [redacted]

Theresa Rockwood
Account Executive

cc:
Scott Spettel, EWEB
Steve Mangan, EWEB

bcc:
T. Miller – LP-7
P. Norman – P-6
M. Gendron – PS-6
R. Anderson – PSS-6
S. Coe – PSW-6
Official File – PSW-6 (PM-11-12)
CCIS -4 Authentication
(W:\PSW\PM_\AE_Rockwood\Cust_EW_EWEB\Hynix\2007 Hynix determination letter.doc)

EWEB & Hynix
NLSL Issue

In 1995 EWEB notified BPA that Hyundai USA would be building a chip fabrication plant in Eugene and that the load at the plant would make it a NLSL. BPA made a prospective NLSL determination accordingly and declared the load a NLSL on EWEB effective 1 Oct 96. In August 2006 Hynix (Hyundai's successor in interest) asked through EWEB, that BPA reopen the question of the plant's NLSL status. Mark Gendron, Theresa Rockwood and Robert Anderson visited EWEB to begin discussions in January 2007. Staff had several subsequent meetings with EWEB and Hynix including site visit to the plant on 7 Feb 2007. EWEB and Hynix submitted a great deal of information on the growth of the load at the plant including meter readings, billing records and Hyundai's records of the construction of the plant.

After a careful and lengthy review of the submittals staff concluded that the most likely date to start measuring load growth at the facility under BPA's NLSL Policy was August 1997 and if that date was used the load would have become a NLSL in its first year of operation. Alternative dates from which to begin to measure load growth were suggested by EWEB and Hynix; none were in accord with BPA's NLSL Policy.

On October 5, 2007 EWEB and Hynix came to Portland to meet with Paul Norman for a last discussion of the issue. The burden of Paul's remarks was that under the NLSL Policy and in light of the facts presented, EWEB and Hynix had failed to present a compelling reason for BPA to reopen the question of Hynix's NLSL status.

The letter from Dick Helgeson dated November 29, 2007 (attached) tries to make the case for starting to measure the load growth starting February 1997 (the month in which EWEB first energized the Substation at Hynix), such a finding would give the Hynix load an eligibility for service with up to 4 aMw of power purchased at PF vice NR. All the Parties agreed that construction was still going on at the site after February 1997; a constant of BPA's NLSL Policy from 1981 to date is that BPA will not consider for measurement for NLSL determination purposes, load that includes construction load. It is for this reason that staff rejected the February 1997 start date for measurement purposes when it was first suggested. Using February 1997 as a start date for measuring load growth would strike at a fundamental principle of BPA's NLSL Policy, that only production related load is measured for NLSL determination purposes.

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MEMO

EWEB/HYNIX NLSL

NLSL LTR — 23 AUG 07
INTERNAL MEMO — 26 NOV 07
LTR on NLSL — 23 MAY 1986
" from DOFAZIO — 21 DEC 07
" EWEB — 22 DEC 1995
" " " — 1 OCT 2007

BACKGROUND MATERIAL
LETTER from EWEB — 22 DEC 1995
ADJ — 6 AUG 07
BACKGROUND MAT — 25 JUL 07
HYNIX LETTER — 28 SEP 2007
" " — 3 DEC 2007
" LOAD CHARTS
SITE VISIT REPORT — 7 FEB 07
TALKING POINTS —
BPA LTR — 10 OCT 2006
HYNIX LOAD CHARTS
HYNIX LTR — 27 JUN 07
" MEGAWATTS — 16 NOV 06
OPTIONS FOR START DATES & LOAD DATA
EWEB LTR — 25 AUG 2006
BPA LTR — 9 JAN 2007
NWPA LEGISLATIVE HISTORY
LEGENS LTR — 29 OCT 1996
" " — 28 FEB 1996
HYUNDAI LTR — 21 JUL 1998
EMAILS — 4 AUG 2006
TALKING PTS — 30 AUG 06

Eugene Water & Electric Board
500 East 4th Avenue
Post Office Box 10148
Eugene, Oregon 97440-2148 503•484•2411
Fax 503•484•3762

Scott

December 22, 1995

Mr. John P. Lebens
Account Executive
Bonneville Power Administration
703 Broadway, Suite 100
Vancouver, WA 98660

Dear Mr. Lebens:

In accordance EWEB's power sales contract with BPA, I would like to inform you that EWEB anticipates providing electric service to a new customer whose connected load will exceed 10 MVA. The Hyundai Corporation has received permits to construct a facility in west Eugene, and has asked EWEB to provide utility services to their new facility. The energy load of this facility is expected to exceed 10 aMW on an annual basis.

EWEB does not plan to purchase power for this facility from BPA as a "new large single load." We also understand that EWEB will not receive an entitlement to "priority firm" power for this increment of load under the terms of our power sales contract with BPA. As such, we are planning to independently acquire power and energy necessary to serve this facility .

Please let me know if I can provide more information to you in this regard.

Sincerely,

(b) (6) [redacted]

Scott C. Spettel
Resource Planning Manager

cc: Carol S. Fleischman - BPA

27760029

Department of Energy
Bonneville Power Administration
Eugene Customer Service Center
1600 Valley River Drive, Suite 230
Eugene, Oregon 97401-2129

February 28, 1996

Mr. Garry Kunkel, Director, Electric Division
Eugene Water & Electric Board
P. O. Box 10148
Eugene, Oregon 97440-2148

Dear Mr. Kunkel:

I understand from discussions with you and your staff that Eugene Water & Electric Board (EWEB) will be the sole electric power supplier of the new Hyundai Corporation facility currently under construction in west Eugene. This load is expected to exceed the 10 average megawatt threshold for being designated a New Large Single Load (NLSL) as defined in the Northwest Power Act and Contract No. DE-MS79-81BP90456 (Power Sales Contract) between EWEB and Bonneville Power Administration (BPA).

In general, the process of completing a NLSL determination may take more than a year and will involve considerable discussion between BPA and EWEB. We expect most of the workload will be BPA's, however, there are several items that I hope EWEB can provide quickly to help simplify and expedite this effort.

1. Please provide us with the expected size of the Hyundai electric load, including any schedules of how the load is expected to develop over time and when EWEB anticipates the load will exceed the NLSL threshold.

2. Please let us know (a) the date of energization, and (b) the date of first commercial operation at the Hyundai facility. Either of these dates may be used as the starting date for the 12-month period during which the Hyundai load will be measured. BPA will evaluate the effects of using each of the two dates for the 12-month load measurement period.

You have indicated that EWEB plans to serve all or part of the Hyundai load with resources other than Firm Resources, as permitted under section 8(e) of the Power Sales Contract. I would like to discuss EWEB's options as quickly as possible so that appropriate contract actions can be completed, scheduling arrangements are in place, and billing procedures are established before the Hyundai load becomes a NLSL.

We will need to meet soon to discuss options and implications for dedicating resources to the NLSL, outline a schedule for completing the NLSL process, and share information. I'll call you when we are ready to schedule a time. As always, feel free to call me at 465-6804 if you have any questions.

Sincerely,

(b) (6) [redacted]

John P. Lebens
Account Executive

cc:
Scott Spettel - EWEB

Department of Energy
Bonneville Power Administration
Eugene Customer Service Center
1600 Valley River Drive, Suite 230
Eugene, Oregon 97401-2129

October 29, 1996

Randy L. Berggren, General Manager
Eugene Water and Electric Board
500 East 4th Avenue
Eugene, OR 97441

Dear Randy:

Bonneville Power Administration (BPA) acknowledges receipt of your notice pursuant to section 8(c) of your utility Power Sales Contract, No. DE-MS79-81BP90456 (PSC) that Hyundai Electronics America, Inc. (Hyundai) constitutes a New Large Single Load (NLSL) on Eugene Water and Electric Board's (EWEB) system. Hyundai's load increases EWEB's resource responsibilities by 35 aMW on or around October 1, 1997.

We have prepared the attached Table 1 to Exhibit K of EWEB's PSC listing Hyundai as a NLSL as of October 1, 1997.

BPA has been informed by EWEB that it plans to serve the Hyundai load with a combination of its own resources (that are not currently dedicated in its Firm Resources Exhibit (FRE) to serving is Actual Firm Load), contract acquisitions and possibly some spot market purchases. An amendment of EWEB's FRE will need to be made to reflect EWEB's resource choices to serve this NLSL.

Since EWEB has elected to serve this NLSL as other than a requirements load, BPA is under no obligation to provide requirements service to such load for the remaining term of EWEB's utility PSC until the notice provisions of section 9 of EWEB's utility PSC have been met.

Should EWEB at any time experience an inability to provide adequate resources to serve Hyundai, after complying with the notice provisions of section 9 of EWEB's utility PSC, BPA may provide requirements power at its New Resources Rate (NR-Rate) to serve all or any such increment of the Hyundai load.

Sincerely,

(b) (6) [redacted]

John P. Lebens
Account Executive

Enclosure

Revision 1
Exhibit K, Table 1, Page 1 of 1
Contract No. DE-MS79-81BP90456
City of Eugene (Eugene Water &
Electric Board)
Effective at 2400 hours on
September 30, 1997

This Revision 1, Exhibit K, Table 1 adds the Hyundai Electronics America load as a New Large single Load.

NEW LARGE SINGLE LOAD DETERMINATIONS EXHIBIT

(This exhibit is for information purposes only and shall not control any determinations made pursuant to Section 8 of this contract or Section 3(13) of P.L. 96-501.)

TABLE 1

LIST OF PURCHASER'S LOADS WHICH ARE NEW LARGE SINGLE LOADS

Description of Facility	Location
Hyundai Electronics America	Eugene, OR

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By (b) (6) [redacted]

Name: John P. Lebens

Date: October 29, 1996

Eugene Water & Electric Board

500 East 4th Avenue / Post Office Box 10148
Eugene, Oregon 97440-2148
541-484-2411 Fax 541-484-3762

August 25, 2006

Mr. Steve Wright – BPA Administrator
BONNEVILLE POWER ADMINISTRATION
P. O. Box 3621
Portland, Oregon 97208-3621

ASSIGN: John Lebens-PSW-6
cc: FO3, DKN/Wash, L-7, P-6, PS-6, PSW-6 (Rockwood, Anderson)

Dear Mr. Wright:

RE: New Large Single Load Determination

I am writing to formally request a review by BPA of the "New Large Single Load" status of one of EWEB's major industrial customers, Hyundai Electronics America.

By letter dated October 29, 1996, Bonneville attributed New Large Single Load status to Hyundai (now Hynix Semiconductor America) effective on or about October 1, 1997. This determination was made during the original construction and startup of the Hynix facility, and was based on prospective information that the company provided to EWEB regarding anticipated electrical loads and that we then provided to BPA.

During recent retail contract negotiations, Hynix officials asked us to provide information concerning this designation, including copies of BPA's past and present New Large Single Load Policy. In reviewing the policy and actual metered load data for their facility, company representatives have raised questions about how the BPA policy is interpreted and applied, and whether some or all of their load should be eligible for service with BPA Priority Firm power.

Subsequent conversations between EWEB and BPA staff indicate that a review of this designation is appropriate given the questions raised and data now available. This matter is a major consideration in EWEB's power supply and retail pricing relationship with Hynix. We do not want any confusion, misinterpretation, or lack of clarity concerning this designation to persist as we complete negotiations on renewal of their current service agreement that expires on September 30, 2006.

EWEB understands that precedent exists for re-examination of a New Large Single Load designation. In 2002, a rolling mill located within the service territory of Cowlitz PUD requested and received such a review, resulting in a reversal of its New Large Single Load status. We ask that BPA undertake a similar review, taking into account the supplementary information that we will be providing soon through our BPA Account Executive Theresa Rockwood.

We look forward to timely consideration of our request, and will be pleased to provide any additional information required to support your review and related determinations.

Sincerely,

(b) (6) [redacted]

Randy L. Berggren
General Manager

cc: Mr. Paul Norman, BPA
Mr. John Lebens, BPA
Ms. Theresa Rockwood, BPA
Mr. Robert Anderson, BPA
Mr. ChanKey Ho, Hynix
Mr. Greg Sladcik, Hynix

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

OCT 10 2006

In reply refer to: PSW-6

Eugene Water & Electric Board
500 East Fourth Avenue
Eugene, OR 97440

Dear Mr. Berggren:

We are responding to your August 25, 2006, request for an examination of the New Large Single Load (NLSL) status for your retail customer Hynix Semiconductor America. Although there is no requirement in our NLSL policy for a review 10 years after the Bonneville Power Administration (BPA) made a determination that a load was a New Large Single Load, we have reviewed the information provided and the history of this load.

Under the power sales contract in effect, Eugene Water & Electric Board (EWEB) had a duty to report the Hyundai load to BPA as a potential NLSL and after discussions between Hyundai, BPA and EWEB, a date for the expected commercial operation of the load was agreed upon. By a letter dated October 29, 1996, BPA determined that at commercial operation, the Hyundai load would be a NLSL. This designation was made based on information from EWEB that the upcoming load would be greater than 10 aMW in the first year of operation. A later July 21, 1998, letter from Hyundai to EWEB states, "Recently, the site has made a transition from a construction to a production mode."

Although the NLSL determination was made some 10 years ago and the parties have relied upon the date of commercial operation for the facility and have raised no questions until your letter of August 25, we understand EWEB's concerns. We are willing to meet with EWEB and the consumer for a consultation to review the procedures in determining a NLSL.
At that time we are prepared to:

- explain relevant NLSL Policy, including the legislative context and objectives,
- outline how a NLSL determination is made,
- discuss the three methods of setting a "Start Date" for load growth measurement,
- discuss the special case of a prospective NLSL determination and
- request any additional data and documentation needed to perform the review.

We will then review the information provided by EWEB and Hynix and schedule a site visit to the Hynix plant. After our site visit, analysis and determination process, we will present our findings in a determination letter at a final meeting with EWEB and Hynix.

BPA understands that this examination of the NLSL is of critical interest to EWEB and to its customer Hynix. We plan to move forward with completion of this review as thoroughly and quickly as possible. Theresa Rockwood, Account Executive, will be contacting you to set up a meeting at your convenience.

Sincerely,

(b) (6) [redacted]

Stephen J. Wright
Administrator and Chief Executive Officer

Cc:
Mr. ChanKey Ho, Hynix
Mr. Greg Sladcik, Hynix

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

August 23, 2007

In reply refer to: PSW-6

Mr. Richard Helgesen
Director, Power Resources Division
Eugene Water & Electric Board
PO Box 10148
Eugene, OR 97401

Dear Mr. Helgesen:

The Bonneville Power Administration (BPA) has concluded your requested review of the New Large Single Load (NLSL) determination for Hynix. First, we want to acknowledge how important the Hynix facility and the jobs it provides are to the economic well being of Eugene and Lane County. Because of this and because the issue is of such importance to EWEB, we have invested considerable effort in reviewing the facts and history surrounding the Hynix NLSL determination. We appreciate the detailed information provided and the opportunity to tour the facility to assist us in our review.

As you are aware, BPA is required by sections 3(13) and 7 of the Northwest Power Act, P.L. 96-501 to make determinations of the NLSL status of our customer's large industrial and other loads in the Northwest. We must be thorough and evenhanded in applying the determinations. There are potentially hundreds of MWs of commercial and industrial loads that would like to access PF power, particularly at this time when market prices are well above the PF rate.

In 1996, EWEB and Hynix actively sought NLSL status when market prices were below PF. As anticipated then, the Hynix load quickly grew to over 25 aMW – well over the 10 aMW NLSL threshold. As documented in our Power Sales Contracts, BPA and EWEB have treated the Hynix load as a NLSL for the entire period from October 1996 until the present. There is only one case in which BPA reviewed a prior NLSL decision and concluded the load was not a NLSL. The facts in that situation were significantly different than the Hynix case. Most importantly, the load at no time in its history met the 10 aMW threshold. This load was clearly not a NLSL.

BPA measures production load at a consumer's facility for 12 consecutive months of consumption. BPA does not include pre-production load. Our analysis of Hynix focused on the start date for measurement against the 10 aMW standard, because the start date is critical to the NLSL determination. Historically, we have used three definitions of start date:

1) The date of the original NLSL determination based on then-expected load growth. For Hynix this date is October 1996, which is the date of the original determination after

EWEB notified BPA that the load would be greater than 10 aMW and BPA agreed to make the determination based on that information.

2) The date of actual initial energization of production equipment. For Hynix this is August 1997.
3) The date that production actually started. As stated by Hynix this is January 1998.

Under any of these three production load start date definitions, the entire Hynix load is NLSL. Hynix has argued for a July 1997 start date because this is when the air handling equipment became operational. We respectfully conclude that the date on which air handling equipment became operations is not an appropriate date to determine NLSL status because production did not commence at that time and it is not consistent with any of the three definitions of start dates that we have used for measuring production load at a consumer's facility in making NLSL determinations. The air handling equipment was necessary but not sufficient to the production of silicon chips.

Based on the above, BPA does not find a basis for any of Hynix's load qualifying for PF rate service. Our analysis of the information provided indicates that the original October 1996 agreed upon date as the beginning of Hynix's NLSL term should not be changed or if changed, would be changed to a production load start date of January 1998. As such, the status of this load is reaffirmed. We are willing to share our analysis with you in greater detail and to discuss our findings with you. If you have any other information which suggests an error, we are willing to consider that in our assessment. Absent that our conclusion is stated above.

Sincerely,

(b) (6) [redacted]

Theresa Rockwood
Account Executive

cc:
Scott Spettel, EWEB
Steve Mangan, EWEB

bcc:
T. Miller – LP-7
P. Norman – P-6
M. Gendron – PS-6
R. Anderson – PSS-6
S. Coe – PSW-6
Official File – PSW-6 (PM-11-12)
CCIS -4 Authentication
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27760029

Eugene Water & Electric Board

500 East 4th Avenue / Post Office Box 10148
Eugene, Oregon 97440-2148
541-484-2411 Fax 541-484-3762

October 1, 2007

Mr. Paul Norman, Senior Vice President – Power Services
Bonneville Power Administration
P.O. Box 14428
Portland, OR 97293-4428

Dear Paul,

RE: PSW-6 Hynix New Large Single Load Designation

This is in reply to BPA's letter of August 23 outlining your preliminary findings concerning review of Hynix Semiconductor's status as a New Large Single Load (NLSL). We appreciate this opportunity to once again emphasize the importance of this issue, and to share our observations and response to BPA's initial conclusions.

As you know, EWEB sought this BPA review in order to resolve questions posed by Hynix management about the company's NLSL status during our 2006 retail service contract negotiations. As a fundamental consideration in the supply and pricing of power to one of EWEB's largest customers, and particularly given the rather broad language of BPA's related policies, it is natural that we would turn to you for assistance with this most important matter.

EWEB and Hynix have engaged BPA staff over the past year in several meetings devoted to this topic, an extensive tour of the Hynix facility, and provision of substantial information for your consideration. From the onset, it has been our expectation that this matter would receive the agency's full and thoughtful attention, and that this review would result in a responsive, well documented, and definitive determination consistent with a clear interpretation and appropriate application of BPA's NLSL Policy.

In the weeks leading up to the August 6th meeting of your decision team, we were told that BPA's response would include review of pertinent historical information and policy context, the agency's analysis of the data and perspectives offered by Hynix, an evaluation of the various options considered, and clarification of the key policy parameters that would support findings and a determination specific to the facts in this case.

While recognizing that BPA's August 23rd letter is preliminary in nature, and perhaps intended simply to convey staff's formative thinking, we had anticipated that it would provide a much more detailed articulation of the agency's assessment. Instead, although clearly communicating BPA's view that no change in the company's status appears warranted, the letter offers characterizations that seem inconsistent with known facts, introduces some new terms and concepts, and draws conclusions without a full and adequate explanation.

As examples, BPA's letter states that EWEB and Hynix "actively sought" NLSL status in 1996 when initial service was provided, and that the Hynix load "quickly grew" to over 25 aMW. The record shows that EWEB simply notified BPA of an anticipated new load with installed service capacity of 10 MVa or more as required by the terms of our power sales contract, and that BPA made its prospective determination on the basis of projections while the facility was under construction. It is also clear that no formal determination or retrospective verification was undertaken, and that the company's actual load grew to its current level of less than 25 aMW over a considerable period of time.

Hynix has provided information regarding construction, startup and initial operation of their manufacturing facility, which they maintain supports a July 1997 start date and a reversal of their NLSL designation. This is a critical matter for Hynix that affects the long-term viability and competitiveness of their Eugene facility. Identification of the proper start date is key to this determination, and absent better definition and a clearer policy interpretation by BPA, it is reasonable that Hynix would continue to assert their position.

We appreciate that you and Mark Gendron have offered to meet with us again on October 5th to discuss this matter further, and to share BPA's current thinking and analysis in greater detail. EWEB's objective throughout has been to seek a fair and equitable review, provide an opportunity for Hynix to advance pertinent information in support of the company's perspective, and to obtain a clear and justifiable determination from BPA that comports with its NLSL policy and reflects the Administrator's discretion shown previously in NLSL matters.

It remains our desire to work constructively with BPA and Hynix to bring questions concerning Hynix Semiconductor's NLSL status to a timely, appropriate, and amicable resolution.

Sincerely,

(b) (6) [redacted]

Dick Helgeson
Director, Power Resources Division
Eugene Water & Electric Board

cc: Randy Berggren, EWEB
Mark Gendron, BPA
Theresa Rockwood, BPA
Greg Sladcik, Hynix
Ken Canon, Canon & Hutton

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

EXECUTIVE OFFICE

January 11, 2008

In reply refer to: DKR-7

The Honorable Peter A. DeFazio
Eugene District Office
405 East 8th Ave.
Suite 2030
Eugene, OR 97401

Dear Representative DeFazio:

Thank you for your letter of December 21, 2007, expressing your interest in the request of the Eugene Water and Electric Board (EWEB) for a new evaluation of the New Large Single Load (NLSL) status of EWEB's power service to the Hynix Semiconductor Manufacturing America Inc. EWEB asked the Bonneville Power Administration (BPA) to review the power service to the Hynix facility to determine if a portion of that service is eligible for a preference power rate.

BPA has received EWEB's request and its supporting material. As a general policy, BPA does not review 10-year-old NLSL determinations. However, BPA is looking carefully at EWEB's information, BPA's policy for NLSL designation, and the requirements of the Northwest Power Act. We expect to make a decision soon. I appreciate your attention to our review. I assure you that we are conducting a thorough evaluation, and I will be sure to inform you of our decision and the rationale for it when it is complete.

Sincerely,

(b) (6) [redacted]

Stephen J. Wright
Administrator and Chief Executive Officer

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

March 27, 2007

In reply refer to: PSW-6

Mr. Scott Spettel
Power Manager
Eugene Water & Electric Board
PO Box 10148
Eugene, OR 97440

Dear Scott,

Staff at the Bonneville Power Administration (BPA) is continuing research into the historical construction and start of production at the Hynix (Hyndai) load in Eugene during the 1996-1998 period. As you recall, in November 2006, we requested documentation on load history, electrical plan of service at the plant, corporate history of the plant and review of the plant products.

On February 7, after a tour of the Hynix facility, EWEB and Hynix provided:

1) A site map and aerial photo of the manufacturing facilty.
2) A single-line diagram of the Hynix dedicated substation
3) Corporate background
4) Business relationship, including a copy of the Power Sales agreement between EWEB and Hynix
5) Copies of retail bailing invoices from Jan 1997 through Dec 2000
6) Description of the production process for Semiconductors.
7) A timeline of the progress of the construction of the Eugene Hyndai facility created from memos sent from the site to the corporate headquarters in Korea.

We have found the timeline very useful in understanding events during that period. Primary documentation is a requirement of all load determinations BPA makes. Please submit the memos used to create the timeline provided in February.

Sincerely,

(b) (6) [redacted]

Theresa Rockwood
Account Executive

bcc:

R. Anderson – PSS-6
R. Boling – PSS-6
M. Gendron – PS-6
S. Coe – PGK-5
A. Quinata – PSS-6
P. Norman – P-6
CCIS – KSC-5
Official File - PSW

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Eugene Water & Electric Board
500 East 4th Avenue/Post Office Box 10148
Eugene, Oregon 97440-2148
(541) 484-2411
www.eweb.org

MAY 06 2009

April 30, 2009

Theresa Rockwood
Account Executive
Bonneville Power Administration
905 NE 11th Ave.
Portland OR 97236

Dear Theresa,

Pursuant to our discussion on March 12, 2009, I have reconstructed the planning assumptions going into the 2009 Bonneville fiscal year as they pertain to the planned use of the Stone Creek and EWEB's share of the International Paper (formerly Weyerhaeuser) resources. In addition, we have pulled the actual meter reading data for Hynix for July, August and September of 2008 and have attached that information.

The current power sales agreement with BPA notes that on a planning basis the Stone Creek and EWEB's share of the International Paper resources are committed to covering Hynix and that if the Hynix load is not sufficient then EWEB will dispose of these resources on a planning basis in a manner enumerated in the contract. The Stone Creek resource is about 7 aMW and EWEB's share of the IP resource is about 11 aMW on a planning basis (as set forth in the current contract).

By September of 2008, Hynix had informed EWEB that it expected to operate at about 10 aMW for the foreseeable future and EWEB and Hynix executed an amendment to our power sales agreement consistent with that expectation. This constituted our planned use of Stone Creek plus 3 aMW of the IP resource.

For the remaining 8 aMW of the IP resource, EWEB had consummated a number of sales which we were permissible under the Power Sales Agreement. By September of 2008, EWEB had executed a sale to Bonneville for 25 MW of on-peak power for November and December 2008 (the equivalent of 2.25 aMW on an annual basis). EWEB had also executed a sale for January, February, and March of 2009 with Snohomish PUD for 25 MW of on-peak power (the equivalent of 3.5 aMW on an annual basis). In early September, EWEB sold 25 MW of on-peak power for September 2009 to Grant PUD (the equivalent of 1.4 aMW on an annual basis). And EWEB had been selling up to 25 MW per month of power to Cowlitz PUD to serve Cowlitz New Large Single Load. As of September, EWEB had executed the sale for October and expected that sale to continue (the equivalent of 2.1 aMW just for October 2008 on an annual basis). Subsequent to this, EWEB has continued these sales to Cowlitz through the present time.

As you can see from the above. EWEB had on a planning basis complied with the provisions of the Power Sales Agreement.

Between now and the end of September 2009, EWEB will be constructing an operating plan for the ensuing Bonneville fiscal year which will deal with the planned output of the Stone Creek and IP resources. Once that plan is constructed, we will be happy to share it with you.

Sincerely,

(b) (6) [redacted]

Richard Varner
Power Management and Planning Manager
Attachments (4)

Interim Amendment to Hynix Power Sales Agreement

Whereas, Hynix Semiconductor America, Inc. (Hynix) and the Eugene Water & Electric Board (EWEB) entered into a power sales agreement effective October 1, 2006 for the period ending September 30, 2011;

Whereas, Hynix notified EWEB on July 31, 2008 that production was being shut down and that Hynix intended to terminate the power sales agreement;

Whereas, Hynix has subsequently informed EWEB that it intends to maintain its clean room environment and related utility operations while it pursues a potential sale of the facility with an anticipated interim electric use of approximately 10 average megawatts; and,

Whereas, the parties believe it is in their mutual interest to continue the existing power sales agreement under modified terms for a period of time to determine the ultimate disposition of the facility.

1. **Term of the Amendment.** The terms of this amendment will be effective from October 1, 2008 through March 31, 2009. This amendment may be extended by mutual agreement of the parties. It is anticipated that the amendment will be extended or otherwise kept in effect until such a time as either Hynix's interim business circumstances substantially change or a final decision regarding Hynix's business in Eugene is rendered.

2. **Delivery Charge.** The delivery charge will be $3.50 per kW per month of demand. The demand will be the highest hourly usage during the month.

3. **Power Supply Charge.** The Power Supply Charge will be $44.76 per MWh for all energy usage during a month.

4. **Conservation Charge.** The Conservation Charge each month will be $22,800.

5. **Conservation Credit.** The Conservation Credit each month will be $20,100.

6. **Conservation True-up.** Hynix conservation obligation for the period ending September 30, 2008 is 1,312,500 kWh. Hynix conservation verified as of that date has a balance of 2,186,300 kWh. Hynix conservation obligation during the term of this agreement will be 58,250 kWh per month. Hynix obligation for the Conservation True-up will the conservation obligation as of September 30, 2008 plus the monthly conservation obligation from October 1, 2008 through March 31, 2009 less the conservation verified as of September 30, 2008.

7. **Other Charges in Section IV.** The other charges specified in Section IV of the Power Sales Agreement will stay in place.

8. **Assignment.** This amendment is not assignable by either party without the other party's prior written consent.

9. **Stay of Termination of the Power Sales Agreement.** So long as this amendment or extension thereto is in place, the termination of the Power Sales Agreement will be held in abeyance. The parties agree to examine the term of the amendment prior to its termination, and further agree not to cancel the term of this amendment without mutual agreement or adequate notification. Should this amendment be terminated or expire without an assignment of the Power Sales Agreement to another party, the Power Sales Agreement will be terminated 90 days after that date.

EUGENE WATER & ELECTRIC BOARD	HYNIX SEMICONDUCTOR
By:_____	By:_____
Randy Berggren General Manager	D.G. Kim President and CEO

Customer ID	Date	Channel	Units	0:15	0:30	0:45	1:00	1:15	1:30	1:45	2:00	2:15	2:30	2:45	3:00	3:15
E000022	07/01/2008	Total kWh	kWh	5700	5750	5800	5750	5850	5750	5650	5650	5700	5600	5650	5700	5600
E000022	07/02/2008	Total kWh	kWh	5850	5800	5750	5700	5800	5750	5800	5750	5750	5650	5800	5700	5700
E000022	07/03/2008	Total kWh	kWh	5800	5800	5750	5700	5800	5800	5750	5650	5700	5650	5600	5650	5650
E000022	07/04/2008	Total kWh	kWh	5750	5850	5750	5750	5750	5800	5750	5750	5850	5800	5800	5750	5900
E000022	07/05/2008	Total kWh	kWh	5750	5800	5750	5700	5800	5800	5700	5800	5850	5700	5800	5850	5700
E000022	07/06/2008	Total kWh	kWh	5900	5850	5950	5850	5800	5850	5850	5800	5800	5800	5700	5650	5750
E000022	07/07/2008	Total kWh	kWh	5750	5750	5750	5800	5750	5700	5800	5700	5750	5700	5700	5700	5700
E000022	07/08/2008	Total kWh	kWh	5800	5850	5850	5850	5850	5850	5850	5900	5800	5900	5750	5800	5800
E000022	07/09/2008	Total kWh	kWh	5850	5850	5850	5900	5850	5900	5850	5850	5900	5900	5900	5800	5850
E000022	07/10/2008	Total kWh	kWh	5800	5750	5750	5800	5800	5700	5800	5750	5700	5750	5600	5700	5600
E000022	07/11/2008	Total kWh	kWh	5550	5550	5500	5550	5500	5400	5550	5500	5550	5550	5450	5450	5400
E000022	07/12/2008	Total kWh	kWh	5650	5600	5750	5550	5550	5550	5600	5550	5600	5600	5600	5700	5500
E000022	07/13/2008	Total kWh	kWh	5750	5700	5750	5700	5800	5700	5600	5650	5700	5750	5700	5700	5700
E000022	07/14/2008	Total kWh	kWh	5800	5800	5750	5750	5750	5800	5900	5750	5850	5800	5800	5800	5750
E000022	07/15/2008	Total kWh	kWh	5700	5750	5750	5800	5750	5750	5750	5800	5850	5750	5700	5700	5650
E000022	07/16/2008	Total kWh	kWh	5700	5650	5600	5600	5550	5550	5550	5550	5500	5500	5400	5500	5600
E000022	07/17/2008	Total kWh	kWh	5650	5550	5550	5600	5500	5600	5500	5600	5550	5600	5550	5550	5450
E000022	07/18/2008	Total kWh	kWh	5550	5600	5500	5600	5450	5550	5450	5450	5400	5500	5350	5450	5500
E000022	07/19/2008	Total kWh	kWh	5550	5550	5500	5500	5500	5450	5450	5450	5600	5550	5500	5500	5500
E000022	07/20/2008	Total kWh	kWh	5600	5550	5650	5550	5650	5600	5500	5500	5450	5450	5450	5550	5500
E000022	07/21/2008	Total kWh	kWh	5700	5750	5650	5650	5600	5600	5550	5550	5600	5600	5500	5600	5550
E000022	07/22/2008	Total kWh	kWh	5600	5550	5500	5600	5550	5550	5550	5500	5600	5550	5550	5450	5550
E000022	07/23/2008	Total kWh	kWh	5450	5400	5300	5350	5350	5250	5350	5300	5300	5350	5350	5300	5350
E000022	07/24/2008	Total kWh	kWh	5300	5300	5350	5300	5350	5300	5350	5300	5300	5350	5300	5300	5350
E000022	07/25/2008	Total kWh	kWh	5350	5300	5300	5300	5350	5300	5300	5200	5300	5250	5250	5250	5250
E000022	07/26/2008	Total kWh	kWh	5300	5250	5250	5200	5250	5250	5250	5250	5250	5150	5300	5300	5250
E000022	07/27/2008	Total kWh	kWh	5400	5350	5350	5450	5450	5350	5450	5350	5250	5350	5300	5400	5300
E000022	07/28/2008	Total kWh	kWh	5300	5200	5250	5250	5150	5300	5200	5200	5250	5200	5150	5200	5150
E000022	07/29/2008	Total kWh	kWh	5050	5050	4950	5000	5000	5050	5100	5000	5000	5000	4950	5000	5000
E000022	07/30/2008	Total kWh	kWh	5150	5150	5000	5050	5050	5000	5000	5050	5050	5050	5000	4950	5050
E000022	07/31/2008	Total kWh	kWh	4850	4800	4800	4800	4850	4750	4750	4800	4850	4800	4900	4800	4800

This table is actual data downloaded from the meter recorders.

3:30	3:45	4:00	4:15	4:30	4:45	5:00	5:15	5:30	5:45	6:00	6:15	6:30	6:45	7:00	7:15	7:30	7:45	8:00
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5800	5750	5750	5650	5700	5650	5750	5650	5650	5700	5600	5700	5700	5700	5750	5650	5700	5800	5750
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4700	4900	4850	4750	4850	4850	4800	4800	4850	4800	4800	4850	4900	4800	4800	4900

12:15	12:30	12:45	13:00	13:15	13:30	13:45	14:00	14:15	14:30	14:45	15:00	15:15	15:30	15:45	16:00	16:15	16:30	16:45	17:00
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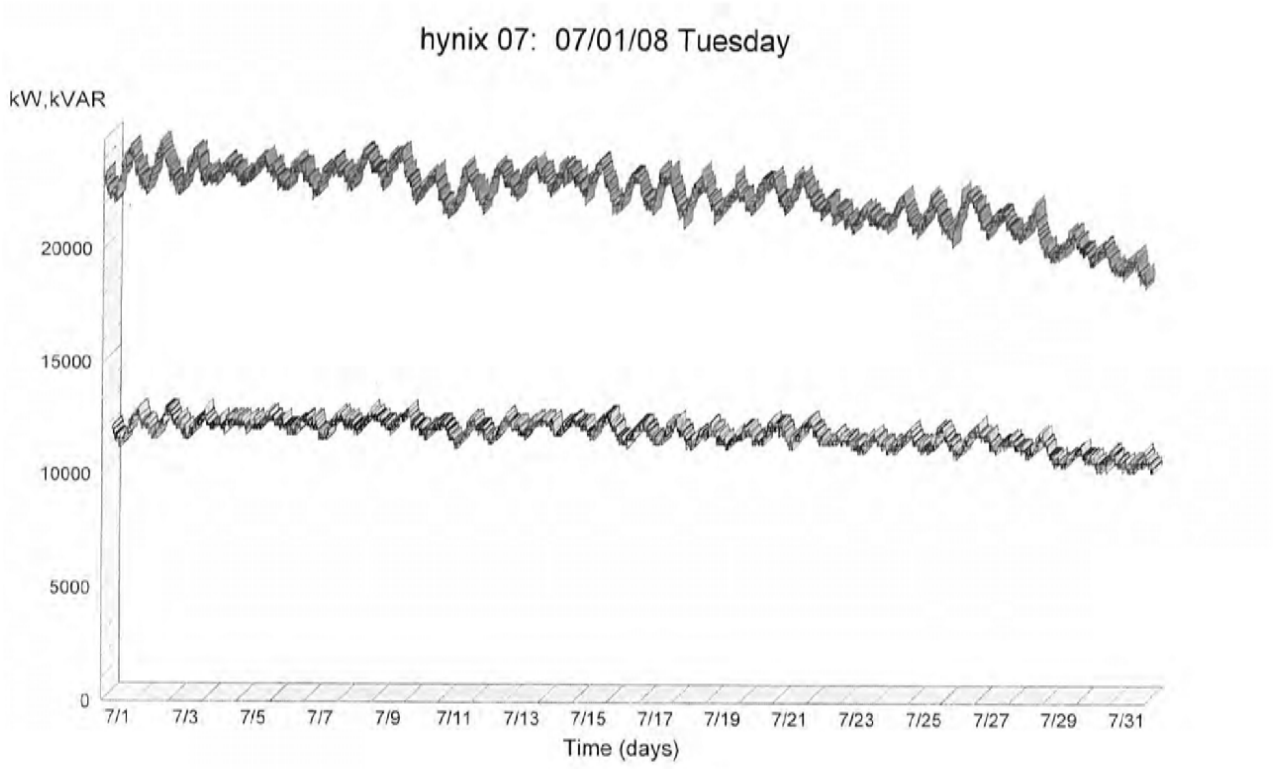
						16,626,700		



Customer ID	Date	Channel	Units
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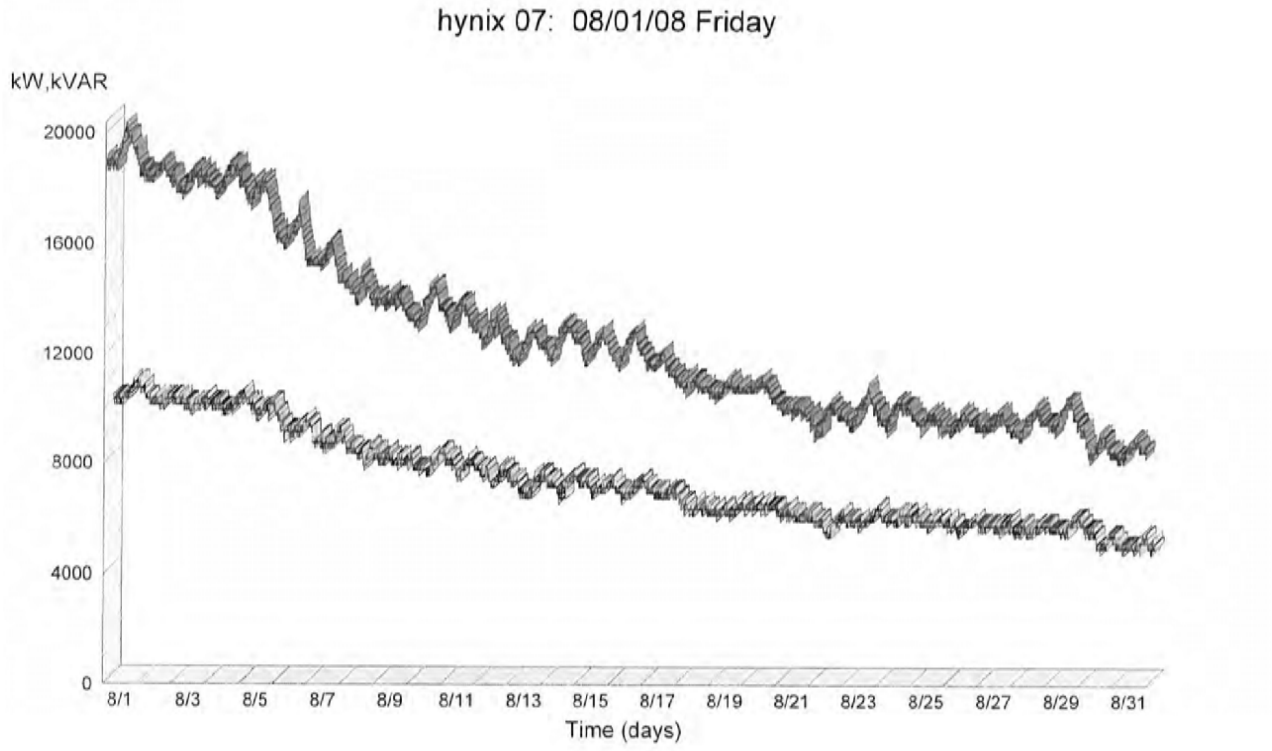
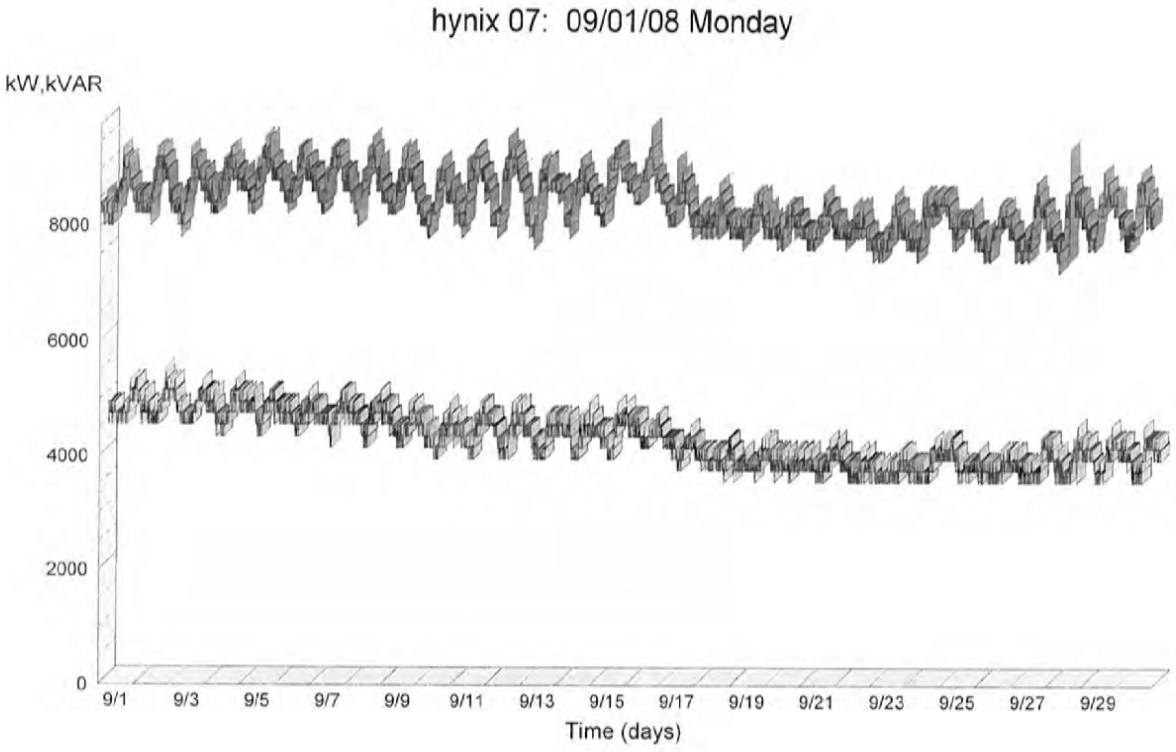
	07/01/08	Total kVarh	kVAR



Customer ID	Date	Channel	Units
	08/01/08	Total kWh	kW
	08/01/08	Total kVarh	kVAR



Customer ID	Date	Channel	Units
	09/01/08	Total kWh	kW
	09/01/08	Total kVarh	kVAR

Sep 2008

Statistics This Slide: 15 Minutes per Interval

Channel	Total	Average	Peak	Peak Slide	Peak Date	Peak Time	Min	Min Slide	Min Date	Min Time	Jump	Jump Slide	Jump Date	Jump Time	Load Factor	Good Data
Total kWh	6045700 kWh	8398.8 kW	9800.0 kW	632	09/16/2008	16:45	7200.0 kW	644	09/28/2008	08:00	1800.0 kW	644	09/28/2008	15:00	0.8568	100.0%
Total kVarh	2976650 kVARh	4134.2 kVAR	5400.0 kVAR	618	09/02/2008	14:45	3400.0 kVAR	634	09/18/2008	13:30	-800.00 kVAR	644	09/28/2008	14:45	0.7656	100.0%

Aug 2008

Statistics This Slide: 15 Minutes per Interval

Channel	Total	Average	Peak	Peak Slide	Peak Date	Peak Time	Min	Min Slide	Min Date	Min Time	Jump	Jump Slide	Jump Date	Jump Time	Load Factor	Good Data
Total kWh	9357150 kWh	12577 kW	20400 kW	586	08/01/2008	14:15	8000.0 kW	615	08/30/2008	07:30	800.00 kW	590	08/05/2008	10:15	0.6165	100.0%
Total kVarh	5192000 kVARh	6978.5 kVAR	10800 kVAR	586	08/01/2008	14:15	4400.0 kVAR	615	08/30/2008	09:00	-800.00 kVAR	591	08/06/2008	01:30	0.6462	100.0%

July 2008

Statistics This Slide: 15 Minutes per Interval

Channel	Total	Average	Peak	Peak Slide	Peak Date	Peak Time	Min	Min Slide	Min Date	Min Time	Jump	Jump Slide	Jump Date	Jump Time	Load Factor	Good Data
Total kWh	16626700 kWh	22348 kW	24800 kW	555	07/02/2008	15:15	18400 kW	585	07/31/2008	23:30	-1000.0 kW	568	07/14/2008	15:30	0.9011	100.0%
Total kVarh	8498800 kVARh	11423 kVAR	12600 kVAR	555	07/01/2008	18:45	9800.0 kVAR	584	07/30/2008	07:30	-800.00 kVAR	581	07/27/2008	03:30	0.9066	100.0%

FERRY COUNTY PUD

Department of Energy
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKI

NOV 17 1983

Mr. Kenneth Coyle, Manager
Ferry County PUD No. 1
P. O. Box 324
Republic, WA 99166

Dear Mr. Coyle:

On October 6, 1983, the Bonneville Power Administration (BPA), after consultation with representatives of each of BPA's customer groups, agreed to apply a 100 percent load factor to all Regional Act, section 3(13)(A) contracted for, or committed to determinations involving contract demand contracts. Previously, as part of a negotiated agreement with the Public Power Council, BPA had applied a 100 percent load factor to consumers of public agency customers with contract demand contracts. This action reflects recognition of changed conditions since passage of the Regional Act and BPA's desire to play a positive role in the economic recovery of the region. This criteria change will allow a consumer's facility which had a contract or commitment, prior to September 1, 1979, to achieve the maximum contracted for, or committed to load floor without triggering the New Large Single Load consequences of the Regional Act. BPA will retroactively apply a 100 percent load factor to all past determinations with contract demand contracts or commitments.

Enclosed is a revised signed and dated Exhibit K, Table 2, reflecting the increase in your previous contracted for, or committed to determination. The increase results from application of a 100 percent load factor to the load BPA determined was contracted for, or committed to prior to September 1, 1979. This amended Exhibit should be attached to your utility power sales contract.

Your existing Exhibit K, Table 2, may be discarded. Should you have any questions regarding this exhibit revision please contact your BPA Area or District office.

Sincerely,

(b)(6)

Administrator

Enclosure

Your existing Exhibit K, Table 2, may be discarded. Should you have any questions regarding this exhibit revision please contact your BPA Area or District office.

Sincerely,

(Sgd.) PETER T. JOHNSON

Administrator

Enclosure

KMoxness:ch (WP-PKI-3627b)

cc:
P. Johnson - P
J. J. Jura - A
H. P. Spigal - AP
J. Jones - PE
T. M. Noguchi - PK
T. Miller - AP
Area Power Managers - OKC, OPC, OSC, OWC
District Managers - OKK, OKN, OPG, OWI, OWL
K. Moxness - PKI
Official File - PKI
R. E. Ratcliffe - A
R. L. Eiguren - A
E. W. Sienkiewicz - P
J. W. McLennan - PG
D. J. Anderson - PKI

Revision No. 1
Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90496
Ferry County Public Utility
District No. 1
Effective on the date of the above
power sales contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE CONTRACTED FOR, OR COMMITTED TO, PRIOR TO SEPTEMBER 1, 1979

Description of Facility	Location	Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)
Colville Confederated Tribes Mt. Tolman Mining Project	Mt. Tolman (near Keller) Ferry County, WA	75

(b)(6)

Bonneville Power Administrator

NOV 17 1983

Date

(WP-PKI-3627b)

JUL 2 8 1982

PKI

Mr. Kenneth Coyle, Manager
Ferry County PUD No. 1
P.O. Box 324
Republic, WA 99166

Dear Mr. Coyle:

Ferry County PUD (Ferry) requested in its letter of July 19, 1982, a determination by the Bonneville Power Administration (BPA) that the load at the Mt. Tolman mining facility was not a new large single load under section 3(13)(A) of the Pacific Northwest Power Planning and Conservation Act. Ferry asked for the determination based on the fact that the above load was committed to as of September 1, 1979.

In reaching my determination, I have considered the following factors. In the legislative history of the Regional Act I noted that the House Conference Committee report referred to the Mt. Tolman project as a "committed to" load. In addition, in a letter dated February 12, 1981, the Acting Administrator of BPA confirmed to Ferry that the Mt. Tolman project load of the Colville Confederated Tribes was a load committed to prior to September 1, 1979. Having found there was a committed to load, it then became necessary to esteblish the size of the load committed to as of September 1, 1979. I have determined that the Bear Creek Mining Company estimated a load factor at the Mt. Tolman mining facility of 87 percent prior to 1979. Seventy-five peak megawatts were requested in 1979 from BPA by Ferry for the project. In arriving at the committed to size of the load, I applied the load factor of 87 percent to the 75 peak megawatts which equaled 65.25 average megawatts. Therefore, the size of the committed to load entered in the enclosed Exhibit K, Table 2 is 65.25 average megawatts. Please attach the enclosed exhibit to your utility power sales contract dated August 25, 1981.

Should you have any questions concerning this determination please give me a call.

Sincerely,

(SGD) PETER T. JOHNSON

Administrator

Exhibit K
Teble 2, Page 1 of 1
Contract No. DE-MS79-81BPS0496
Ferry County Public Utility
District No. 1
Effective on the effective
gate of this amendment

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE CONTRACTED FOR, OR COMMITTED TO PRIOR TO SEPTEMBER 1, 1979

Description of Facility	Location	Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)
Colville Confederated Tribes Mt. Tolman Mining Project	Mt. Tolman (near Keller) Ferry County, WA	65.25

Maxness

JUL 28 1982

PKI

Mr. Al Aubertin
Chairman, Colville Business Council
Colville Confederated Tribes
P.O. Box 150
Nespelem, WA 99155

Dear Chairman Aubertin:

It gives me a great deal of pleasure to inform you that Bonneville Power Administration (BPA) has made the determination that the Colville Confederated Tribe's Mt. Tolman mining project is a "committed to" load of Ferry County PUD, under section 3(13)(A) of the Pacific Northwest Power Planning and Conservation Act. In addition, it was determined that the size of the committed to load as of September 1, 1979, was 75 peak megawatts at an 87 percent load factor or 65.25 average megawatts at Bonneville's lower Priority Firm Power Rate. This block of load, combined with the 9.9 average megawatts of power at the Priority Firm Power Rate that can be added in each consecutive 12-month period, should be a strong economic inducement to the future development of the Mt. Tolman project.

BPA has followed the development of the Mt. Tolman mining project over the years with a great deal of interest, and, as you know, has made a considerable investment in transmission facilities to serve the load. Despite the uncertainties of current market conditions, I am convinced that this valuable Tribal resource will in time be developed to its fullest potential for the benefit of the Colville Tribe and the people of the region. It is through well-planned development of the Pacific Northwest's abundant resources that we can assure a better future for all.

I look forward to continuing good relations with the Colville Tribes. You have my best wishes for continued success and progress in the future.

Sincerely,

(SGD) PETER T. JOHNSON

Administrator

Enclosure

DRAFT #2 - 7-23-82

TMiller:eb:las

kDoc. 8377B

DECISION PAPER

REQUEST OF FERRY COUNTY PUD THAT THE ADMINISTRATOR DETERMINE THE MT. TOLMAN PROJECT IS NOT A NEW LARGE SINGLE LOAD AND THE SIZE OF THE MT. TOLMAN LOAD FOR PURPOSES OF EXHIBIT K, TABLE 2.

ISSUE: Was the load at Mt. Tolman Project committed as of September 1979 and, if so, what is the size of the load?

Based on the representations of the sponsors of the Regional Act and their interpretation of section 3(13) regarding New Large Single Loads, the Acting Administrator of BPA, by letter dated February 12, 1981, confirmed to Ferry County PUD the Administrator's determination that the Mt. Tolman Project load of the Colville Confederated Tribes was a load committed to prior to September 1, 1979. Specifically, Congressman Dingell, a co-sponsor of the bill in the House, in discussing the final version of section 3 definition stated:

> "For the most part there are no significant changes in the definition except in the case of the definition of "new large single load" . . . .

"In the case of "new large single load" the definition has been modified at the urging of the Interior Committee, to eliminate the distinction in the Commerce Committee version between customers with industrial loads and those with other than industrial loads. In addition, the date of September 1, 1979 is applied to both types of loads and the term investor-owned utility has been added to the list of Federal agency customers referred to in this provision. With this change, the Mt. Tolman Project which is referred to in the Commerce Committee report (page 52) would qualify as a committed load . . . ." Cong. Rec. Nov. 17, 1980 at 10681.

The House Commerce Committee report regarding section 3(13) determinations of loads committed to by a utility prior to the dates specified in the Act stated:

The Committee understands that while in some cases actual written contracts do not exist to support such claims [of a facility not being a new large single load], there otherwise is a clear history to support the claim. One large single load, the Mount Tolman Project, which includes mining activities cooperatively carried out with Indian and private interests, located on the Colville Indian Reservation, which would be served by the Ferry County P.U.D., has such a history. The project was initiated in

1964 and is of special significance in the region. The Committee believes, on the basis of information provided to it, that this large single load would qualify as a committed load. H.R. Rept 96-976, Part I (1980) p. 52."

Following the congressional considerations of this load and the Congress' interpretation under 3(13) that the Mt. Tolman Project would be a committed to load, BPA confirmed with Ferry County PUD and the Colville Tribe that the Mt. Tolman Project was "committed to" prior to September 1, 1979.

Regarding the size of the load, the Colville Tribe and Ferry County PUD originally estimated some 27 average megawatts at 87 percent load factor for the increase in power requirements of Ferry County resulting from the development of the Mt. Tolman Project. This estimate was based upon comparisons with other mines which were thought to have similar ore bodies and production. The estimates from Bear Creek Mining Co. explorations were included in the joint BPA-Ferry County PUD load study in July 1977.

Following the failure of the Bear Creek Mining Co. and the Colville Tribe to reach an adjustment on the royalty agreement for the project, the Colville Tribe by bid selected the Amax Exploration Co. to further develop the project. By a June 3, 1979 letter, Ferry County PUD proceeded to secure a power supply from BPA for the project based upon new estimates of production and a request of 75 MW of load in June 1981. BPA took this request to mean 75 MW of peak demand and replied that 35,000 kW would be available for operating year 1980, an additional 35,000 kW would be

available for operating year 1981, and 5,000 kW would be available in operating year 1982. On July 3, 1979, Ferry County informed the Colville Tribe of its request and asked for support in having BPA affirm service to the load.

The Colville Tribe apparently did contact BPA regarding service to the load for the Mt. Tolman Project because in December 1979 BPA replied by letter transmitting an Analysis of Alternatives with Respect to Electric Power Supply. The Analysis which is fairly close in time to the requests of Ferry County PUD and the Colville Tribe also estimates the Mt. Tolman Project's average energy requirement to be between 60 and 70 average megawatts. These estimations of the size of the load in average megawatts are confirmed by a 1981 engineering statement on Power Requirements of Mt. Tolman engineers which states total a size of load of 88.30 peak megawatts at a 76 percent load factor, or 67.17 average MW by 1989.

Recommendation:

The Colville Confederated Tribe's Mount Tolman Project load was recognized by the Congress as being a load "committed to" by Ferry County PUD prior to September 1, 1979. BPA understands that there was a previous change of mine operator-developer when the Tribe and Bear Creek Mining Co. could not reach agreement on a royalty arrangement. This change in operator-developer or any subsequent change should not affect Congress' or BPA's determination that the Tribe's Mt. Tolman Project was "committed to." BPA expects that the Tribe's interest in development of this project

would continue and that the Tribe as before would seek a new bidder as operator.

Regarding the size of the load committed to, the original estimate was 26.47 MW at 87 percent load factor based on Bear Creek Mining Co. estimates of production. This estimate was refined by Ferry County with Amax Exploration, Inc. The load requested by Ferry County PUD in its joint forecasts and its letter to BPA was 75 MW. It is unknown whether this figure was for peak or average megawatts. However, BPA based on information provided to BPA by Ferry County PUD, estimated a size of load in the 60-70 average megawatt range. This size of load is confirmed by the Project's engineers in Table 1 of their memorandum of 1981, which stated an estimated load of 67.17 average megawatts. Applying the 1977 estimated load factor of 87 percent and assuming the 75 MW requested in 1979 were peak and not average, the size of load would be some 65.25 average MW of energy. Although the 87 percent load factor used by Ferry County PUD was based on Bear Creek Mining Co. estimates, and refinements were made in estimating the size of the ore body and production by Amax Exploration, Inc., resulting in the 67.17 average MW estimated by Amax in 1981. Based on data prior to September 1, 1979, BPA should find that the size of the load committed to by Ferry County PUD was 65.25 average MW based upon a peak demand of 75.00 megawatts and a load factor of 87 percent.

BPA should enter the size of load in Exhibit K, Table 2, to Ferry County PUD's power sales contract as 65.25 average MW.

FLATHEAD ELECTRIC COOPARTIVE

ABSTRACT
Flathead/Plum Creek Lumber Company
Facility Determination and NLSL Determination

First Steps

In late 2000 Flathead Electric Coop (FEC) approached BPA through their AE, C.T. Beede, about expected load growth at a wood products firm Plum Creek Timber (PCT) who were planning the construction of a thin board [1] manufacturing plant expected to operate at 14 aMw. The Thin Board (TB) plant was projected to be built adjacent to the existing Medium Density Fiber Board (MDF)[2].

FEC had annexed the Columbia Falls facility as part of a "friendly annexation" effort from Pacific Power & Light (PAC) in 1998.

The FEC management was aware of the possible New Large Single Load issues raised by the construction of a plant operating above 10 MW of demand requested a briefing by BPA on how PCT could manage load growth at the TB plant to avoid NLSL status. After a few months of discussions by phone and e-mail I traveled to Kalispell, MT on 20 JAN 2001 to brief FEC and PCT staff on the intricacies of BPA's NLSL Policy as it applies to new construction the next day.

Since we had the afternoon to ourselves C.T. and I made a tour by car of the area ad visited the Columbia Falls site. When we passed the on-site Substation, FEC's Tamarack Sub, C.T. stopped the car and got out to get a closer look at the transformation used to serve the MDF plant. C.T. was instantly concerned about the amount of transformation available to serve the MDF plant. We returned to his office and C.T. called FEC to ask the power manager for load information for the MDF plant. The FEC Power Manager told us the MDF plant consistently drew 16 MW month in and month out. Since FEC had annexed the load from PAC and the MDF plant represented load growth on FEC of 16 MW the MDF plant constitutes an NLSL on FEC's system from the day FEC stated serving that load.

At our first meeting the next day C.T. had to inform Warren McKonky (FEC General Manager) that due to the annexation FEC already had an NLSL and had done so since the date of

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[1] Thin board is a wood fiber composite consisting of wood fibers ground to a specific size and mixed with a resin formula, run through a pressing machine to create a thin hard board used primarily for the backs of speaker cabinets, automobile door panels and similar applications.

[2] Medium density Fiber Board is a wood fiber composite consisting of wood fibers ground to a specific size and mixed with a resin formula, run through a pressing machine to create a composite board of varying thicknesses used primarily for moldings, picture frames and similar uses.

annexation and BPA would be back-billing FEC for the difference between service at PF and service at NR for the 16 MW MDF load from the date of annexation; the meeting did not go well.

FEC's annexation from PAC totaled about 54 MW of load and included a tied sale of power from PAC to FEC for the first five years after the annexation at an escalated rate of about $50/mWh. This rate was about twice BPA's PF rate. While FEC informed BPA of the annexation FEC failed to follow the requirements of section 8 of its power sales contract and tell BPA it had annexed a load of 10 or more aMw; the first information about the size of the MDF load came to BPA on 20 JAN 2001. Meetings with FEC and PCT on 21 JAN 2001 were focused on dealing with the MDF plant NLSL and the TB plant was discussed at a later meeting.

FEC was under considerable financial distress at that time and it was feared that FEC might actually go bankrupt without some rate relief. The 54 MW purchase from PAC at double the PF rate[3] was a major contributing factor to the dire financial situation. BPA approached PAC about reducing its price to FEC in the tied sale. After some negotiation PAC agreed to reduce the rate it charged FEC but only if BPA stood between it and FEC and assumed the risk of FEC's default. PAC said it was worried about the risk of FEC going bankrupt and defaulting on its obligations to PAC. PAC characterized its rate to FEC as including a "risk premium". Ultimately BPA "sleeved" the FEC purchase from PAC, i.e. BPA purchased the power from PAC at the reduced rate and passed the power and the cost through to FEC, thereby assuming PAC's risk due to FEC's poor finances. The sale of 16 MW to serve the MDF NLSL remained direct between FEC and PAC.

Planning for Thin Board

When BPA, FEC and PCT finally met to discuss bringing the proposed TB plant on line without breaching the NLSL barrier I explained how an NLSL determination was dependent on the rate of load growth at the plant and also pointed out that in the present case BPA would need to do a Facility Determination to establish the TB plant as a separate facility for NLSL purposes from the MDF plant. By doing so FEC would ensure that the TB plant's load growth would be separately monitored for NLSL purposes during the critical first measurement period.

The Political Dimension

[3] At the time BPA's New Resources Rate was higher than the rate PAC was charging under the tied sale. FEC needed a resource to serve its NLSL and elected to dedicate 16 MW of the PAC purchase to the MDF plant load as a "dedicated NLSL Resource".

ABSTRACT
Flathead/Plum Creek Lumber Company
Facility Determination and NLSL Determination

At the time the PCT plant site was the second largest employer in the county, since the closure of the Columbia Falls Aluminum Company it is now the largest employer in the county. The actions of BPA, a Federal Agency, in respect to PCT a large local employer, were of great interest to Montana's congressional delegation who were not shy in expressing their concern to Steve Wright, then BPA Administrator.

The Facility Determination

FEC and PCT were informed of the factors BPA considers when doing a Facility Determination:

1. Whether the plants were electrically separate and metered separately?
2. Whether the plants were owned by the same entity?
3. Whether the plants were served under separate power sales contracts and separately billed?
4. Whether the plant's production served the same market?
5. Whether the plants operated independently of each other?
6. Whether there were any precedents under BPA's NLSL Policy applicable to the current case?
7. Whether there were any other relevant factors?

The burden of PCT's representations was that while the plants are co-located, owned by the same company and produce similar wood fiber products; they were also completely *electrically* separate, contracted with and billed separately, served separate markets and the operation of one plant was in no way dependent on the operation or output of the other.

BPA found that in this case the preponderance of the evidence supported a finding of two separate facilities for NLSL monitoring purposes. The way was clear for PCT to bring on the TB plant, always assuming the first year's load growth did not exceed 87,600,000 kWh.

In the event the TB load only grew by 6 aMw in the first Measurement Period. It turned out that part way through the year PCT discovered a flaw in the foundation of the TB machine which necessitated dismantling half the machine to access the flaw and correct it. This repair episode put back load growth at the facility substantially.

After the close of the Measurement Period BPA met with FEC to review the meter readings – at that time BPA did not have direct access to the meters at the TB Plant – and found that the 14 MW load of the TB plant had only grown by 6 aMw and had therefor not tripped the NLSL barrier in the first Measurement Period. BPA congratulated FEC and PCT on successfully avoiding creating a second NLSL on FEC's system and went back to Portland.

The Next Chapter

Approximately 26 months later I called C.T. and asked how the two loads were fairing at the Columbia Falls site. C.T. said he had not been getting regular load reports from FEC and would have to get back to me. When C.T. called back he told me the TB plant was operating as expected at a little less than 14 aMw but the MDF plant showed a consistent load of 17.5 aMw. He could not account for the fact that we had apparently set the size of the Dedicated NLSL resource at 1.5 MW less than the actual load.

After a certain amount of internal recriminations on how we could have miscalculated the size of the dedicated NLSL resource C/T. and I knew we had to get to the bottom of the situation since in the interim FEC had been serving the NLSL with 1.5 MW of power purchased at PF (the difference between the size of the dedicated NLSL resource and the MDF plant's actual load) which left FEC open to back billing for the overage for the past 26 months. C.T. and I reviewed all the documents and interviewed BPA staff involved and no one and no document explained why the dedicated NLSL resource was 1.5 MW smaller than the NLSL load. When in doubt, do a site visit is an axiom of administering NLSL Policy. A site visit was duly scheduled and I flew out to Kalispell with the customer service engineer for FEC and met with C.T.

It should be borne in mind that at that time BPA was relying on FEC to report the load data required under the NLSL Policy and that once the TB plant got through its first year without tripping the NLSL barrier FEC had stopped reviewing loads at the site on a monthly basis. Load data was recorded and preserved but BPA had no real time access to the data. At the time BPA was content to rely on its customer to monitor activities at the NLSL, as required under FEC's 1981 power sales contract.

When we arrived at the Columbia Falls site we went directly to the Tamarack Substation to review the plan of electrical service for the TB and MDF plants. Power to serve the TB and MDF plant enters Tamarack Sub passes through a transformer and a meter and from the meter flows into one of five switch boxes which form the beginning of five feeders consisting of multiple cables flowing into the TB and MDF plants. All the switch boxes are close to the Substation fence and the labels for each cable flowing from the switch box may be easily read from outside the fence. Switch boxes number one and two are dedicated to serve the TB plant while switch boxes 3, 4, and 5 are meant to serve the MDF plant. All the feeder cables are in underground conduit.

Switch boxes 1 & 2 were marked with four TBs, indicating that each of the cables making up the two feeders was dedicated to the Thin Board plant. Switch boxes 3 &4 were also marked with four MDFs indicating that all the cables in these two feeders are dedicated to the MDF plant. Switch box number five however, was different, it had three cables marked with MDF and one

cable marked TB. When asked why there was a TB marking on an MDF switch box the PCT representative told us it was because that cable fed the TB plant.

The bottom line was that PCT in order to make sure the TB plant did not become an NLSL arranged for approximately 1.5 aMw of TB load to pass through an MDF feeder and meter so that 1.5 aMw of TB load appeared to be MDF load. The result was that BPA was selling FEC 1.5 aMw of federal power for the NLSL each month priced at PF.

The Result

FEC and PCT were looking at an UAI for the period of approximately $3.25 million. PCT's power sales contract with FEC specified that PCT would be charged no more than any other coop member for power, effectively spreading the costs of the UAI across all the Coop members. BPA and FEC compromised on FEC paying BPA the difference between the NR and PF rates for the power consumed which came to about $750.000. As part of the agreement FEC agreed to BPA installing its own revenue quality meters in the substation and plant, BPA reads these meters directly.

This arrangement became the model for load monitoring under the NLSL Policy and is reflected in section 23.3.4 of the Regional Dialogue Power Sales Agreement.

22 JAN 2001 – FEC request for NLSL determination and package

14 FEB 2001 – Plum Creek MDF load data

13 MAR 2001 – BPA findings on Evergreen site

20 APR 2001 – PAC letter to Tom Beck Montana State Senate on resource sale to Flathead

2 MAY 2001 – BPA findings on Columbia Falls site

30 MAY 2001 – BPA internal Plum Creek NLSL issue paper

31 MAY 2001 – List of travel and meetings on the Flathead/Plum Creek issues

31 MAY 2001 – Graph showing alternative resource stacks for Plum Creek

25 MAY 2001 – Draft Facility Determination letter from Plum Creek

25 MAY 2001 – Internal BPA legal memo on the Flathead/Plum Creek issues

29 MAY 2001 – Internal BPA e-mail string on the Flathead/Plum Creek issues

ABSTRACT
Flathead/Plum Creek Lumber Company
Facility Determination and NLSL Determination

28 MAY 2001 – FEC letter to BPA on the power supply issue

30 MAY 2001 – Outline of physical exchange as part of power supply issue

18 JUN 2001 – FAX'D editorials on the issue

26 JUN 2001 – Letter from Plum Creek to Flathead on the Flathead/Plum Creek issues

28 JUN 2001 – E-mail string on the Flathead/Plum Creek issues

3 JUL 2001 – Travel itinerary to meeting on the Flathead/Plum Creek issues

3 JUL 2001 – List of Plum Creek staff at meeting

23 MAR 2001 – Back ground information from Flathed and Plum Creek on Evergreen

FLATHEAD ELECTRIC COOPERATIVE, INC.

Post-it® Fax Note 7671	Date 1/22/01	# of pages ▶ 1
To C T Beede	From Warren McConkey	
Co./Dept. BPA	Co. FEC	
Phone #	Phone #	
Fax # 406-329-3250	Fax #	

January 22, 2001

Mr. C. T. Beede
Bonneville Power Administration
800 Kensington, Suite 204
Missoula, MT 59801-5631

Dear C.T.:

Subsequent to the visit by Robert Anderson and you to review the potential new large single load being built by Plum Creek Lumber Company, as their new MDF Plant, you raised the concern about the entire Plum Creek load that was added at the time FEC acquired the service territory/customer base from PacifiCorp on November 5, 1998.

Pursuant to Contract No. DE-MS79-81BP90534, Section 8 (c), we are hereby requesting that BPA make a determination of the new, large, single load status of the various loads that comprise the Plum Creek load. This load was added to FEC on November 5, 1998, and first served in part by BPA on March 1, 1999.

The total Flathead Valley load acquired from PacifiCorp by FEC and ENI was approximately 110 aMW and 220 MW peak. The load was served by a 70 MW, 100% load factor PacifiCorp contract; a 2 aMW Bigfork Hydroelectric PacifiCorp contract; and two BPA requirements contracts, PF for FEC and FPS for ENI. Therefore, the PacifiCorp/BPA ratio for serving FEC and ENI loads acquired was 72/110 (PacifiCorp) = 65.45%; and 38/110 (BPA) = 34.55%.

The allocation of the 72 MW PacifiCorp contracts was approximately 80% for FEC and 20% for ENI. So, the FEC allocation of 57.6 MW serves large and small loads in the 65% to 35% ratio. Therefore, even if the 1999 historical Plum Creek load were totally added for all sites at both Columbia Falls and Evergreen, the total BPA load share would be 9.8 aMW and the PacifiCorp resource share would be 18.2 aMW.

I have attached the historical 1998, 1999 and 2000 load data available for these Plum Creek loads as well as a geographical layout and electrical one-line diagram for these service portions of our distribution system. This information should provide basic documentation for this site load determination.

Sincerely,

(b)(6)

Warren G. McConkey
General Manager

2510 HWY 2 EAST, KALISPELL, MT 59901 PHONE 406-751-4483/FAX 406-756-6617

MEMORANDUM

FEC Flathead Electric Cooperative, Inc.
2510 Hwy 2 East
Kalispell MT 59901-2397

To: Fred Wright

From: John Eisinger

Date: March 14, 2001

Subject: Tamarack & Tea Kettle Substations - Plum Creek Loading

Tea Kettle Substation located near the Plum Creek plywood mill and saw mill in Columbia Falls is a single bank, one feeder substation. The transformer nameplate is 7.5/9.35 MVA.

The single feeder, 5F74, is dedicated to Plum Creek's plywood mill load and Plum Creek's sawmill load. Basically, we have one feeder serving two distinct Plum Creek operations. The peak load on 5F74 is approximately 8 MW.

Tamarack Substation located near the Plum Creek MDF mill in Columbia Falls is currently a 3 bank, 3 feeder substation. The transformer nameplate on each unit is 10/12.5 MVA.

The three feeders, 5F140, 5F141 and 5F148 are dedicated to the Plum Creek's MDF mill load. The non-coincidental peaks for the individual feeders are approximately 6.4 MW for 5F140, 8.9 MW for 5F141 and 7.2 MW for 5F148. The totalized coincidental demand is approximately 21.6 MW with a monthly average ranging from 14 to16 MW.

We are currently in the process of adding two additional 10/12.5 MVA transformer bays and two feeder positions. At this point we have no historical loading information.

If you require additional information, please let me know.

John

BONNEVILLE POWER ADMINISTRATION

800 KENSINGTON, SUITE 204 • MISSOULA MONTANA 59801 • PHONE: (406) 329-3060 • FAX (406) 329-3250

TO: ROB'T ANDERSON FAX: 503-230-3242

FROM: CT BEEDE DATE: 4/12/01

RE: FEC/PC PAGES: 5

☐ Urgent ☒ For Your Review ☐ Please Confirm ☒ Please Respond

Notes:

~~DEE~~ AFTER YOU'VE REVIEWED I'D LIKE TO DISCUSS A RESPONSE.

FLATHEAD ELECTRIC COOPERATIVE, INC.

Mr. C. T. Beede
Account Executive
Bonneville Power Administration
800 Kensington, Suite 204
Missoula, MT 59801-5631

April 10, 2001

Dear C.T:

Enclosed you will find a letter written to Warren by Plum Creek. This letter discusses a start up schedule and phase in plan for Plum Creek's new Thinboard Plant. As we have discussed in the past and as Plum Creek's letter states the ultimate consumption of the new facility is expected to be about 15 aMW. Therefore, it is critical for Plum Creek to properly phase in the plant to avoid Bonneville's New Large Single Load designation.

Included in Plum Creek's letter is an outline of their scheduled energization events. Flathead Electric is prepared electrically to be able to meet the needs of the facility. This facility will be separately metered and therefore easy to track from the other Plum Creek facilities located within the same vicinity. In addition, Flathead has installed two new transformers, regulators, breakers and associated equipment to serve this new facility.

Mr. Jostrom has requested that Bonneville confirm that the measuring criteria to be used in determining the status of the plant will conform to the 1991 NLSL Guide, i.e. the fixed year phase-in approach. This criteria appears to be different than the rolling 12-month approach that could be interpreted from FEC's Power Sales Contract.

Flathead Electric requests that Bonneville consider the scheduled events contained in the enclosed letter and provide Flathead with a date Bonneville will except for a "start date" to begin the process of measuring for the New Large Single Load determination. Given the scheduled events outlined in the Plum Creek letter, Flathead Electric is in concurrence with Plum Creek that the start date be on or around April 26, 2001. Please note that Flathead is scheduled to read all of Plum Creek's meters on April 25th.

Thank you for your consideration. Please don't hesitate to call me if you have any questions or concerns.

Sincerely,

(b)(6) [redacted]

Fred Wright
Manager, Power Supply and
Business Relations

POWER SUPPLY & BUSINESS RELATIONS
2510 HWY 2 EAST, KALISPELL, MT 59901 PHONE 406-751-4483/FAX 406-756-6617

1/4/01 with Flathead Electric and Plum Creek personnel. The Power Sales Contract between BPA and FEC could be interpreted to require a rolling 12-month approach, so written concurrence on the fixed year approach is important. In practice, the arithmetic does not work out significantly differently, but the fixed year approach seems much more practicable and allows us to know exactly where we stand during phase-in.

As you can see, Warren, we are quickly approaching these start-up dates, so your efforts at obtaining timely written concurrence from BPA on start-up and phase-in are very much appreciated. Please let me know if you need additional information.

Sincerely,

(b)(6)

Mike Jostrom

cc: Dennis Robinson
Dave Pierce

Plum Creek Timber Company, Inc.
PO Box 1990
Columbia Falls, MT 59912
406-892-6403 Fax: 406-892-6171
e-mail: mgastrom@plumcreek.com

Plum Creek

April 9, 2001

Warren McConkey, General Manager
Flathead Electric Cooperative, Inc.
2510 Highway 2 East
Kalispell, MT 59901

Re: New Thinboard Plant Start-up and Phase-in

Dear Warren:

As you know, Plum Creek is nearing completion of its new Thinboard manufacturing facility and is, therefore, nearly ready to start it up. We recognize that BPA will need to make a Facility Determination to identify that the Thinboard Plant is a separate facility from the MDF Plant. However, it is not realistic to assume that the BPA will conclude such a determination by the planned start-up date of the new facility. Since the ultimate consumption of the new facility is expected to be about 15 aMW, it is critical that the start-up be managed carefully to avoid triggering the conditions that would allow for an NLSL determination.

The BPA Guide to New Large Single Load Determinations (NLSL Guide), March 1991, specifies a process for new facilities that may be followed to ensure that the new facility does not exceed a 10 aMW load increase in any 12 month period and therefore exceed the NLSL threshold. The purpose of this letter is to ask that you request concurrence from BPA on two items so that we can confidently initiate the start-up of the Thinboard facility:

1. Start-up
2. Phase-in

1. Start-up

The NLSL Guide specifies that the utility can choose from among 3 start date alternatives and that BPA concurrence is required. We propose that the "date of energization" be used as the start date alternative and that April 26, 2001 be used as the start date itself. This proposal is based upon the following:

The new Thinboard Plant is the compilation of 15 major machine centers that each requires separate start-up, testing and commissioning processes. All of these are related to the commercial operation of the plant but make it difficult, if not impossible, to establish a discrete "date of first commercial operation," the second of three start-date alternatives. The third alternative applies only to CF/CT loads, which does not apply in this case.

To date, the separate metering system for the Thinboard Plant has not been activated. All construction related electrical consumption has been run through the MDF Plant meters and

there is no intent to use electrical consumption related to construction as a criterion for energization. During the month of April, several machine centers will be initiated for testing and training. These are listed below. We propose that the Thinboard meters be started up on April 26, 2001 and all of the Thinboard related systems that are being operated be shifted to the Thinboard circuits on that day. This will give us a discrete date to use to measure load growth which corresponds with the scheduled billing cycle, as recommended by the NLSL Guide. This will allow us to place the Thinboard equipment entirely on its own energy system on the date of enerzigation. Some preliminary testing of Thinboard equipment at low consumption rates will have been initiated during the month prior the date of energization.

Energization events:

- Energize the Refining System PlugFeeder for testing and commissioning. This begins at the beginning of April. The plug feeder will not draw a constant load but will be used intermittently until the full startup in August.
- Energize the Schelling Saw line for testing, training, and commissioning. This event is scheduled for April 15 and will involve 4 weeks for start-up and commissioning and 6 weeks of training.
- Energize the 14,000 HP motor for the Refining System for testing and commissioning. Startup engineers from the equipment manufacturer are scheduled to travel from Sweden on 4/30/01 for this activity and some fiber will actually be processed as part of the testing and commissioning. This event will also draw a somewhat intermittent load until August.
- Energize the Lukki Overhead Crane System. This is scheduled to begin in mid-April.

The period between May 1 and mid-August will be a continual process of bringing additional systems up and testing, training and commissioning them.

2. Phase-in

The NLSL Guide indicates that the discrete start-up date is then used to begin measuring the first year of consumption. Our phase-in plan will, therefore, be measured considering year 1 to be April 26, 2001 to April 25, 2002 and year two to be April 26, 2002 to April 25, 2003.

We estimate that year one will consume about 8 aMW and will manage our phase-in operations to ensure that it is between 6 aMW and 9.5 aMW. The second year will see the increase to full consumption at about 15 aMW and will be managed so that year 2 does not exceed 10 aMW more than year 1.

This fixed year phase-in approach is consistent with the NLSL Guide as well as with the phase-in guidance from BPA personnel (C. T. Beede and Robert Andersen) at a meeting on

1/4/01 with Flathead Electric and Plum Creek personnel. The Power Sales Contract between BPA and FEC could be interpreted to require a rolling 12-month approach, so written concurrence on the fixed year approach is important. In practice, the arithmetic does not work out significantly differently, but the fixed year approach seems much more practicable and allows us to know exactly where we stand during phase-in.

As you can see, Warren, we are quickly approaching these start-up dates, so your efforts at obtaining timely written concurrence from BPA on start-up and phase-in are very much appreciated. Please let me know if you need additional information.

Sincerely,

(b)(6)

Mike Jostrom

cc: Dennis Robinson
Dave Pierce

MAR 4 1 -

FLATHEAD ELECTRIC COOPERATIVE, INC.

Mr. Clarence T. Beede
Customer Account Executive
Bonneville Power Administration
800 Kensington, Suite 204
Missoula, MT 59801

March 23, 2001

RE: New Large Single Load

Dear C.T:

For some time we have been discussing the new MDF plant that Plum Creek at Columbia Falls is installing. These discussions have primarily focused on the NLSL issue. Both Plum Creek and Flathead Electric would like to clarify the methodology for the determination of NLSL.

When you and Robert Anderson discussed the NLSL issue with Plum Creek we came away with the understanding that to avoid the NLSL issue, Plum Creek would need to average less than 10 MW for a twelve-month period. Once that twelve-month period had passed, Plum Creek could add another load that averaged less than 10 MW. Since that meeting Plum Creek and Flathead Electric have had several discussions that have left us unsure as to how the measuring actually takes place. We have been lead to understand that the calculation is based on a rolling twelve-month basis. If this is true, then it appears to us that the second 10 MW adder could possibly result in a NLSL determination. Maybe we are saying the same thing, but we would appreciate a detailed written explanation as to Bonneville's methodology for determining NLSL before submitting a letter for consultation.

Plum Creek believes that there may be sufficient reason to begin the necessary measuring of load around the first of April. Therefore, if you could provide us with the requested information within the next week we can provide you the required notification and begin the process of reaching agreement on how such measuring can proceed.

Thank you for your attention, please don't hesitate to call if you have any questions or concerns.

Sincerely,

(b)(6) [redacted]

Fred Wright
Manager, Power Supply and Business Relations

cc: M.D. Jostrom, Plum Creek

POWER SUPPLY & BUSINESS RELATIONS
2510 HWY 2 EAST, KALISPELL, MT 59901 PHONE 406-751-4483/FAX 406-756-6617

- NOT SUCCESSOR IN INTEREST
- INVOLUNTARY DON'T COUNT
- FEC DUTY TO NOTIFY
- "SUCH CUSTOMER" APPLIES

4/06/01

Why BPA Should Not Characterize Plum Creek's Facility as a NLSL

Plum Creek's Medium Density Fiberboard (MDF) facility began operating in 1974 in Columbia Falls, Montana, with its electricity supplied by Pacific Power & Light (now PacifiCorp). The facility employs 200 people in a rural, economically disadvantaged area of Montana. In 1998, without notice to Plum Creek that the transaction would affect Plum Creek in any way, PacifiCorp sold its entire Montana service territory to Flathead Electric Cooperative (FEC), and FEC began to serve the MDF facility. BPA is now reviewing whether the MDF facility should be deemed a "New Large Single Load" (NLSL) under the Pacific Northwest Electric Power Planning and Conservation Act ("Northwest Power Act"). 16 U.S.C. § 839 *et. seq.*. If the MDF facility were deemed a NLSL, it would face very significant increases in electric rates that could force Plum Creek to curtail operations or close the facility.

Pursuant to § 7(b)(4) of the Northwest Power Act, NLSLs are excluded from the "general requirements" of public agency customers served at BPA's lowest cost Priority Firm (PF) rate established pursuant to § 7(b). Instead, BPA sells power for such loads at the New Resource (NR) rate pursuant to § 7(f) of the Act. Although the PF rate and the NR rate are the same through September 30, 2001, as of October 1st, the NR rate will be significantly higher than the PF rate.

The language defining "NLSL" in the Northwest Power Act does not compel the conclusion that the MDF Facility is a NLSL. Specifically, § 3(13) of the Northwest Power Act provides:

> "'New large single load' means any load associated with a new facility, an existing facility, or an expansion of an existing facility—
>
> > "(A) which is not contracted for, or committed to, as determined by the Administrator, by a public body, cooperative, investor-owned utility, or a federal agency customer prior to September 1, 1979, and
> >
> > "(B) which will result in an increase in power requirements of such customer of ten average megawatts or more in any consecutive twelve month period." 16 U.S.C. § 839a(13).

In order to be deemed a NLSL, the load must meet both components of the definition (§ 3(13)(A) *and* § 3(13)(B)). Because the MDF facility was "contracted for" by one of the designated types of entities (Pacific Power & Light, an investor-owned utility) prior to September 1, 1979, it does not fall within the scope of § 3(13)(A) and should not be considered an NLSL.

BPA has taken the position that the "such customer" language in § 3(13)(B) refers back to the same "customer" referred to in § 3(13)(A). BPA argues that it thus must consider the contractual relationship in 1979, if any, between the facility and the utility customer currently serving it. This logic is flawed.

4/06/01

If in fact "such customer" in § 3(13)(B) refers back literally only to a § 3(13)(A) utility customer that had "contracted for" the load prior to September 1, 1979, then if the facility were transferred to a different utility, it would always avoid NLSL status *no matter how much the load at the facility increased in the future.* No subsequent increase of a transferred load would increase the load on the original § 3(13)(A) utility at all. We believe that it is more reasonable to interpret § 3(13) as addressing changes in the load of a facility than as addressing changes in the load of the original § 3(13)(A) utility. At no time has the load at the MDF facility increased by ten average megawatts over the 1979 "contracted for" amount in any subsequent consecutive twelve-month period. Therefore, the MDF facility is not an NLSL.

Even if it were within BPA's discretion to consider the contractual relationship in 1979, if any, between the facility and the utility customer currently serving it, we believe the MDF facility should not be treated as a NLSL. For all practical purposes, FEC simply stepped into PacifiCorp's shoes and agreed with PacifiCorp to continue operating the Montana utility business formerly operated by PacifiCorp. Under these circumstances, BPA should treat the Montana utility business at issue as the same "customer" for purposes of § 3(13)(A) and § 3(13)(B). A mere change in ownership or business structure has not in the past resulted in the determination that the serving utility is now a different "customer" for purposes of § 3(13). Indeed, every investor-owned utility in the Region has been completely restructured, often more than once, since 1979, yet BPA has never designated their "contracted for" loads as NLSLs as a result.

Nor is designating the MDF facility a NLSL necessary to carry out any of the purposes Congress expressly sought to promote through the NLSL definition. The legislative history identifies three principal purposes. First, Congress wanted to ensure that the existing loads of industrial customers directly served by BPA would take new contracts with BPA offered pursuant to the Act, and thus deemed them NLSLs (because they were not "contracted for" by any utility prior to September 1, 1979) if they placed loads over ten average megawatts in any consecutive twelve month period with a provider other than BPA. H. Rep. No. 96-976, Pt. I., 96th Cong., 2d Sess. 51 (May 15, 1980). That purpose is not relevant to the Plum Creek situation because Plum Creek has always been served by a utility.

Second, Congress wanted to ensure that "enterprises new to the Region will have to pay rates at least as high as rates charged for electric power in other regions", and thus singled out NLSLs for higher rates to be charged pursuant to § 7(f) of the Act. *Id.* The MDF facility is not, however, an "enterprise new to the Region". It is a member of a class of pre-existing enterprises Congress expressly sought to "grandfather" in § 3(13)(A).

Third, Congress noted that the definition "has application under the section 5(c)(1) [residential] exchange", and required that the "'average system cost' of the power sold to the Administrator by investor-owned utilities pursuant to this section must exclude the cost of resources needed to serve a new large single load". H. Rep. No. 96-

976, Pt. I., 96th Cong., 2d Sess. 51 (May 15, 1980). That purpose is not relevant to the Plum Creek situation, as the MDF facility load is not now within the territory of an IOU exchanging utility.

In interpreting the NLSL provisions, BPA has also articulated a policy of assuring a level playing field between private utilities and public utilities within the Region insofar as competition for large loads was concerned, and in particular a policy of not "provid[ing] an incentive for industrial and commercial load growth to shift from IOU service areas to preference customer service areas". 1981 Environmental Review, at 3-18. Indeed, as BPA has explained, the NLSL provisions "were also intended to equalize rates to new industries between BPA's preference utility customers and IOUs. This increased support for the Act from Northwest IOUs." 1991 Guide to BPA NLSL Determinations, at 2.

Because large industrial customers have, in the past, been profitable customers to serve, the Region's IOUs have had continuing concerns over what they call "load pirating" of existing loads or "unfair advantages" in the competition for new enterprises. In particular, the decade following passage of the Northwest Power Act saw repeated attempts to form new preference utilities within the service territories of the IOUs, and such attempts were often encouraged or even initiated by industrial customers seeking lower power rates. Through its NLSL interpretation, BPA expressly sought to avoid "encourag[ing] the formation of preference utilities in the immediate vicinity of a large industrial plant, solely for the purpose of providing low-cost Federal power to that industry". 1981 Environmental Review, at 3-24.

It was the prospective operation of a new preference utility in 1981 that provided BPA its first opportunity to consider the question of NLSL status for large loads changing utility suppliers. Columbia River People's Utility District (CRPUD), a preference utility, sought to condemn a portion of the service territory of the IOU Portland General Electric (PGE) over the vigorous objections of PGE. Boise Cascade sought advice from the Administrator as to whether the transaction would render its St. Helens plant, which was located in the disputed territory, a NLSL. The Intercompany Pool, an association of IOUs, objected that "the cost of the exchange agreement would be impacted negatively if an existing industrial customer was served at the Priority Firm rate by a new preference customer". Letter, P. Johnson to J. Fery, at 1 (Oct. 6, 1981).

In determining that the St. Helens plant would constitute a NLSL if served by CRPUD, Administrator Johnson articulated a broader policy that large loads not previously determined to be NLSLs could become NLSLs if they were subsequently served by a different utility. He advised that § 3(13) "refers to the contractual relationship that existed on September 1, 1979, between a specific utility and specific customer", and declared that "once the consumer begins to receive service from a different utility, under a different contract, the contractual relationship with the new utility is no longer 'grandfathered' and the load becomes a new large single load". Letter, P. Johnson to J. Fery, at 2 (Oct. 6, 1981).

As noted above, such an interpretation is not compelled by the language of § 3(13), which strongly suggests that Congress sought to grandfather particular *facilities*, not particular "contractual relationships". There is no evidence that Congress intended the NLSL status of a particular facility to depend upon the vagaries of contractual relationships among electric utilities, such that the voluntary relinquishment by a utility of its entire service territory within a state decades later could have an enormous impact on the economic viability of the facility.

BPA should not consider Administrator Johnson's St. Helens determination as precedent for Plum Creek's MDF facility, because Plum Creek's situation does not implicate the underlying policies against "load pirating" that appear to have been part of the motivation for that decision. After all, the 1981 letter was issued only months after passage of the Northwest Power Act that was intended to prevent a "regional civil war" over power, H. Rep. No. 96-976, Pt. I., 96th Cong., 2d Sess. 27 (May 15, 1980), and PGE was resisting what it believed to be a serious threat to its territorial integrity. Here, by contract, FEC was not attempting to take load away from PacifiCorp. Rather, PacifiCorp decided to streamline its operations by eliminating service in the State of Montana, and transferred its entire Montana service territory voluntarily to FEC. In a very real sense, FEC is a successor-in-interest to PacifiCorp and is simply operating PacifiCorp's utility business in Montana under a different organizational form and name—just as PacifiCorp was a successor-in-interest with respect to Pacific Power & Light.

NO!

Administrator Johnson also articulated a policy that industrial loads not previously served by the low-cost Federal Base System hydropower should be limited in their access to such power. This policy, though articulated in subsequent NLSL rulings (*see, e.g.*, 1991 Guide to NLSL Determinations, at 2), is not a policy that BPA has consistently applied over the years. In the 1990s, when the price of Federal Base System power began to exceed the market price of power, BPA adopted aggressive measures to sell such power.

Nor is a general policy of restricting industrial access to Federal Base System power well grounded in the Northwest Power Act, for Congress did not articulate such a general policy in the Act. As Congressman Dingell remarked, "there is no special treatment of any particular category of users within the Pacific Northwest. Industry is going to pay more to get a reliable supply of power, as will the citizens of the Pacific Northwest . . .". *Congressional Record* H 10680 (daily ed. Nov. 17, 1980). Rather, Congress limited access to Federal Base System power through express provisions designed to achieve that result where appropriate, as for example through the NLSL provisions to address rate treatment of "new enterprises" or facility expansions exceeding ten average megawatts in any consecutive twelve-month period. Neither the language of the Northwest Power Act nor its legislative history require that BPA discriminate against industrial load other than in accordance with the specific provisions of the Act.

As neither the language of the Northwest Power Act nor its legislative history compel BPA to deem the MDF facility as NLSL, BPA can make a policy choice after full consideration of the circumstances and equities of Plum Creek's situation. This would be

a very different case if Plum Creek had sought to change utility suppliers, and triggered the sort of divisive competition about which BPA and Congress were legitimately concerned. But Plum Creek had nothing to do with PacifiCorp's transfer of its territory to FEC, and was given no notice by either utility that the transaction could have potentially enormous effects on the viability of the facility.

Indeed, because the NLSL issue only became apparent years after the transfer, Plum Creek did not even have an opportunity to phase in production after the transfer so as to avoid the ten average megawatt increase of § 3(13)(B). As BPA knows, many other large customers of public utilities have used this strategy to avoid NLSL designations, and BPA has long recognized that the Northwest Power Act allowed such phased-in load growth. *See, e.g.,* 1981 Environmental Review at 3-17.

FEC OBLIGATION TO NOTIFY BPA OF ISSUE.

Yet here, an after-the-fact NLSL determination threatens to cause an immediate rate increase that would be very damaging to Plum Creek and could force it to curtail or cease operations at the MDF facility. That facility provides more than 200 jobs in an area where economic stability is elusive. Beyond the harm caused by direct reductions in the Plum Creek payroll, many area sawmills depend upon their ability to sell sawdust and shavings to Plum Creek, and a reduction or elimination of MDF manufacturing will cause further economic disruption in these and other businesses.

BPA can and should declare that the Plum Creek MDF facility is not a NLSL. BPA should ground such a determination on the fact that FEC is a successor in interest to the PacifiCorp Montana utility operations through the voluntary transfer of service territory; that it was a full transfer of all retail operations within a state, and not a limited shift of selected customers intended to produce lower rates for such customers. Given such a rationale, BPA can alleviate potential concerns that its determination will threaten load losses for Regional IOUs, and assure continued implementation of BPA's long-standing policy against encouraging "load pirating". Moreover, the circumstances in this case are sufficiently unique that such a determination will not open up a floodgate of similar transactions, as IOUs generally are unlikely to choose voluntarily to turn their business over to neighboring public utilities.

Declining to deem the MDF facility a NLSL will have no significant effect upon BPA, as the load is only about sixteen average megawatts. But a contrary determination, transforming the MDF facility into a NLSL, will have a profound effect upon Plum Creek and the Flathead Valley community that depends upon Plum Creek, and would be fundamentally unfair.

April 9, 2001

Warren McConkey, General Manager
Flathead Electric Cooperative, Inc.
2510 Highway 2 East
Kalispell, MT 59901

Re: New Thinboard Plant Start-up and Phase-in

Dear Warren:

As you know, Plum Creek is nearing completion of its new Thinboard manufacturing facility and is, therefore, nearly ready to start it up. We recognize that BPA will need to make a Facility Determination to identify that the Thinboard Plant is a separate facility from the MDF Plant. However, it is not realistic to assume that the BPA will conclude such a determination by the planned start-up date of the new facility. Since the ultimate consumption of the new facility is expected to be about 15 aMW, it is critical that the start-up be managed carefully to avoid triggering the conditions that would allow for an NLSL determination.

The BPA Guide to New Large Single Load Determinations (NLSL Guide), March 1991, specifies a process for new facilities that may be followed to ensure that the new facility does not exceed a 10 aMW load increase in any 12 month period and therefore exceed the NLSL threshold. The purpose of this letter is to ask that you request concurrence from BPA on two items so that we can confidently initiate the start-up of the Thinboard facility:

1. Start-up
2. Phase-in

1. Start-up

The NLSL Guide specifies that the utility can choose from among 3 start date alternatives and that BPA concurrence is required. We propose that the "date of energization" be used as the start date alternative and that April 26, 2001 be used as the start date itself. This proposal is based upon the following:

The new Thinboard Plant is the compilation of 15 major machine centers that each requires separate start-up, testing and commissioning processes. All of these are related to the commercial operation of the plant but make it difficult, if not impossible, to establish a discrete "date of first commercial operation," the second of three start-date alternatives. The third alternative applies only to CF/CT loads, which does not apply in this case.

To date, the separate metering system for the Thinboard Plant has not been activated. All construction related electrical consumption has been run through the MDF Plant meters and

there is no intent to use electrical consumption related to construction as a criterion for energization. During the month of April, several machine centers will be initiated for testing and training. These are listed below. We propose that the Thinboard meters be started up on April 26, 2001 and all of the Thinboard related systems that are being operated be shifted to the Thinboard circuits on that day. This will give us a discrete date to use to measure load growth which corresponds with the scheduled billing cycle, as recommended by the NLSL Guide. This will allow us to place the Thinboard equipment entirely on its own energy system on the date of enerzigation. Some preliminary testing of Thinboard equipment at low consumption rates will have been initiated during the month prior the date of energization.

Energization events:

- Energize the Refining System PlugFeeder for testing and commissioning. This begins at the beginning of April. The plug feeder will not draw a constant load but will be used intermittently until the full startup in August.
- Energize the Schelling Saw line for testing, training, and commissioning. This event is scheduled for April 15 and will involve 4 weeks for start-up and commissioning and 6 weeks of training.
- Energize the 14,000 HP motor for the Refining System for testing and commissioning. Startup engineers from the equipment manufacturer are scheduled to travel from Sweden on 4/30/01 for this activity and some fiber will actually be processed as part of the testing and commissioning. This event will also draw a somewhat intermittent load until August.
- Energize the Lukki Overhead Crane System. This is scheduled to begin in mid-April.

The period between May 1 and mid-August will be a continual process of bringing additional systems up and testing, training and commissioning them.

2. Phase-in

The NLSL Guide indicates that the discrete start-up date is then used to begin measuring the first year of consumption. Our phase-in plan will, therefore, be measured considering year 1 to be April 26, 2001 to April 25, 2002 and year two to be April 26, 2002 to April 25, 2003.

We estimate that year one will consume about 8 aMW and will manage our phase-in operations to ensure that it is between 6 aMW and 9.5 aMW. The second year will see the increase to full consumption at about 15 aMW and will be managed so that year 2 does not exceed 10 aMW more than year 1.

This fixed year phase-in approach is consistent with the NLSL Guide as well as with the phase-in guidance from BPA personnel (C. T. Beede and Robert Andersen) at a meeting on

1/4/01 with Flathead Electric and Plum Creek personnel. The Power Sales Contract between BPA and FEC could be interpreted to require a rolling 12-month approach, so written concurrence on the fixed year approach is important. In practice, the arithmetic does not work out significantly differently, but the fixed year approach seems much more practicable and allows us to know exactly where we stand during phase-in.

As you can see, Warren, we are quickly approaching these start-up dates, so your efforts at obtaining timely written concurrence from BPA on start-up and phase-in are very much appreciated. Please let me know if you need additional information.

Sincerely,

Mike Jostrom

cc: Dennis Robinson
Dave Pierce

IHFBB05

Plum Creek MDF/Thin Board
Consumption Data

	200401	200402	200403	200404	200405	200406	200407	200408	200409	200410	200411	200412	Total	Avg MW
Energy:														
PC CF MDF Plant	12,182,400	12,168,000	11,851,200	10,987,200	12,499,200	12,484,800	12,254,400	13,075,200	12,830,400	10,872,000	12,499,200	12,456,000	**146,160,000**	16,685
PC CF Thin Board Plant	5,865,600	7,372,800	7,833,600	8,563,200	8,169,600	7,756,800	8,092,800	8,918,400	8,236,800	7,411,200	8,476,800	5,971,200	**92,668,800**	
Demand:														
PC CF MDF Plant	22,766	22,594	21,485	22,248	22,018	22,248	21,931	23,184	23,371	23,587	24,494	25,056	**274,982**	
PC CF Thin Board Plant	15,552	15,350	15,350	16,118	15,609	14,266	14,947	16,186	15,965	14,640	15,408	14,237	**183,629**	

	200301	200302	200303	200304	200305	200306	200307	200308	200309	200310	200311	200312	Total	
Energy:														
PC CF MDF Plant	13,291,200	12,974,400	10,512,000	11,145,600	11,937,600	9,892,800	11,592,000	11,246,400	12,283,200	8,956,800	12,744,000	11,952,000	**138,528,000**	15,814
PC CF Thin Board Plant	6,691,200	7,689,600	7,152,000	6,787,200	6,940,800	7,104,000	7,430,400	7,612,800	6,460,800	7,411,200	7,113,600	7,516,800	**85,910,400**	
Demand:														
PC CF MDF Plant	22,867	23,760	22,032	22,694	22,406	22,795	22,406	22,248	22,795	22,046	22,046	21,917	**270,014**	
PC CF Thin Board Plant	13,430	14,285	15,130	16,330	15,034	15,331	15,734	15,994	15,072	15,341	14,851	15,398	**181,930**	

	200201	200202	200203	200204	200205	200206	200207	200208	200209	200210	200211	200212	Total	
Energy:														
PC CF MDF Plant	13,838,400	12,672,000	12,945,600	11,721,600	12,758,400	13,248,000	11,635,200	11,908,800	13,003,200	10,987,200	12,801,600	13,320,000	**150,840,000**	17,219
PC CF Thin Board Plant	4,905,600	4,646,400	6,384,000	5,203,200	5,990,400	6,576,000	6,585,600	6,796,800	7,200,000	5,904,000	6,470,400	6,768,000	**73,430,400**	
Demand:														
PC CF MDF Plant	24,509	23,789	23,731	24,048	24,163	23,803	22,320	22,522	22,435	23,472	25,157	23,213	**283,162**	
PC CF Thin Board Plant	12,240	12,403	13,027	12,461	12,250	12,182	12,979	12,595	12,874	12,499	12,384	13,142	**151,037**	

	200101	200102	200103	200104	200105	200106	200107	200108	200109	200110	200111	200112	Total	
Energy:														
PC CF MDF Plant	12,398,400	10,987,200	12,398,400	12,139,200	9,446,400	12,945,600	10,944,000	11,260,800	12,801,600	10,713,600	13,334,400	12,542,400	**141,912,000**	16,200
PC CF Thin Board Plant							566,400	211,200	508,800	844,800	4,032,000	4,339,200	**10,502,400**	
Demand:														
PC CF MDF Plant	21,629	21,758	22,176	23,011	21,312	22,147	21,874	21,816	21,816	22,896	24,120	24,048	268,603	
PC CF Thin Board Plant							576	1,382	6,480	7,910	12,029	12,221	40,598	

	200001	200002	200003	200004	200005	200006	200007	200008	200009	200010	200011	200012	Total	
Energy:														
PC CF MDF Plant	13,075,200	12,600,000	10,425,600	13,752,000	10,684,800	11,116,800	12,657,600	12,124,800	12,556,800	10,555,200	13,478,400	10,569,600	**143,596,800**	16,392
PC CF Thin Board Plant													-	
Demand:														
PC CF MDF Plant	22,450	21,053	21,010	21,312	21,010	22,219	20,131	21,154	21,173	21,355	21,254	21,557	**255,679**	
PC CF Thin Board Plant													-	

	199901	199902	199903	199904	199905	199906	199907	199908	199909	199910	199911	199912	Total	
Energy:														
PC CF MDF Plant	12,297,600	11,822,400	10,972,800	12,484,800	11,131,200	13,406,400	11,188,800	12,801,600	11,275,200	10,886,400	13,953,600	10,296,000	**142,516,800**	16,269
PC CF Thin Board Plant													-	
Demand:														
PC CF MDF Plant	22,003	22,558	22,766	21,096	21,254	21,211	22,450	21,758	20,894	22,349	22,392	22,896	**263,627**	
PC CF Thin Board Plant													-	
												Average of Avg MW 1999-2004		16,430

Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

Official File Copy

POWER BUSINESS LINE

May 2, 2001

In reply refer to: PBL

Mr. Warren McConkey
General Manager
Flathead Electric Cooperative, Inc.
2510 Hwy. 2 East
Kalispell, MT 59901

Dear Warren:

This letter is to inform you of BPA's findings regarding new large single load issues relating to the Plum Creek Lumber facilities located at Plum Creek's Columbia Falls site in Columbia Falls Montana. These findings are based upon the information supplied by Flathead, Plum Creek management, and from a site visit by C.T. Beede and Robert Anderson of BPA and Fred Wright of your staff on January 30, 2001. Based on BPA's New Large Single Load policy and the provisions of section 8 of Flathead's power sales contract, Contract No. DE-MS79-81BP90534, BPA finds the following:

1. The Plywood Mill and Sawmill and their attendant facilities constitute a separate, single facility at the Columbia Falls site for NLSL purposes with a total maximum load of approximately 8 aMW. Furthermore, that the Saw & Plywood mills as presently constituted and operated do not constitute a NLSL on Flathead at this time but remain subject to the limitations on load growth imposed by section 3(13) of the Regional Act and BPA's New Large Single Load Policy.

BPA has reached these findings due to the fact that the Saw and Plywood mills constitute an electrically separate facility, which because of the plan of service at Teakettle Substation cannot draw a load of ten aMW or more. The Saw and Plywood mills are physically separate and make entirely different wood fiber based products from the other facility at the Columbia Falls site.

No part of this finding shall be construed as having any effect on the status of any other facility at the Columbia Falls site.

Any change in circumstances that could result in an increase in load at either plant of 10 aMW or more in any consecutive twelve-month period would necessitate a reexamination of this site and the facility(s) concerned in the load growth and potential New Large Single Load finding.

BPA recommends that when Flathead changes or upgrades the equipment at the Teakettle Substation that it establish separate metering and billing arrangements for the Sawmill and Plywood mill. In the event that Flathead upgrades Teakettle Substation to a rating of ten MVa or higher BPA will require separate metering of the Sawmill and Plywood mill in order to facilitate monitoring any potential New Large Single Load.

If you have any comments or questions please direct them to your Account Executive Mr. C.T. Beede.

Sincerely,

(b)(6) [redacted]

Allen Burns, Vice President
Power Business Line

cc:
Mr. Dennis Robinson, Manager Panels Division, Plum Creek
Mr. Robert Hickey, Manager Plywood Mill, Columbia Falls
Mr. Terry Moore, Manager, Columbia Falls Lumber, Columbia Falls

bcc:
R. Itami – PSE
C.T. Beede – PSE Missoula
R. A. Anderson – PSW-6
D. Fitzsimmons – PSW-6
Official File – PSW-6

ABurns:RA:4151:5-2-01(W://PSW/PM/PM_11/PM_11_3/Flathead/Single Load Issues Ltr.doc.)

FACILITY DETERMINATION
FLATHEAD ELECTRIC COOP
PLUM CREEK LUMBER
at
COLUMBIA FALLS

Flathead Electric Cooperative Inc. (FEC) contacted BPA with a question about a potential New Large Single Load (NLSL) on its system. A review of FEC's records revealed that the Plum Creek plants located at its Columbia Falls site (PCLCF) have a total load in excess of 20 aMW. PCLCF is building a new plant with a total finished load of approximately 14 aMW. Under section 8(c) of FEC's power sales contract (Contract Number DE-MS79-81BP90534) FEC is obliged to bring such load to BPA's attention so that a NLSL determination can be made.

On January 30, 2001 a site visit was made by C.T. Beede (Account Executive for FEC), Robert Anderson (BPA contract specialist) and Fred Wright of FEC. The findings that follow are based on submittals by FEC and the information uncovered during this site visit. *Notations contained in brackets {} are references to the Exhibits A through D, attached, which substantiate the findings in this Facility Determination.*

BPA's findings are as follows.

A. Plum Creek at Columbia Falls Plants

1. The Plum Creek plants at the Columbia Falls site consist of a Sawmill, Plywood Mill, and a Medium Density Fiberboard (MDF) Mill.

B. Electric Supplier, Metering & Billing

1. FEC acquired the PCLCF load from PacifiCorp in November of 1998. The first full calendar year of service by FEC to PCLCF was 1999. *{FEC letter dated January 22, 2001 A-1}.*

2. The Sawmill and Plywood Mill share a common substation, are metered and billed together. The MDF Mill is served by its own substation and is metered and billed separately from the Saw and Plywood Mills. The Plywood and Sawmill constitute a separate account from the MDF Mill with FEC. *{FEC billing statements B-1 & B-2}*

B. Facility(s) Ownership

1. PCLCF states that the Sawmill, Plywood Mill and MDF Mill are all separate business subsidiaries of the Plum Creek Corporation. That the Sawmill was built in 1948, the Plywood mill was built in 1965, and the MDF Mill was built in 1974 *{Oral statement of PCLCF management during site visit on January 30, 2001}*

C. Electric Path

The sole source of electric energy for PCLCF is FEC.

1. Energy to power the Plywood and Sawmill flows from the Teakettle Substation which, is dedicated to those plants and has a rating of 7.5/9.35 MVa. Teakettle Sub. is a single bank, one feeder substation. The single feeder (5F74) has a peak rating of approximately 8 MW. The average monthly load on Teakettle Substation is 5.5 aMW. *{Memo from FEC dated March 14, 2001 A-2}*

   Teakettle Substation is located at T30n, R20W, and Sect. 8 Flathead County, Montana; Latitude: N48 degrees 22.483' & Longitude: W114 degrees 11.523'. *{FEC memo dated March 14, 2001 A-2}; FEC overhead photos, "oneline" diagram, and maps {C-1 through C-6}.*

2. Energy to power the MDF Mill flows from the Tamarack Substation which, is a three bank, three feeder substation with a rating of 10/12.5 MVa for each unit. The three feeders, 5F140, 5F141, and 5F148 are dedicated to the MDF mill load. The non-coincidental peaks for the individual feeders are approximately 6.4 MW for 5F140, 8.9 MW for 5F141, and 7.2 MW for 5F148. The totalized coincidental demand is approximately 21.6 MW with a monthly average ranging from 14 to16 MW. *{FEC memo dated March 14, 2001 A-2}*

   The Tamarack Substation is located at T30n, R20W, and Sect. 7 Flathead County, Montana; Latitude: N48 degrees 22.662' & Longitude: W114 degrees 12.366'. *{FEC memo dated March 14, 2001 A-1}; FEC overhead photos, maps, and "oneline" diagram {C-1 through C-6}.*

D. Load

1. Total PCLCF load in 1999 in aMW as shown in the attached statement by FEC was 21.8 aMW for that consecutive 12-month period. The load breaks down to 5.5 aMW for Teakettle and 16.3 aMW for Tamarack. *{ FEC memo March 14, 2001; A-2}*

2. During 1999 the three plants at the PCLCF site; the Sawmill. The Plywood Mill and the MDF Mill operated at a level of 90% or more of their individual operating capacities. The power consumption levels shown in the attached statement represent their total electric consumption at such operating levels. In the year 2000 the Sawmill operated at 100% of capacity while thus far in 2001 the Sawmill has operated at 85% capacity. In 2000 the Plywood Mill operated at 136% capacity while in 2001 it has operated at 100% capacity. *{Oral statement of PCLCF management during site visit on January 30, 2001,*

FEC oral statements made January 30, 2001 and FEC memo March 14, 2001; A-2}.

E. Processes

1. Each of the plants uses wood products in different processes to make products that are sold in different markets, and the economic viability of one facility at the site is independent of the operations and viability of the other plants. *Oral statement of PCLCF management during site visit on January 30, 2001*

2. The Columbia Falls site uses different wood species to manufacture different end products; fir and larch logs for dimensional lumber and plywood and pine shavings and sawdust for MDF. *Oral statement of PCLCF management during site visit on January 30, 2001*

3. The Plywood Mill makes product for the Recreational Vehicle and boat-building markets as well as other industrial uses. *{ Oral statement of PCLCF management during site visit on January 30, 2001}*

4. The Sawmill makes sawn dimensional lumber. The output of the Sawmill is primarily sold to lumber wholesalers for the home-building and home center markets. *{ Oral statement of PCLCF management during site visit on January 30, 2001}*

5. The MDF Mill produces medium density fiberboard products in ¾" to 2" thicknesses which are sold for industrial applications and through specialty stores. *{ oral representations of the Plum Creek management}*

F. Site (Geographical or Physical Separation of Plants)

1. FEC and PCLCF state that the Plywood Mill, Sawmill, & MDF Mill are housed in separate buildings and physically separate from each other. *{Overheads C-3 & C-4}*

CONCLUSIONS

Ownership:
All plants at the Columbia Falls site are owned by the Plum Creek Corporation as wholly owned subsidiaries. Each wholly owned subsidiary has its own Facility management and pursues its own business strategy.

Location:
All plants in question are located at the Columbia Falls site. The Sawmill, Plywood Mill and MDF Mill are each located in their own building and are physically separate from each other.

Product(s):

The Plywood Mill and the Sawmill use raw fir and larch logs to manufacture separate and distinct products that are sold in different markets. The MDF Mill uses primarily Pine shavings and sawdust to make its product.

Interdependence of Plants:
The Plywood Mill and the Sawmill use different species of tree purchased from different suppliers, stored separately and separately processed to make their respective products. The Sawmill and Plywood Mill serve different markets with their products and neither relies on the existence or operation of the other as part of its manufacturing process. The MDF Mill uses the waste product of the Sawmill for some of its raw materials. The MDF Mill buys most of its raw material from a third parties.

Metering and Billing:
The Sawmill and Plywood Mill are served from the Teakettle Substation and are not separately metered or billed. This is not FEC's standard practice; FEC prefers to meter and bill individual facility loads but it inherited this metering and billing arrangement from PacifiCorp. Plum Creek prefers to have its individual subsidiaries separately metered in order to keep a close watch on the costs and profitability of each subsidiary.

The MDF plant is currently the sole plant served by the Tamarack Substation. All loads metered and billed based on meter readings from Tamarack Sub. are associated with the MDF plant.

Size of the Load:
The total load at the Columbia Falls site is approximately 21.8 aMW. Plum Creek management states that the 5.5 aMW total load at Teakettle Sub represents approximately 70% of the total installed plant capability for the Saw and Plywood Mills at Plum Creek Columbia Falls. Plum Creek management further states that the average 16 aMW of load associated with the MDF plant is equal to approximately 75% of the total installed plant capability for that plant.

Precedent
Union Carbide

Grant County PUD requested a facility determination for two operations then in planning by Union Carbide on March 7, 1984, by a letter from its manager, John L. McMahan, to BPA's Wenatchee District Office. The requested determination concerned two plants to be built near Moses Lake, Washington, for the production of silicon products. One would produce liquid silane, which would either be sold or used as input to the other plant, which would produce high purity polycrystalline silicon. The eventual loads at the two plants were planned to be 8 aMW and 19 aMW, respectively. Union Carbide planned to manage the load increases at the polysilicon plant to less than 10 aMW during each 12-month measuring period.

The letter notifying Grant County PUD of BPA's determination was signed by the Administrator on April 12, 1984, stated BPA's concurrence with Grant County PUD's

finding that the two Union Carbide operations were two separate facilities, and included specific findings that, "[t]he two facilities (1) produce different products, (2) are administered under separate contracts, (3) are metered and billed separately, and (4) are electrically separate." This determination established the practice, which has been followed in all subsequent facility determinations, that facility determinations are signed by the Administrator.

The following listing reviews each of the criteria with respect to the Union Carbide facility determination, based on the information supplied by Grant County PUD:

1. Both operations were to be, and are, owned by Union Carbide, a single owner.

2. The two plants are located on adjacent sites.

3. The two plants are different processes for preparation of separately marketable silicon products for further processing or commercial sale.

4. Service to the two plants was designed so that they would be electrically independent. The two plants were planned to begin operations at approximately the same time, with the liquid silane plant to begin commercial operation in the third quarter of 1984, and the polycrystalline silicon plant to begin commercial operation in the fourth quarter of 1984. The two operations are related because the output of the liquid silane plant is the principal input to the polycrystalline silicon plant.

5. The two plants were to be and are billed by Grant County PUD as separate customers and served by separate substation facilities. Separate contracts were executed for service to the two plants during the time when the PUD was preparing its request for the facility determination. Previously, service to the site was provided under a single contract.

6. Consistency with other determinations was not an issue.

7. No additional relevant factors were identified.

Ponderay Paper Company

Pende Oreille County PUD requested a facility determination for two operations then in planning by Ponderay Paper Company on November 14, 1984, by a letter from its consulting engineer, James A. Sewell, to BPA's Upper Columbia Area Office. The requested determination concerned two plants to be built near Usk, Washington, for the production of thermomechanical pulp (TMP) and newsprint.

The eventual loads at the two plants were planned to be 37.5 aMW and 12.8 aMW, respectively. (More recent load estimates indicate eventual loads will be larger than these estimates.) In order to qualify for service at the PF rate, Ponderay Paper planned to

manage the load increases at the newsprint plant to less than 10 aMW during each 12-month measuring period. Load growth at the TMP plant was to be kept under 10 aMW during the first year of operation, but beginning in the second year, load growth was expected to exceed 10 aMW, making the increase during that year and all subsequent load growth at the TMP plant a new large single load (NLSL).

The letter notifying Pende Oreille County PUD of BPA's determination was signed by the Administrator on January 16, 1985, and was patterned after the letter to Grant County PUD concerning the Union Carbide determination. It stated BPA's concurrence with Pende Oreille County PUD's finding that the two Ponderay Paper operations were two separate facilities, and included specific findings that, "[t]he two facilities (1) produce different products, (2) are administered under separate contracts, (3) are metered and billed separately, and (4) are electrically separate."

The following listing reviews each of the criteria with respect to the Ponderay Paper facility determination, based on the information supplied by Pende Oreille County PUD:

1. Both operations were to be, and are, owned by Ponderay Paper, a single owner.

2. The two plants are located on adjacent sites.

3. The two plants are different processes; one produces TMP pulp, and the other produces newsprint paper. Either product may be sold.

4. Service to the two plants is designed so that they will be electrically independent. The two operations are related because the output of the TMP plant is the principal input to the newsprint plant.

5. The two plants were to be and are billed by Pende Oreille County PUD as separate customers and served by separate substation facilities. Separate contracts were executed for service to the two plants during the time when the PUD was preparing its request for the facility determination.

6. Consistency with other determinations was not an issue.

7. No additional relevant factors were identified.

ANALYSIS

1. **Precedent.** In both instances adjacent plants with a single owner using similar raw materials and different processes to make separately marketable products were found to be separate facilities. In both cases the facilities involved were separately metered and billed. All these conditions are met in the case of Plum Creek Lumber's Columbia Falls site in respect to the MDF plant versus the Saw & Plywood Mills.

2. **Load.** Billing information, statements by PCLCF management, and statements by FEC staff indicate that the Columbia Falls Teakettle Substation serving the Plywood and Sawmills is not now drawing more than 5.5 aMW of load, and has not done so in the past so far as FEC's records can show. Furthermore with a total rating of 9.35 MVA Teakettle Sub. cannot support a load of 10 aMW or more. Tamarack Substation based on billing information, statements by PCLCF management, and statements by FEC staff has drawn more than 10 aMW (between 14 & 16 aMW) through out the period it has been served by FEC.

3. **Facilities.** The Plywood, MDF, and Sawmill operations were built at different times and were each designed to produce a product with a distinct market appeal. The Plywood Mill is operated to produce plywood intended for highly specialized industrial applications primarily in the boat building and RV fields. Plywood product is also designed for specific industrial applications. The operations and production of the Plywood Mill is primarily tied to the rise and fall of the boat building and RV manufacturing industries.

   The Sawmill is operated to produce sawn dimensional lumber (primarily 2x4, 2x6, & 2x8 stock) intended for the home building and general lumber market nationwide. The operations and production of the Sawmill is primarily tied to the rise and fall of the home-building industries.

   The Saw & Plywood Mills are electrically interdependent, they operate separately to furnish different finished products to distinct and separate markets. However, absent a change in FEC metering and billing procedures in respect to load served by the Teakettle Sub. it is impossible to tell the facilities apart for load accounting purposes.

   The MDF Mill is independent of the Saw and Plywood Mills since it obtains most of its raw material from other sources. MDF Mill production is aimed at the woodworking, cabinetry and specialty item (e.g. picture frames) markets. MDF mill operations respond to demand in those markets.

RECCOMENDATIONS

1. That the Administrator find that the Plywood Mill and Sawmill and their attendant facilities constitute a separate, single facility at the Columbia Falls site for NLSL purposes with a total maximum load of approximately 8 aMW. Furthermore, that the Administrator find that the Saw & Plywood mills as presently constituted and operated do not constitute a NLSL on FEC at this time but remain subject to the limitations on load growth imposed by section 3(13) of the Regional Act and BPA's New Large Single Load Policy.

NLSL Issue Paper
May 30, 2001

What is the Issue?

The issue is whether or not the existing MDF plant should be considered a New Large Single Load (NLSL) under a facilities determination by BPA this spring.

	Plum Creek	Bonneville Power Administration
position	**IS NOT**: MDF is not a NLSL • determination can be made legally • can be made without setting a bad precedent for BPA • NLSL would have huge rate impacts on Plum Creek MDF	**IS**: MDF is a NLSL • determination consistent with long-standing policy, → must make determination when load switches utilities. • can be done with minimal impacts to Plum Creek
interests	• long-term affordable power for MDF • avoid risk of determination for Thinboard plant • avoid being singled-out from community at-large under the co-op • PC does not expect BPA to do something illegal or suicidal.	• determination must be legal • consistency with long-standing policy • avoid setting a precedent that results in massive load migration to Bonneville. • would like to provide opportunity for Plum Creek viability • BPA wants Plum Creek to do cogen

Background

- **The Law**. The Northwest Power Planning and Conservation Act (1980) provided for NLSL determinations for large loads and specified that BPA can charge higher rates (New Resource, or "NR" rates) for them. A NLSL is:
  - any single facility that adds over 10 aMW of load to a utility in any year, unless the load was contracted for or committed to (CF/CT), as determined by BPA, by a public body, cooperative, or investor owned utility prior to 9/1/79.
- **The Circumstances**. The MDF plant circumstances do not warrant NLSL status, per a strict reading of the law. The MDF plant:
  - was built in 1974 and was a customer of PacifiCorp (PAC), and was therefore CF/CT, though no determination of such was made by BPA; and
  - grew slowly - did not exceed 10 aMW until 1995 and is now 16 aMW.
- **The Policy**. BPA articulated a policy as early as 1981 to discourage the switching of loads from one utility to another in search of better rates ("load pirating").
  - BPA policy test question for a facility that adds 10 aMW to a utility in a year: *Did the named utility contract for or commit to serve the specific load prior to 1979?*
  - Flathead Electric Cooperative (FEC) purchased PAC's service territory in Montana in 1998;
  - the MDF plant was over 10 aMW in 1998 (was 16 aMW) and therefore passively added over 10 aMW to a different "named utility," FEC;
  - therefore, in January 2001, BPA made a preliminary NLSL determination that the MDF plant is a NLSL.

Plum Creek Proposal; is not NLSL

Plum Creek proposes that BPA simply find that the MDF plant is not a NLSL. Plum Creek believes such a finding would be legal and could be done in such a way as to avoid a negative precedent for BPA.

- The physical circumstances of the plant (start up date and growth history) support this position.
- The BPA policy that specifies CF/CT status applies only to a load of a "named utility" was written to prevent intentional load migration between utilities in search of lower rates. Plum Creek did not intentionally switch utilities, therefore a NLSL determination would make Plum Creek an unintended victim of the policy.
- FEC should be treated as the successor of PAC's Montana utility operation, not a new utility.
- Plum Creek was a passive bystander when FEC assumed the service territory of PAC. Plum Creek was not informed of the NLSL liability and had no opportunity to adjust consumption to avoid the liability.

→ **BPA concerns**. BPA opposes the proposal for three reasons:

1. They are concerned that doing so would set a precedent for future similar situations and would open the door to massive load migration to BPA's cost-based power.
2. They do not want to jeopardize the policy consistency they have implemented since the passing of the Act.
3. They believe that a NLSL determination will not harm Plum Creek's underlying interests in the short term.

BPA Proposal; is NLSL

BPA proposes that they complete their determination of MDF as an NLSL, and in addition, work with Plum Creek on two actions that serve to minimize the rate implications of the determination:

1. **Dedication**. Allow FEC to serve the MDF load with a dedicated, non-federal resource, the PAC generation, which FEC is already committed to purchase. The effect would be that all of FEC's purchases from BPA would be at BPA's Priority Firm (PF) rate. Since there would be no greater charge to FEC because of the NLSL determination, FEC would have no justification in "passing through" to Plum Creek MDF the higher costs of the PAC generation.
2. **Cogeneration**. BPA has indicated that if Plum Creek can reduce the power purchased by MDF to less than 10 aMW by self generation with a renewable resource (i.e., cogeneration using wood waste) by 2006, then the plant would be billed at the PF rate, even though it was still technically a NLSL. Some mention was also made of the potential willingness of BPA to purchase any surplus power produced by cogeneration.

→ **Plum Creek concerns**. Plum Creek still has serious concerns about how this proposal might work. These concerns fall into three categories:

1. **Pass through risk**. If FEC asserts that non-federal power supply is dedicated to the MDF plant, there is a substantial risk that the costs of that supply will also be assigned, or "passed

through" to MDF to reduce the impact of rate increases to the remaining customers. There are three factors that support this concern:

a) **PAC power costs**. The costs of PAC power (50% of FEC portfolio) are going to be very high. Beginning 10/1/2001, PAC power goes to the Mid-C index until 2006. FEC asserts that this is untenable and is working to renegotiate, but outcome is very uncertain and still likely to be very high. FEC customers may be able to survive these high rates by blending the high costs with BPA PF rates.

b) **The mine loads**. "The border loads" refer to two mines on the Montana-Wyoming border which became a part of the FEC service territory along with the acquisition from PAC. FEC has acquired power specifically to serve their needs. While the mines have strenuously argued that they should receive a blended rate of all FEC generation sources, FEC has refused and passed-through the acquired power specifically to the mines. FEC has set a precedent of "dedicated power, dedicated costs" and it seems likely that the mines would challenge any FEC decision to provide MDF blended rates if it has a dedicated generation source.

c) **Ratepayer unrest**. Understandably, there is considerable unrest among FEC ratepayers. In the March annual meeting, 700 members were in attendance and there was a turnover of three board seats. The unrest continues as certain individuals take political advantage of the situation. The concern is that a rate payer argument emerges: if MDF receives a blended rate when it is receiving a dedicated power supply, the remaining ratepayers will be subsidizing MDF with rate increases that are higher than they would be if the high costs were passed through to MDF.

2. **Thinboard facility determination**. If the MDF plant is considered a NLSL, then any expansion to MDF is automatically also NLSL. Plum Creek is in the final stages of construction of a new $70,000,000 Thinboard plant that is connected to MDF, but is being constructed as a separate facility to serve different markets than MDF. Because of its close physical proximity and the sharing of some resources, there is a risk that BPA would find it to be the same facility and the NLSL issue for Plum Creek would be expanded twofold. Therefore, a NLSL determination potentially puts the new plant at risk as well. Plum Creek is seeking a determination by BPA that Thinboard is a separate facility.

3. **Long-term consequences of NLSL status**. In October of 2006, BPA initiates a new rate case and the PAC contract expires. If FEC acquires no new firm resources, BPA must pick up the entire FEC load and there will be no private resource to dedicate to MDF. The NLSL status will mean that FEC will be charged substantially higher NR rates (rather than PF rates) for the MDF load. Therefore, the "dedication" proposal by BPA is only a short-term fix. Other considerations in evaluating the longer term risk are as follows:

   a) **Cogeneration.** Plum Creek has evaluated cogen three times in the past and found it to be uneconomical. A new feasibility study is clearly warranted, but preliminary evaluations are that cogenerated power would still cost more than many projections of future power costs. There is also a negative incentive involved: when substantial Plum Creek investments are placed at risk because of BPA policy, reducing the risk by further investment seems illogical. Plum Creek cannot feel secure about the long-term risks until a cogen study is completed.

   b) Are other rate options available? We have heard that there may be a wider range of possibilities for rates other than NR, but BPA has not explained them to us.

DRAFT

Michael D. Jostrom
Manager, Special Projects

Plum Creek Timber Company, Inc.
PO Box 1990
Columbia Falls, MT 59912
406-892-6403 Fax: 406-892-6171
e-mail: mjostrom@plumcreek.com

Plum Creek

May 25, 2001

Fred Wright
Manager, Power Supply and Business Relations
Flathead Electric Cooperative
2510 Highway 2 East
Kalispell, MT 59901

Subject: **Facility Determination for Plum Creek Thinboard Plant**

Dear Fred,

As you know, Plum Creek is moving into the final stages of the construction of a new facility for manufacturing Thinboard, a fiberboard product. In fact, you have been working with us to set up the metering of the plant and we have already energized its electrical pathway (April 26) for testing various parts of the process and beginning the phase-in of the load to avoid triggering a future NLSL determination. The purpose of this letter is to convey appropriate facts to FEC and BPA so that BPA can make a determination that, for purposes of NLSL, the Thinboard plant is indeed a separate facility from our existing MDF Plant.

The new Plum Creek Thinboard plant is an independent facility and could have been located anywhere and operated on a stand-alone basis. When selecting a location to construct the plant, a number of factors and available resources contributed to locating it at the Columbia Falls Complex in the immediate vicinity of the MDF plant. These include the availability of a building site, management convenience, and the opportunity to create and take advantage of certain economies of scale and resources, such as surplus steam capacity and available labor. The two plants produce different products and will pursue customers in separate markets. Decisions concerning their operation and viability will be made independently.

BPA makes a decision on whether a facility is independent based upon 7 criteria. The facts of the Thinboard plant with respect to these criteria are discussed below.

1. Whether the load is operated by a single Consumer;

Plum Creek views the Thinboard plant as a stand-alone business unit:

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Management. Accounting methods have been put in place to ensure that the Thinboard plant will be measured on its financial performance independently of any other facility so that management decisions can be made to optimize the plant independently.

Electrical pathway. The Thinboard plant is being constructed on a completely independent electrical pathway. This has been constructed and was energized on 4/26/01.

As an FEC customer. As described in criterion 5, FEC has worked with Plum Creek to set up metering and pathway with the intent that the relationship with the utility be as a separate consumer from the MDF facility.

2. Whether the load is in a single location

The Thinboard plant is constructed at the same mill complex as the MDF plant, the Columbia Falls plywood plant, and the Columbia Falls sawmill. The plywood plant and the sawmill have already been determined by the BPA to be separate facilities. The new plant is being constructed in the immediate vicinity of the MDF plant because of the availability of a building site and the opportunity to take advantage of certain economies of scale and available resources. It is largely housed within an independent structure for the majority of the production processes. Portions of the new structure have been incorporated into the existing MDF plant structure to efficiently utilize the site and take advantage of operations synergies between the facilities as much as possible.

3. Whether the load serves a manufacturing process which produces a single product or type of product

The new Thinboard plant will manufacture a product called Thinboard, not previously manufactured by Plum Creek. It is a fiberboard product but produces distinctly different products to different customers than the MDF does. The following discussion contrasts Thinboard process and products with MDF process and products to demonstrate that it is a distinctly different product.

Different products; Thinboard is a high density fiberboard and is manufactured to thinner specifications as well as higher densities than MDF in order to serve different markets than are currently served by the MDF products. We are not aware of a facility or company that produces both products at the same location. Traditionally, a customer such as a furniture manufacturer, that might require both products, has to acquire them from different suppliers. A synergy that we are seeking is to be able to offer such a customer an opportunity for "one stop shopping."

Different raw materials; Thinboard has a different mix of wood fiber types than MDF, and utilizes chips in addition to the sawdust and shavings that MDF uses. Also, the resin used is a different formulation and will be stored and delivered to the plant separately.

Q - case you take more material from MDF & more thru TB & get good TB? Vice Versa

Different manufacturing process and technology; the following table summarizes the main differences in manufacturing processes.

	Thinboard	MDF
Forming Process	Mechanical forming	Air forming
Press Process	Continuous press	Multi-opening press
Board emissions control process	No ammonia treatment; resin technology	Ammonia treatment for formaldehyde control

Different markets; Thinboard has different markets than MDF and is made into different end products. The following table lists examples of the different kinds of end products that are made:

Thinboard	MDF
Laminated flooring (Pergo)	Slatwall
Door skins	Moldings
Paneling	Shelving
Drawer bottoms	Counter tops
Platform plywood laminate	Cabinet Doors

4. Whether separable portions of a load are interdependent

The Thinboard facility is designed to function complementary to but independent of the MDF. Some resources are shared, as below, but it is designed to operate on a stand-alone basis if required because of independent economic circumstances. It can operate by itself if the MDF or another facility is shut down for some reason or it can be shut down without impacting MDF operations. Each facility will be shutdown separately for scheduled maintenance activities.

Shared resources. There are two primary resources that the Thinboard plant shares with other facilities through a management and "purchasing" or allocation arrangement between the plants. In all cases, the shared resource can be (and are) operated for any one facility alone if necessary. The shared resources described represent but a very small fraction of the entire production line of either the Thinboard or the MDF plant.

- **Steam**. The MDF plant operates a boiler that produces steam used by the plywood plant, MDF plant, and the sawmill. However, there was enough excess boiler capacity to accommodate the Thinboard plant and thus obviate the need to build a new boiler if the Thinboard plant would have been built elsewhere. The steam that is produced is sold to the other facilities so costs can be allocated to the separate businesses. This shared resources arrangement for steam has already been observed and recognized by BPA in the determination for Columbia Falls Plywood and Sawmill (May 2, 2001) and the determination for Evergreen Plywood and Sawmill (March 13, 2001), which are separate facilities but utilize steam as a shared resource.
- **Raw material storage**. Thinboard will share a raw material storage site with MDF. In conjunction with the construction of the Thinboard plant, the storage site has been

reconfigured to accommodate a resource sharing arrangement. Bins have been installed to keep fiber types separated and metering bins have been added to ensure that the exact quantity of fiber used by each plant can be measured and costs allocated to the appropriate plant. This arrangement is similar to shared log yard storage at Evergreen for the separate facilities there.

5. Whether the load is contracted, served, or billed as a single load under FECs customary billing policy.

The Thinboard plant is being set up as a completely separate billing entity with its own metering. FEC will bill Thinboard separately from any of the other Plum Creek facilities.

6. Consistent application of the foregoing criteria in similar fact situations

As mentioned, Plum Creek has received a site determination at two different locations March 13, 2001 and May 2, 2001). The seven criteria addressed in this letter were used to make the evaluations and the following two potentially unique situations should be considered consistently in this evaluation.

Separate facilities at a complex. The Evergreen Complex and the Columbia Falls Complex have both been considered and the fact that more than facility occurs at a complex has been confirmed by the BPA site determinations.

Shared resources. The issue of shared resources is addressed under criterion 4 above. The previous determinations acknowledged that shared resources are a viable arrangement between separate facilities.

Consistent application of these criteria is probably appropriately BPA and FEC's task, but Plum Creek's limited experience as mentioned supports some positive .consistency considerations

7. Any other factors the parties determine to be relevant

[not sure what would work well here. ideas?]

Thank you, Fred, for working with us on this matter. As you know, the outstanding issue of the NLSL status of the existing MDF plant makes this determination for the Thinboard plant extremely important. If you or BPA have any questions at all that might cast doubt on this plant as a separate facility, please get in touch with me immediately so that we can better explore the facts prior to a determination being made.

Sincerely,

Mike Jostrom

DRAFT

Memorandum

Attorney Work Product – Privileged document – Do not disclose

May 25, 2001

To: Randy Roach – L
From: Tom Miller LP-7
CC: Mary Beth Van Buren –LP
Tim Johnson -LP
Re: Discussion with Paul Murphy on Plum Creek Medium Density Fiberboard Plant as a New Large Single Load.

Yesterday at the request of PBL, Tim Johnson and I met with Paul Murphy, attorney for Plum Creek, a large lumber and fiberboard-manufacturing firm in western Montana. Plum Creek operates eight plants producing different lumber, hardwood and board products. One of their large plants produces medium density fiberboard (MDF) and has operated since 1974. Between 1974 and 1998 the MDF plant took service from PacifiCorp through Flathead Electric Cooperative (FEC), in amounts up to 17 average annual megawatts. In November 1998, Pacificorp and FEC finalized a sale and purchase of all of Pacificorp's western Montana service territory. Since that time the power supply for the plant has averaged some 16 annual megawatts, which has been supplied by FEC.

As part of the process for arranging service for FEC loads under a subscription contract, BPA has been reviewing several issues around service to the six Plum Creek plants served by FEC under provisions of our current 1981 power sales contract with FEC. Specifically BPA has been asked to make determinations under section 8 of the contract as to which plants are separate facilities and whether the MDF plant load will be billed at the New Resources 7(f) rate. Although FEC began providing service in November 1998, FEC did not inform BPA of the size of the MDF load. The condition of the FEC purchase included purchasing nonfederal power from PacifiCorp resources so that BPA did not immediately see any change in its power deliveries. Regardless of the noncompliance with section 8 of FEC's contract with BPA, FEC and Plum Creek are requesting BPA to consider whether there is a basis for not designating the MDF plant as a NLSL.

Mr. Murphy's Arguments:

Mr. Murphy has provided a written argument as to the reasons for not considering the MDF Plant as an NLSL under section 3(13)(A) of the Northwest Power Act. A copy of that paper is attached. In summary the arguments made are that BPA has misread section 3(13) (A) in a manner which causes a "contracted for or committed to load" (CFCT) served by any utility to become an NLSL. They argue that to be a NLSL the load must both 1) not have been CFCT

by a utility, and 2) if the load transferred, not result in an increase of 10 average megawatts in service to the plant, or an increase in the load which the newly serving utility places on BPA. They argue that the load was served by a utility before September 1, 1979 and that due to the power purchases from PacifiCorp the service arrangement does not increase the load on the utility or BPA by 10 average megawatts or more in any 12 consecutive months. Their logic is as follows. Since the MDF plant was served by a utility before September 1, 1979, and since the transfer to Flathead did not increase the load at the plant or the amount of power supplied by BPA after the time of the transfer of service from PacifiCorp to FEC, then the load should not fall within the definition of a New Large Single Load.

Additional arguments are made. In BPA's environmental record for the 1981 contract negotiations BPA stated that the purpose of the NLSL provision was to first, encourage the Direct Service Industries to take service from BPA under the initial contract, and second, to prevent loads which were new to the region from a competitive advantage with other regions due to a lower than marginal cost based rate. They argue these purposes were enunciated in the legislative history of the Act and ~~and~~ that BPA simply the purpose of avoiding conflicts between regional utilities competing for load, sub nom, "load piracy". They believe the policy in the Boise Cascade letter is limited to "hostile" takeovers. None of these purposes are transgressed by the addition of the MDF plant service to FEC. If there is any ambiguity then these purposes should inform the agency that the MDF load is one that should be supplied at the PF rate.

As a further argument and assuming that the "load piracy" purpose is valid, they reject BPA's policy purpose of protection of the FBS from additional costs, and they assert a theory that the transfer of service was more like a "successor in interest," or transformation of a company than it was a hostile takeover by a public utility of a serving investor owned utility's territory. Because the entire service area of PacifiCorp in western Montana was transferred under a "friendly" agreement, an exception to the usual circumstance of takeover should be acknowledged and the Boise Cascade policy should not apply.

Mr. Murphy stated that he understood BPA's concern with taking on additional load and the potential "precedent" setting nature of changing BPA policy. To that end he argued that BPA should take this instance as an opportunity to clarify its policy over voluntary or friendly transfers. In doing so BPA should state that henceforth they would not be treated any different from other takeovers. However, Plum Creek was clearly a CFCT load of PacifiCorp. Since Plum Creek had no knowledge of the consequence of the decision FEC was making and was not told by FEC of any consequence, it would be unfair to treat Plum Creek as a NLSL. The application of the Boise Cascade principle to the Plum Creek load would place them in an untenable position and given the impact on the Flathead valley, their present and future load service for the 16 average megawatts should not be at NR. In short, by clarifying the policy BPA can both apply the Boise

Cascade principle in the future and give an exception to it to Plum Creek's MDF plant.

BPA Response:

Although the above argument is well drawn and I thanked Mr. Murphy for explaining it, it ignores several important considerations regarding BPA's NLSL policy and the facts in this circumstance. We do not disagree about the impact that the NR rate might have on the plant's cost of operations, nor about the fact that the plant could have been a CFCT of PacifiCorp had they ever requested an Administrator's determination to that effect. Where we legally disagree is over the scope, basis and import of the portion of BPA's NLSL policy stated in the Boise Cascade letter and the application of that policy to all load transfers of which BPA had knowledge. The policy in the Boise Cascade letter is based upon a clear expression of intent by Congress and BPA has not read the language of section 3(13) in the manner proposed for 20 years of practice under that statute and contract. The following points were made to Mr. Murphy.

Section 3(13) of the Northwest Power Act did not go through the Congress without being modified in committee review. The provision was very different in the House Commerce Committee version from the House Interior Committee version that was the last before passage. It changed again before passage based on the Committee report but there is no final "conference report" by both houses on this legislation. Thus the Interior Committee's report is the last reflection of congressional intent on this provision. Section 3(13), as passed, was modified in three respects from prior versions of the bills. First, the measurement of the load size was changed from 10 average megawatts in 3 years to 10 average megawatts in twelve consecutive months. Second, the type of loads to which the definition would apply was changed from industrial to any large load, including large commercial loads. Third, the terms "such customer" were added to subsection 3(13)(B) of the definition on the increase in service of 10 average megawatts, and related back to the antecedent reference of "public body, cooperative, investor owned utility, or Federal agency customer" in subsection (A) on the load service which predated September 1, 1979.[1]

The purpose of this last change is expressed in the Interior Committee Report that states:

---

[1] "3.(13) 'New large single load' means any load associated with a new facility, an existing facility, or an expansion of an existing facility--

3.(13)(A) which is not contracted for, or committed to, as determined by the Administrator, by a public body, cooperative, investor-owned utility, or Federal agency customer prior to September 1, 1979, and

3.(13)(B) which will result in an increase in power requirements of such customer of ten average megawatts or more in any consecutive twelve-month period."

> Section 3(13) defines " new large single load, a term with rate consequences under section 5(c) and 7(b) of the legislation. Under this definition, September 1, 1979, is the cut off date for all categories of new large single loads; no cut off date distinction is made between industrial and nonindustrial loads of this type. *Thus a large single load **of a utility** is a new large single load if it was not contracted for or committed to **by that utility prior to such date.***
>
> H. Rept. 96-976, 96th Cong. 2d Sess. , Part II 1980 at 39 (emphasis added).

This section-by-section analysis of the Interior Committee supports the limited exception on NLSL created by subsection 3(13) (A). Since it was the last explanation of the changes to be made in the bill before it went to the full house for vote, BPA may defend its interpretation based on this statement, assuming any ambiguity in the provision. BPA has relied upon this expression as the basis for treating any change in utility that was not serving the load as of September 1, 1979, as requiring service at the NR rate. The interpretation affects all loads not served by a specific utility on that date including a DSI. As the first sentence of the paragraph states, the purpose is the protection of the section 7(b) and 5(c) rate differences between FBS service at the PF rate and loads served at the NR rate. Ultimately, were Plum Creek or Flathead to sue BPA over its interpretation and policy, BPA should prevail on its interpretation.

We pointed out that PacifiCorp was the serving utility as of September1, 1979 and as such the Plum Creek load was not previously served by Federal power at the 7(b) rate. Flathead is a rural cooperative utility and a preference customer, so all of the loads that it was serving as of that date were and are met by PF service. When the transfer of service territory took place, the purpose of the provision would be met by charging NR for the load at the Plum Creek MDF facility. Our statues make a very clear distinction in customer class and between BPA wholesale service to a preference customer as opposed to an investor-owned utility. Therefore it would be very hard to consider the two serving utilities as the same service, or a successor in interest, without such a distinction.

We pointed out that BPA's policy and interpretation were of long-standing duration and were contemporaneous with the implementation of the statute. BPA's policy has been published twice to our customers in the NLSL guidelines and manual. Since the 1982 Boise Cascade inquiry, it has also been consistently applied. It was applied in the Stauffer Chemical plant service from Montana Power Co. in the same year, a DSI becoming a utility load. It was also applied in the 1996 Vigilante Coop request for transference of the Rhone-Polenc 60 mw load to them from Montana Power Co. BPA said the load would be an NLSL and could not be phased on. More recently the Douglas Rural Electric Coop was informed that their service to the 20 mw International Paper load

would be an NLSL when the load taken over from Central Lincoln PUD. Emerald PUD was informed that their annexation of the Scott Paper and Fort James mill loads, each about 20 annual average megawatts, would be served at the NR rate.

The distinction that Mr. Murphy drew, regarding the "friendly" takeover of the entire Montana service area from PacifiCorp by Flathead, would not be a significant legal distinction in terms of the past policy. Any rural electric cooperative must buy its right to serve members in any new area by purchasing under mutual agreement from the existing utility. There is no right to condemn a portion of the distribution system so that a coop may only contract with an investor owned utility or other utility to take over retail service. Flathead entered into a mutual agreement with Pacificorp to take over its retail load service, its distribution system, and buy some of its resource output. The friendliness of the transaction, and the totality of selling all the system, is not a distinction from other such takeovers.

The only basis which may be at all credible for a treatment of Flathead's service to Plum Creek MDF plant is the fact that the state of Montana has an open access law which allowed the IOU to sell off its service area if it wished to avoid the consequences of the new legislation. Pacificorp did so. However, it is not clear that this fact alone would serve as much of a legal distinction. Pacificorp would have had to obtain Public Service Commission approval to sell off its system to Flathead even before the open access law. So Plum Creek's argument devolves into one of whether it is equitable for a company who was not informed of the actions taken by its power supplier in executing a contract to sell off its system, to face a consequence of the NLSL treatment, known to the utilities but not known by the company.

The prospect that BPA should make an exception to its longstanding policy and "make clear" that in all future instances when a complete service area is transferred from one utility to another utility is not attractive and may not be very defensible. It assumes that BPA did not correctly understand what Congress was saying in section 3(13) or in the Interior Committee report that addressed this specific issue. We did. It would assume that BPA did not make clear that its interpretation and policy already covered all instances of when a utility takes over service from another utility, all retail loads over 10 average megawatts would be NLSL. In other words, BPA did not cover " friendly' takeovers for entire service areas only hostile takeovers. Our policy made no such distinction and by default has covered any changes in serving utility completely and consistently since 1982. It assumes that BPA could limit the application of this exception to a single instance, not on the basis that BPA should modify the policy but that BPA had been silent and it would be inequitable to treat the load as a NR load. Acceptance of this argument could lead to additional immediate requests for equitable treatment on "successor in interest" theories from other utilities. Finally it assumes that BPA should not apply the distinction between public and private

utility service that has been at the core of this policy from 1982, that is the protection of the FBS from additional loads not served by the FBS prior to the Northwest Power Act. Although BPA may attempt to create such distinctions to support the policy exception requested by Plum Creek, such an exception would draw attention to NLSL policy generally. In light of the Plum Creek facts and BPA past policy history on this issue of large retail loads transferred to a new serving utility, the exception may prove very difficult to defend.

We mentioned these concerns to Mr. Murphy in the meeting and then discussed with him the options regarding service to the load if it were and NLSL, including the option of a consumer providing self-generation. We also mentioned that since the costs of service for Flathead would not change in the near term until 2006, that BPA could discuss the possibility of an alternative supply to NR for the MDF plant in the post 2006 period. Mr. Murphy asked if he should be optimistic and I explained that I could neither say yea or nay to the concept he presented but that we'd discuss it with management. I also told him that the defense of the proposed limited instance would not be easy since BPA would have to say something publicly to customers to effect the "clarification" of the NLSL issue and such issues seldom fail to attract attention of many regional interest groups.

Flathead Electric Cooperative, Inc.

2510 Highway 2 East
Kalispell, MT 59901-2397
406-751-4483 FAX 406-756-6617

May 28, 2001

Mr. Steve Wright, Acting Administrator
Bonneville Power Administration
P. O. Box 3621
Portland, OR 97208

Re: Update on Flathead Electric Power Supply/Request for BPA PF-TAC Power Supply

Dear Mr. Wright:

As you know, Flathead Electric Cooperative (FEC) purchases power from Bonneville Power Administration (BPA) on a long-term basis. FEC also purchases 70 MW of capacity and energy from PacifiCorp (PAC) on a long-term basis for the urban Kalispell and Whitefish electric distribution properties FEC acquired from PAC in 1998. These acquired properties are currently operated by FEC as Energy Northwest Inc. (ENI). The PAC power sale agreement for ENI loads (the PAC Agreement) presently is a fixed price contract with energy delivered to FEC/ENI at $23.85/MWh. The PAC Agreement contains a provision that converts the delivered price of the energy to the daily Mid-Columbia index starting October 1, 2001 and extending until September 30, 2006.

FEC originally hoped to buy all its power supply from BPA. The need for FEC to create the ENI organization and to purchase power from PAC arose because Montana law at the time excluded electric cooperatives such as FEC from serving electricity to urban areas. This prohibition due to Montana law has been lifted with the passage of Senate Bill 325 into law. FEC believes that the passage of Senate Bill 325 will allow ENI to be consolidated into FEC directly, and that the combined FEC/ENI loads are now qualifying "Regional Preference" loads pursuant to the Regional Power Act.

The regional wholesale electricity market is undergoing a pricing anomaly attributable to, among other things, the convergence of dry weather in the Northwest, a lack of new generation development in recent years, and strong demand from California loads related to the failure of California's utility deregulation efforts. Due to these unusual and unforeseen events, regional wholesale electric prices, as measured by the Mid-Columbia daily index have been at historic high levels for months, and are expected to remain abnormally high for the next 6 to 18 months. FEC, therefore, is extremely concerned about the impacts of the price conversion provision of the PAC Agreement on the financial health and viability of FEC and ENI. Assuming that the Mid-Columbia index,

as expected, continues at it's current high level or goes even higher, FEC will simply not be able to afford the power supply costs associated with the PAC Agreement.

FEC has retained EES Consulting (EESC) to assist in developing strategies and alternatives that FEC can pursue to avoid or mitigate the impact of the change in pricing for ENI power supplies in October. A number of alternatives are under consideration at this time. These alternatives include:

- Fixed for floating price swaps
- Construction of FEC owned generation
- Structured long term transactions with PAC

Unfortunately, building generation and completing financial swaps will either not be completed in time to help mitigate FEC's price conversion impact in October, or contain unacceptable levels of financial risk for FEC and its customers. The most promising scenarios for structured transactions include a long-term physical swap of energy between FEC and PAC in lieu of cash. In order to effectuate such a physical energy swap, FEC must acquire fixed price energy to exchange for PAC's daily index priced supply.

To that end, I have listed on the attached Term Sheet, a concept that involves BPA, PAC and FEC working together to search for a win-win solution to this matter. This solution includes a swap of physical energy. In order to implement the energy swap solution, and in light of recent changes to Montana law as outlined earlier, I am by this letter requesting 70 MW of electricity from BPA for FEC as a Preference Load beginning October 1, 2001. I am further requesting BPA to determine the appropriate Targeted Adjustment Clause (TAC) rider that would initially be added to the BPA PF rate. Please be advised that FEC makes this request without intention of prejudicing or waiving any rights to BPA's PF cost based power products which FEC may or may not have for the current ENI loads now or in the future.

FEC is very interested in having BPA involved as part of the solution to FEC's future power supply cost dilemma. PacifiCorp also supports this approach and welcomes BPA's participation.

As always, I appreciate your attention and cooperation in helping satisfy FEC's power supply needs. Please review the attached term sheet, and provide me with your assessment as to whether BPA can play an important role in helping FEC manage it's future power supply costs in this manner.

As you may know, I have a meeting set on June 7th with Montana's Congressional Delegation to discuss the status of FEC's efforts to control its future power supply costs. I would very much appreciate BPA's response to this letter and request prior to that date.

This document contains information which is considered Confidential, and is not for disclosure except to the addressee and key staff at each organization referenced herein.

Sincerely,

Warren McConkey
General Manager

bcc: Gary Saleba - EESC
Leesa Nayudu – R. W. Beck
C. T. Beede - BPA

INDICATIVE PHYSICAL EXCHANGE

FLATHEAD ELECTRIC COOPERATIVE, INC.

May 30, 2001

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Term:	October 1, 2001 through September 30, 2010.
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Confidential - For Discussion Purposes Only

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06/18/200

BPA

BONNEVILLE POWE

KENSINGTON, SUITE 204 • MISSOULA MONTAN

Steve Wright
Allen Burns
Paul Norman
Robert Anderson
Tom Miller
Rick Itami
Jeff Stier

FAX:

OM: C. T. Beede DATE: 6

: Attached news item PAGES:

Urgent ☒ For Your Review ☐ Please Confir

Notes: This editorial re Bau was dated 6/17/01 - Kalispell, MT

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The Daily Inter Lake

Plum Creek Timber must be heartened to know that they have a powerful ally in their battle to keep open their medium-density fiberboard plant in Columbia Falls.

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Bonneville is investigating whether Plum Creek's medium-density fiberboard plant in Columbia Falls should be designated a New Large Single Load.

It's sounds like just some more administrative gobbledygook, but in fact such a move could lead to dramatically higher power rates — as much as 10 times the current rate — and could force Plum Creek to go so far as to shut down the plant, which employs about 200 people.

This threat comes in the wake of Plum Creek investing $69 million in a new medium-density fiberboard plant that was expected to come on line this fall. The company's commitment to its Montana operations has been outstanding, with many millions of dollars being spent on upgrades and expansions over the past 15 years.

It behooves us to remember that now, and for all of us to work together to ensure that BPA doesn't make a short-sighted decision that will punish Plum Creek for being a good corporate citizen.

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Daily Inter La Re 6/09/01

Baucus pressures BPA to spare Plum Creek

By WILLIAM L. SPENCE
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See POWER on Page A3

Baucus urging BPA to cut some slack

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Plum Creek's stance is that the New Large Single Load decision is discretionary, rather than a matter of law.

"Wright has the discretion to make the determination or not," Covey said. "And with the CFAC shutdown, we feel there's no reason to (cause) another large employer shutdown in the valley."

"I don't see a rationale for this designation," Baucus told Wright during the telephone call. "Not to be difficult, but all I'm getting from you in this conversation is your rationale for the designation, and there isn't one."

Wright told Baucus he believes the NLSL designation is legally required whenever a large power user switches utilities.

"He didn't say anything really compelling," Baucus said afterwards.

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Plum Creek and Flathead Electric believe the NLSL designation doesn't apply, but they've been unable to convince Bonneville.

During the meeting, Baucus called BPA administrator Steve Wright and made it clear he supports Plum Creek in the dispute.

"I'm here with Plum Creek and Flathead Electric trying to figure out how to solve this New Large Single Load issue," Baucus told Wright. "As I see it, Plum Creek is an innocent victim. (BPA's position) doesn't seem to make much sense — in fact, it makes no sense. Can you go back and look at this?"

The NLSL designation applies to any new power load that's placed on Bonneville. If it exceed an average of 10 megawatts in a 12 month period.

Plum Creek's existing MDF plant uses about 16 megawatts annually, while the new plant would use about 14 megawatts.

If the plants are classified as New Large Single Loads, they would be charged higher prices for electricity.

"We don't know exactly what that rate would be, but it would be higher than today's rates," said Mike Covey, Plum Creek's senior vice president, during the meeting. "It could be as high as market rate, which is about 10 times what we're currently paying."

Wright toured the company's MDF facility last week, when he was in town for an energy forum.

"He asked if we could operate at that (market) rate," Covey said. "The answer, categorically, is no."

When the NLSL rule was enacted in the 1980s, its purpose was to discourage "pirating," where a power user switches to Bonneville's system simply to get low-cost electricity, according to Mike Jostrom, Plum Creek's point man on this issue.

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See POWER on Page A3

Michael D. Jostrom
Manager, Special Projects

Plum Creek Timber Company, Inc.
PO Box 1990
Columbia Falls, MT 59912
406-892-6403 Fax: 406-892-6171
e-mail: mjostrom@plumcreek.com

June 26, 2001

Fred Wright
Manager, Power Supply and Business Relations
Flathead Electric Cooperative
2510 Highway 2 East
Kalispell, MT 59901

Subject: **Facility Determination for Plum Creek Thinboard Plant**

Dear Fred,

As you know, Plum Creek is moving into the final stages of the construction of a new facility for manufacturing Thinboard, a fiberboard product. In fact, you have been working with us to set up the metering of the plant and we have already energized its electrical pathway (April 26) for testing various parts of the process and beginning the phase-in of the load to avoid triggering a future NLSL determination. The purpose of this letter is to convey appropriate facts to FEC and BPA so that BPA can make a determination that, for purposes of NLSL, the Thinboard plant is indeed a separate facility from our existing MDF Plant. I would request that this determination be made separately from the NLSL determination for the existing MDF plant since it is a separate decision with separate facts.

The new Plum Creek Thinboard plant is an independent facility and could have been located anywhere and operated on a stand-alone basis. When selecting a location to construct the plant, a number of factors and available resources contributed to locating it at the Columbia Falls Complex in the immediate vicinity of the MDF plant. These include the availability of a building site, management convenience, and the opportunity to create and take advantage of certain economies of scale and resources, such as surplus steam capacity and available labor. The two plants produce different products and will pursue customers in separate markets. Decisions concerning their operation and viability will be made independently.

BPA makes a decision on whether a facility is independent based upon 7 criteria. The facts of the Thinboard plant with respect to these criteria are discussed below.

1. Whether the load is operated by a single Consumer;

Plum Creek views the Thinboard plant as a stand-alone business unit:

Management. Accounting methods have been put in place to ensure that the Thinboard plant will be measured on its financial performance independently of any other facility so that management decisions can be made to optimize the plant independently.

Electrical pathway. The Thinboard plant is being constructed on a completely independent electrical pathway. This has been constructed and was energized on 4/26/01. I believe it will be necessary for FEC to provide BPA with the technical details since this is a key factor in the determination.

As an FEC customer. As described in criterion 5, FEC has worked with Plum Creek to set up metering and pathway with the intent that the relationship with the utility be as a separate consumer from the MDF facility. Since Plum Creek is a FEC retail customer and does not have contracts with FEC, it is important to describe to BPA that you are billing the facilities seperately.

2. Whether the load is in a single location

The Thinboard plant is constructed at the same mill complex as the MDF plant, the Columbia Falls plywood plant, and the Columbia Falls sawmill. The plywood plant and the sawmill have already been determined by the BPA to be separate facilities. The new plant is being constructed in the immediate vicinity of the MDF plant because of the availability of a building site and the opportunity to take advantage of certain economies of scale and available resources. It is largely housed within an independent structure for the majority of the production processes. Portions of the new structure have been incorporated into the existing MDF plant structure to efficiently utilize the site and take advantage of operations synergies between the facilities as much as possible.

3. Whether the load serves a manufacturing process which produces a single product or type of product

The new Thinboard plant will manufacture a product called Thinboard, not previously manufactured by Plum Creek. It is a fiberboard product but produces distinctly different products to different customers than the MDF does. Thinboard is thinner than MDF and has a higher density. It is, therefore, suited for use in uniquely different products. The following discussion contrasts Thinboard process and products with MDF process and products to demonstrate that it is a distinctly different product.

> **Different products**; Thinboard is a high density fiberboard and is manufactured to thinner specifications as well as higher densities than MDF in order to serve different markets than are currently served by the MDF products. We are not aware of a facility or company that produces both products at the same location. Traditionally, a customer such as a furniture manufacturer, that might require both products, has to acquire them from different suppliers. A synergy that we are

seeking is to be able to offer such a customer an opportunity for "one stop shopping."

Different raw materials; Thinboard has a different mix of wood fiber types than MDF, and utilizes chips in addition to the sawdust and shavings that MDF uses. Chips are not used in MDF production. Also, the resin used is a different formulation and will be stored and delivered to the plant separately. The proportions of different raw materials can be thought of as a "recipe" for fiberboard. The two products utilize different recipes; the use of the recipe for Thinboard would not work in the manufacture of MDF.

Different manufacturing process and technology; Thinboard is generally made and cut to specified dimensions of length width and thickness for the customer, whereas MDF may be machined and shaped as well. The following table summarizes the main differences in manufacturing processes.

	Thinboard	MDF
Forming Process	Mechanical forming	Air forming
Press Process	Continuous press	Multi-opening press
Board emissions control process	No ammonia treatment; resin technology	Ammonia treatment for formaldehyde control

Different markets; Thinboard has different markets than MDF and is made into different end products. The following table lists examples of the different kinds of end products that are made:

Thinboard	MDF
Laminated flooring (Pergo)	Slatwall
Door skins	Moldings
Paneling	Shelving
Drawer bottoms	Counter tops
Platform plywood laminate	Cabinet Doors

4. Whether separable portions of a load are interdependent

The Thinboard facility is designed to function complementary to but independent of the MDF. Some resources are shared, as below, but it is designed to operate on a stand-alone basis if required because of independent economic circumstances. It can operate by itself if the MDF or another facility is shut down for some reason or it can be shut down without impacting MDF operations. Each facility will be shutdown separately for scheduled maintenance activities.

Shared resources. There are two primary resources that the Thinboard plant shares with other facilities through a management and "purchasing" or allocation arrangement between the plants. In all cases, the shared resource can be (and are) operated for any one facility alone if necessary. The shared resources described represent but a very small fraction of the entire production line of either the Thinboard or the MDF plant.

- **Steam**. The MDF plant operates a boiler that produces steam used by the plywood plant, MDF plant, and the sawmill. However, there was enough excess boiler capacity to accommodate the Thinboard plant and thus obviate the need to build a new boiler if the Thinboard plant would have been built elsewhere. The steam that is produced is sold to the other facilities so costs can be allocated to the separate businesses. This shared resources arrangement for steam has already been observed and recognized by BPA in the determination for Columbia Falls Plywood and Sawmill (May 2, 2001) and the determination for Evergreen Plywood and Sawmill (March 13, 2001), which are separate facilities but utilize steam as a shared resource.
- **Raw material storage**. Thinboard will share a raw material storage site with MDF. In conjunction with the construction of the Thinboard plant, the storage site has been reconfigured to accommodate a resource sharing arrangement. Bins have been installed to keep fiber types separated and metering bins have been added to ensure that the exact quantity of fiber used by each plant can be measured and costs allocated to the appropriate plant. Once the appropriate mix of raw material components is created, it cannot be intermixed between MDF and Thinboard. Therefore, the beginning of completely separate production lines for each begins at raw material storage. This arrangement is similar to shared log yard storage at Evergreen for the separate facilities there.

5. Whether the load is contracted, served, or billed as a single load under FECs customary billing policy.

The Thinboard plant is being set up as a completely separate billing entity with its own metering. FEC will bill Thinboard separately from any of the other Plum Creek facilities. None of Plum Creek's facilities have a power sales contract with a utility or power provider. They are simply all retail customers.

6. Consistent application of the foregoing criteria in similar fact situations

As mentioned, Plum Creek has received a site determination at two different locations March 13, 2001 and May 2, 2001). The seven criteria addressed in this letter were used to make the evaluations and the following two potentially unique situations should be considered consistently in this evaluation.

Separate facilities at a complex. The Evergreen Complex and the Columbia Falls Complex have both been considered and the fact that more than facility occurs at a complex has been confirmed by the BPA site determinations.

Shared resources. The issue of shared resources is addressed under criterion 4 above. The previous determinations acknowledged that shared resources are a viable arrangement between separate facilities.

Consistent application of these criteria is probably appropriately the task of BPA and FEC, but Plum Creek's limited experience as mentioned supports some positive consistency considerations.

7. Any other factors the parties determine to be relevant

I believe all of the relevant factors have been considered, but if you come up with more that supports this determination as a separate facility, please add them to this discussion.

Thank you, Fred, for working with us on this matter. As you know, the outstanding issue of the NLSL status of the existing MDF plant makes this determination for the Thinboard plant extremely important. If you or BPA have any questions at all that might cast doubt on this plant as a separate facility, please get in touch with me immediately so that we can better explore the facts prior to a determination being made.

Sincerely,

Mike Jostrom

cc: (by email) C. T. Beedy
Robert Anderson
Dennis Robinson
Dave Pierce
Mike Covey

MAR 4 1 --

FLATHEAD ELECTRIC COOPERATIVE, INC.

Mr. Clarence T. Beede
Customer Account Executive
Bonneville Power Administration
800 Kensington, Suite 204
Missoula, MT 59801

March 23, 2001

RE: New Large Single Load

Dear C.T:

For some time we have been discussing the new MDF plant that Plum Creek at Columbia Falls is installing. These discussions have primarily focused on the NLSL issue. Both Plum Creek and Flathead Electric would like to clarify the methodology for the determination of NLSL.

When you and Robert Anderson discussed the NLSL issue with Plum Creek we came away with the understanding that to avoid the NLSL issue, Plum Creek would need to average less than 10 MW for a twelve-month period. Once that twelve-month period had passed, Plum Creek could add another load that averaged less than 10 MW. Since that meeting Plum Creek and Flathead Electric have had several discussions that have left us unsure as to how the measuring actually takes place. We have been lead to understand that the calculation is based on a rolling twelve-month basis. If this is true, then it appears to us that the second 10 MW adder could possibly result in a NLSL determination. Maybe we are saying the same thing, but we would appreciate a detailed written explanation as to Bonneville's methodology for determining NLSL before submitting a letter for consultation.

Plum Creek believes that there may be sufficient reason to begin the necessary measuring of load around the first of April. Therefore, if you could provide us with the requested information within the next week we can provide you the required notification and begin the process of reaching agreement on how such measuring can proceed.

Thank you for your attention, please don't hesitate to call if you have any questions or concerns.

Sincerely,

(b)(6)

Fred Wright
Manager, Power Supply and Business Relations

cc: M.D. Jostrom, Plum Creek

POWER SUPPLY & BUSINESS RELATIONS
2510 HWY 2 EAST, KALISPELL, MT 59901 PHONE 406-751-4483/FAX 406-756-6617

Plum Creek Timber Company, Inc
PO Box 1990
Columbia Falls, MT 59912
406-892-6403 Fax: 406-892-6171
e-mail: mjastrom@plumcreek.com

Plum Creek

April 9, 2001

Warren McConkey, General Manager
Flathead Electric Cooperative, Inc.
2510 Highway 2 East
Kalispell, MT 59901

Re: New Thinboard Plant Start-up and Phase-in

Dear Warren:

As you know, Plum Creek is nearing completion of its new Thinboard manufacturing facility and is, therefore, nearly ready to start it up. We recognize that BPA will need to make a Facility Determination to identify that the Thinboard Plant is a separate facility from the MDF Plant. However, it is not realistic to assume that the BPA will conclude such a determination by the planned start-up date of the new facility. Since the ultimate consumption of the new facility is expected to be about 15 aMW, it is critical that the start-up be managed carefully to avoid triggering the conditions that would allow for an NLSL determination.

The BPA Guide to New Large Single Load Determinations (NLSL Guide), March 1991, specifies a process for new facilities that may be followed to ensure that the new facility does not exceed a 10 aMW load increase in any 12 month period and therefore exceed the NLSL threshold. The purpose of this letter is to ask that you request concurrence from BPA on two items so that we can confidently initiate the start-up of the Thinboard facility:

1. Start-up
2. Phase-in

1. Start-up

The NLSL Guide specifies that the utility can choose from among 3 start date alternatives and that BPA concurrence is required. We propose that the "date of energization" be used as the start date alternative and that April 26, 2001 be used as the start date itself. This proposal is based upon the following:

The new Thinboard Plant is the compilation of 15 major machine centers that each requires separate start-up, testing and commissioning processes. All of these are related to the commercial operation of the plant but make it difficult, if not impossible, to establish a discrete "date of first commercial operation," the second of three start-date alternatives. The third alternative applies only to CF/CT loads, which does not apply in this case.

To date, the separate metering system for the Thinboard Plant has not been activated. All construction related electrical consumption has been run through the MDF Plant meters and

there is no intent to use electrical consumption related to construction as a criterion for energization. During the month of April, several machine centers will be initiated for testing and training. These are listed below. We propose that the Thinboard meters be started up on April 26, 2001 and all of the Thinboard related systems that are being operated be shifted to the Thinboard circuits on that day. This will give us a discrete date to use to measure load growth which corresponds with the scheduled billing cycle, as recommended by the NLSL Guide. This will allow us to place the Thinboard equipment entirely on its own energy system on the date of enerzigation. Some preliminary testing of Thinboard equipment at low consumption rates will have been initiated during the month prior the date of energization.

Energization events:

- Energize the Refining System PlugFeeder for testing and commissioning. This begins at the beginning of April. The plug feeder will not draw a constant load but will be used intermittently until the full startup in August.
- Energize the Schelling Saw line for testing, training, and commissioning. This event is scheduled for April 15 and will involve 4 weeks for start-up and commissioning and 6 weeks of training.
- Energize the 14,000 HP motor for the Refining System for testing and commissioning. Startup engineers from the equipment manufacturer are scheduled to travel from Sweden on 4/30/01 for this activity and some fiber will actually be processed as part of the testing and commissioning. This event will also draw a somewhat intermittent load until August.
- Energize the Lukki Overhead Crane System. This is scheduled to begin in mid-April.

The period between May 1 and mid-August will be a continual process of bringing additional systems up and testing, training and commissioning them.

2. Phase-in

The NLSL Guide indicates that the discrete start-up date is then used to begin measuring the first year of consumption. Our phase-in plan will, therefore, be measured considering year 1 to be April 26, 2001 to April 25, 2002 and year two to be April 26, 2002 to April 25, 2003.

We estimate that year one will consume about 8 aMW and will manage our phase-in operations to ensure that it is between 6 aMW and 9.5 aMW. The second year will see the increase to full consumption at about 15 aMW and will be managed so that year 2 does not exceed 10 aMW more than year 1.

This fixed year phase-in approach is consistent with the NLSL Guide as well as with the phase-in guidance from BPA personnel (C. T. Beede and Robert Andersen) at a meeting on

1/4/01 with Flathead Electric and Plum Creek personnel. The Power Sales Contract between BPA and FEC could be interpreted to require a rolling 12-month approach, so written concurrence on the fixed year approach is important. In practice, the arithmetic does not work out significantly differently, but the fixed year approach seems much more practicable and allows us to know exactly where we stand during phase-in.

As you can see, Warren, we are quickly approaching these start-up dates, so your efforts at obtaining timely written concurrence from BPA on start-up and phase-in are very much appreciated. Please let me know if you need additional information.

Sincerely,

(b)(6)

Mike Jostrom

cc: Dennis Robinson
Dave Pierce

FLATHEAD ELECTRIC COOPERATIVE, INC.

Mr. C. T. Beede
Account Executive
Bonneville Power Administration
800 Kensington, Suite 204
Missoula, MT 59801-5631

April 10, 2001

Dear C.T:

Enclosed you will find a letter written to Warren by Plum Creek. This letter discusses a start up schedule and phase in plan for Plum Creek's new Thinboard Plant. As we have discussed in the past and as Plum Creek's letter states the ultimate consumption of the new facility is expected to be about 15 aMW. Therefore, it is critical for Plum Creek to properly phase in the plant to avoid Bonneville's New Large Single Load designation.

Included in Plum Creek's letter is an outline of their scheduled energization events. Flathead Electric is prepared electrically to be able to meet the needs of the facility. This facility will be separately metered and therefore easy to track from the other Plum Creek facilities located within the same vicinity. In addition, Flathead has installed two new transformers, regulators, breakers and associated equipment to serve this new facility.

Mr. Jostrom has requested that Bonneville confirm that the measuring criteria to be used in determining the status of the plant will conform to the 1991 NLSL Guide, i.e. the fixed year phase-in approach. This criteria appears to be different than the rolling 12-month approach that could be interpreted from FEC's Power Sales Contract.

Flathead Electric requests that Bonneville consider the scheduled events contained in the enclosed letter and provide Flathead with a date Bonneville will except for a "start date" to begin the process of measuring for the New Large Single Load determination. Given the scheduled events outlined in the Plum Creek letter, Flathead Electric is in concurrence with Plum Creek that the start date be on or around April 26, 2001. Please note that Flathead is scheduled to read all of Plum Creek's meters on April 25th.

Thank you for your consideration. Please don't hesitate to call me if you have any questions or concerns.

Sincerely,

(b)(6)

Fred Wright
Manager, Power Supply and
Business Relations

POWER SUPPLY & BUSINESS RELATIONS
2510 HWY 2 EAST, KALISPELL, MT 59901 PHONE 406-751-4483/FAX 406-756-6617

MEMORANDUM

FEC Flathead Electric Cooperative, Inc.
2510 Hwy 2 East
Kalispell MT 59901-2397

To: Fred Wright

From: John Eisinger

Date: March 14, 2001

Subject: Tamarack & Tea Kettle Substations - Plum Creek Loading

Tea Kettle Substation located near the Plum Creek plywood mill and saw mill in Columbia Falls is a single bank, one feeder substation. The transformer nameplate is 7.5/9.35 MVA.

The single feeder, 5F74, is dedicated to Plum Creek's plywood mill load and Plum Creek's sawmill load. Basically, we have one feeder serving two distinct Plum Creek operations. The peak load on 5F74 is approximately 8 MW.

Tamarack Substation located near the Plum Creek MDF mill in Columbia Falls is currently a 3 bank, 3 feeder substation. The transformer nameplate on each unit is 10/12.5 MVA.

The three feeders, 5F140, 5F141 and 5F148 are dedicated to the Plum Creek's MDF mill load. The non-coincidental peaks for the individual feeders are approximately 6.4 MW for 5F140, 8.9 MW for 5F141 and 7.2 MW for 5F148. The totalized coincidental demand is approximately 21.6 MW with a monthly average ranging from 14 to16 MW.

We are currently in the process of adding two additional 10/12.5 MVA transformer bays and two feeder positions. At this point we have no historical loading information.

If you require additional information, please let me know.

John

FLATHEAD ELECTRIC COOPERATIVE, INC.

January 22, 2001

Mr. C. T. Beede
Bonneville Power Administration
800 Kensington, Suite 204
Missoula, MT 59801-5631

Dear C.T.:

Subsequent to the visit by Robert Anderson and you to review the potential new large single load being built by Plum Creek Lumber Company, as their new MDF Plant, you raised the concern about the entire Plum Creek load that was added at the time FEC acquired the service territory/customer base from PacifiCorp on November 5, 1998.

Pursuant to Contract No. DE-MS79-81BP90534, Section 8 (c), we are hereby requesting that BPA make a determination of the new, large, single load status of the various loads that comprise the Plum Creek load. This load was added to FEC on November 5, 1998, and first served in part by BPA on March 1, 1999.

The total Flathead Valley load acquired from PacifiCorp by FEC and ENI was approximately 110 aMW and 220 MW peak. The load was served by a 70 MW, 100% load factor PacifiCorp contract; a 2 aMW Bigfork Hydroelectric PacifiCorp contract; and two BPA requirements contracts, PF for FEC and FPS for ENI. Therefore, the PacifiCorp/BPA ratio for serving FEC and ENI loads acquired was 72/110 (PacifiCorp) = 65.45%; and 38/110 (BPA) = 34.55%.

The allocation of the 72 MW PacifiCorp contracts was approximately 80% for FEC and 20% for ENI. So, the FEC allocation of 57.6 MW serves large and small loads in the 65% to 35% ratio. Therefore, even if the 1999 historical Plum Creek load were totally added for all sites at both Columbia Falls and Evergreen, the total BPA load share would be 9.8 aMW and the PacifiCorp resource share would be 18.2 aMW.

I have attached the historical 1998, 1999 and 2000 load data available for these Plum Creek loads as well as a geographical layout and electrical one-line diagram for these service portions of our distribution system. This information should provide basic documentation for this site load determination.

Sincerely,

(b)(6)

Warren G. McConkey
General Manager

2510 HWY 2 EAST, KALISPELL, MT 59901 PHONE 406-751-4483/FAX 406-756-6617

Re: Plum Creek
Evergreen
NLSL

MEMORANDUM

FEC Flathead Electric Cooperative, Inc.
2510 Hwy 2 East
Kalispell MT 59901-2397

JAN 2 8 2001

To: Fred Wright

From: John Eisinger

Date: January 16, 2001

Subject: Kings Way Substation – Plum Creek Loading

Kings Way Substation located near the Plum Creek Evergreen mill, is a single bank, two feeder substation. The transformer nameplate is 10/12.5 MVA.

At the present time one feeder, 5F95, is dedicated to the Plum Creek mill load and the other feeder, 5F98, serves a mixture of residential and commercial loads. The peak load on 5F95 is approximately 7.5 MVA and the peak load on 5F98 is approximately 4 MVA.

If you require additional information, please let me know.

John

D-2

PLUM CREEK – EVERGREEN

	1999	2000
Linear Lumber:		
Sawmill	.910 aMW	.856 aMW
Planer	.627	.569
	1.537 aMW	1.425 aMW
Plywood:		
Boiler	.634 aMW	.584 aMW
Glue loft	.136	------
Finish plant	.977	.803
South xsfr	1.645	1.434
North xsfr	.880	.844
	4.272 aMW	3.665 aMW
Splicing:	.427 aMW	.412 aMW
Common:		
Scaler's Office	.028 aMW	.025 aMW
Material Processor	(not being used)	
Total Plant	6.264 aMW	5.527 aMW

Sunset Drive

Electric Inquiry - Metered Service Revenue Summary

Account #: 52076781003
PLUM CREEK LUMBER CO SAWMILL

Location: 21330481
Status: A Meter: 1211047

2000	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C
Jan	654800	22816.99	736.03	31	
F	681200	23598.27	737.45	32	
Mar	652800	22760.07	784.83	29	
Apr	559600	20018.08	645.74	31	
May	570000	20399.55	728.56	28	
Jun	663200	23084.64	721.40	32	
Jul	637200	22348.58	720.92	31	
Aug	626800	22095.96	690.50	32	
Sep	520800	20146.10	694.69	29	
Oct	650800	23892.28	796.41	30	
Nov	693200	25227.92	742.00	34	
Dec	592000	22302.02	826.00	27	

2000 Tot Revenue: 268,690.46
2000 Monthly Avg: 22,390.87
Last 12Month Avg: 22,390.87

1999	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C
Jan	664000	23159.36	661.70	35	
Feb	594400	21104.47	753.73	28	
Mar	580800	20757.11	768.78	27	
Apr	1232800	43119.18	730.83	59	
May	600800	21267.01	733.35	29	
Jun	0	748.00-	32.52-	23	
Jul	1239600	43459.16	1448.64	30	
Aug	629200	21946.85	707.96	31	
Sep	588000	20853.88	672.71	31	
Oct	640800	22193.25	765.28	29	
Nov	618000	21711.58	700.37	31	
Dec	587200	20934.83	747.67	28	

1999 Tot Revenue: 279,758.68
1999 Monthly Avg: 23,313.22
* Patronage Addable Revenue Only

F6-ADD HIST

Press <Cancel> to return to previous screen.

2000 Total 7,502,400
.856 amw

1999 Total 7,975,600
.910 amw

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781001 Location: 21329280 ³
³ PLUM CREEK LUMBER CO Boiler Status: A Meter: 90044939 ³

³2000	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C	1999	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C ³
³Jan	480000	15896.85	512.80	31		Jan	487680	15977.11	456.49	35	³
³Feb	499200	16440.30	513.76	32		Feb	417840	13972.57	499.02	28	³
³Mar	431520	14446.14	498.14	29		Mar	406080	13586.78	503.21	27	³
³Apr	404640	13695.63	441.79	31		Apr	869520	28907.96	489.97	59	³
³May	392880	13195.52	471.27	28		May	406080	13619.16	469.63	29	³
³Jun	432480	14323.10	447.60	32		Jun	406080	13619.16	592.14	23	³
³Jul	408720	13624.07	439.49	31		Jul	429840	13610.69	453.69	30	P³
³Aug	414960	13798.65	431.21	32		Aug	416640	13816.20	445.68	31	³
³Sep	364320	13146.07	453.31	29		Sep	419280	14002.56	451.70	31	³
³Oct	409920	14518.06	483.94	30		Oct	429840	14350.14	494.83	29	³
³Nov	483600	16717.61	491.69	34		Nov	438240	14665.49	473.08	31	³
³Dec	396480	14341.95	512.21	28		Dec	425760	14333.05	511.89	28	³

³2000 Tot Revenue: 174,143.95 1999 Tot Revenue: 184,460.87 ³
³2000 Monthly Avg: 14,512.00 1999 Monthly Avg: 15,371.74 ³
³Last 12Month Avg: 14,512.00 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

Press <Cancel> to return to previous screen.

2000 Total 5,118,720 kwh
.584 amw

1999 Total 5,552,880 kwh
.634 amw

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781002 Location: 21330480 ³
³ PLUM CREEK LUMBER CO Planer Status: A Meter: 1211054 ³

³2000 KWH Usg	Revenue	Avg Dly Revenue	B DysC	1999 KWH Usg	Revenue	Avg Dly Revenue	B DysC ³
³Ja 437280	19379.64	625.15	31	Jan 497280	21588.96	616.83	35 ³
³Fe 479040	20954.48	654.83	32	Feb 452160	19816.63	707.74	28 ³
³Mar 420480	18689.72	644.47	29	Mar 452160	19879.36	736.27	27 ³
³Apr 401760	17835.40	575.34	31	Apr 850320	37626.82	637.74	59 ³
³May 375600	16892.50	603.30	28	May 372960	16768.68	578.23	29 ³
³Jun 419280	18621.29	581.92	32	Jun 0	520.95-	22.65-	23 ³
³Jul 403200	17966.45	579.56	31	Jul 789120	35116.94	1210.93	29 ³
³Aug 410880	18307.38	572.11	32	Aug 406320	17965.65	561.43	32 ³
³Sep 362400	13881.00	478.66	29	Sep 417600	18527.53	597.66	31 ³
³Oct 430800	15934.21	531.14	30	Oct 440640	19391.53	668.67	29 ³
³Nov 466320	16971.73	499.17	34	Nov 428640	19051.12	614.55	31 ³
³Dec 373680	14345.23	531.30	27	Dec 382800	17278.70	617.10	28 ³

³2000 Tot Revenue: 209,779.03 1999 Tot Revenue: 242,490.97 ³
³2000 Monthly Avg: 17,481.59 1999 Monthly Avg: 20,207.58 ³
³Last 12Month Avg: 17,481.59 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

Press <Cancel> to return to previous screen.

2000 Total 4,980,720 kWh
.569 aMW

1999 Total 5,490,000 kWh
.627 aMW

27760110

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781004 Location: 21330202 ³
³ PLUM CREEK LUMBER CO Status: A Meter: 90021347 ³

³2001	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C³	2000	KWH Usg	Revenue	Avg Dly Revenue	Dys	³
³Ja						Jan	112800	5076.28	163.75	31	³
³Fe						Feb	107920	4872.71	152.27	32	³
³Mar						Mar	94240	4284.90	147.76	29	³
³Apr						Apr	97840	4451.46	143.60	31	³
³May						May	95360	4330.68	154.67	28	³
³Jun						Jun	99520	4457.55	139.30	32	³
³Jul						Jul	92320	4218.92	136.09	31	³
³Aug						Aug	89360	4101.20	128.16	32	³
³Sep						Sep	91280	4007.06	138.17	29	³
³Oct						Oct	98560	4206.64	140.22	30	³
³Nov						Nov	115040	4685.39	137.81	34	³
³Dec						Dec	100720	4166.24	143.66	29	³

³2001 Tot Revenue: 0.00 2000 Tot Revenue: 52,859.03 ³
³2001 Monthly Avg: 0.00 2000 Monthly Avg: 4,404.92 ³
³Last 12Month Avg: 4,404.92 * Patronage Addable Revenue Only ³
ÀÄ F6-Add Hist ÄÙ

Press <Cancel> to return to previous screen.

2000 Total 1,194,960 KWH
.136 aMW

GLUE LOFT

27760110

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781005 Location: 921328380 ³
³ PLUM CREEK LUMBER CO PROCE Status: A Meter: 90060607 ³

³2000 KWH Usg	Revenue	Avg Dly Revenue	Dys	B C	1999 KWH Usg	Revenue	Avg Dly Revenue	Dys	B C
³Jan 80	11.57	0.37	31		Jan 80	11.78	0.34	35	³
³F 80	11.57	0.36	32		Feb 120	13.45	0.48	28	³
³Mar 40	9.91	0.34	29		Mar 80	11.78	0.44	27	³
³Apr 160	14.82	0.48	31		Apr 200	24.03	0.41	59	³
³May 120	13.13	0.47	28		May 80	11.44	0.39	29	³
³Jun 80	11.46	0.36	32		Jun 0	0.00	0.00	23	³
³Jul 120	13.13	0.42	31		Jul 200	24.55	0.82	30	³
³Aug 80	11.74	0.37	32		Aug 80	11.44	0.37	31	³
³Sep 120	16.00	0.55	29	M	Sep 120	13.11	0.42	31	³
³Oct 80	16.00	0.53	30	M	Oct 400	24.51	0.85	29	³
³Nov 120	16.00	0.47	34	M	Nov 120	13.24	0.43	31	³
³Dec 80	16.00	0.55	29	M	Dec 120	13.24	0.47	28	³

³2000 Tot Revenue: 161.33 1999 Tot Revenue: 172.57 ³
³2000 Monthly Avg: 13.44 1999 Monthly Avg: 14.38 ³
³Last 12Month Avg: 13.44 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

Press <Cancel> to return to previous screen.

MATERIAL PROCESSOR
(NOT BEING USED)

27760110

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781006 Location: 21329281 ³
³ PLUM CREEK LUMBER CO Status: A Meter: 1216217 ³

³2000	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C³	1999	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C³
³Ja	618300	21351.22	688.75	31		Jan	721500	24548.38	701.38	35	³
³Fe	619500	21318.80	666.21	32		Feb	623400	21852.76	780.46	28	³
³Mar	570900	20051.13	691.42	29		Mar	636000	22157.60	820.65	27	³
³Apr	585000	20274.85	654.03	31		Apr	1353900	46548.85	788.96	59	³
³May	622800	21448.37	766.01	28		May	673500	23265.82	802.27	29	³
³Jun	652800	22155.17	692.35	32		Jun	0	771.98-	33.56-	23	³
³Jul	592500	20594.03	664.32	31		Jul	1369200	46864.45	1562.15	30	³
³Aug	528600	18881.82	590.06	32		Aug	669900	22876.12	737.94	31	³
³Sep	494700	18934.00	652.90	29		Sep	634800	21844.49	704.66	31	³
³Oct	577200	21274.28	709.14	30		Oct	634200	21884.10	754.62	29	³
³Nov	629400	22634.66	665.73	34		Nov	643800	22061.08	711.65	31	³
³Dec	540900	20156.38	719.87	28		Dec	594900	20801.27	742.90	28	³

³2000 Tot Revenue: 249,074.71 1999 Tot Revenue: 293,932.94 ³
³2000 Monthly Avg: 20,756.23 1999 Monthly Avg: 24,494.41 ³
³Last 12Month Avg: 20,756.23 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

Press <Cancel> to return to previous screen.

Total 2000 7,032,600 kwh
.803 aMW

Total 1999 8,555,100 kwh
.977 aMW

FINISH PLANT

27760110

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 5207678100 Location: 921329201 ³
³ PLUM CREEK LUMBER CO ~~N S T~~ Status: A Meter: 90082432 ³

³2000 KWH Usg	Revenue	Avg Dly Revenue	Dys	C	1999 KWH Usg	Revenue	Avg Dly Revenue	Dys	C
³Jan 1138400	37907.25	1222.81	31		Jan 1217600	40148.85	1147.11	35	
³F 1194400	39477.41	1233.67	32		Feb 1063600	35548.79	1269.60	28	
³Mar 1052000	35473.27	1223.22	29		Mar 1038000	34755.92	1287.26	27	
³Apr 1030000	34953.45	1127.53	31		Apr 2176800	72434.51	1609.66	45	
³May 1079600	36229.93	1293.93	28		May 1085600	6172530.74	-212845.89	-29	P
³Jun 1162000	38517.32	1203.67	32		Jun 0	6207612.90	269896.21	23	
³Jul 964800	32886.79	1060.86	31		Jul 2291600	76334.60	2544.49	30	
³Aug 864000	29908.54	934.64	32		Aug 1166400	38555.38	1243.72	31	
³Sep 912400	32651.78	1125.92	29		Sep 1113600	37181.82	1199.41	31	
³Oct 1083600	37485.46	1249.52	30		Oct 1137200	37809.83	1303.79	29	
³Nov 1117600	38398.40	1129.36	34		Nov 1082400	36300.44	1170.98	31	
³Dec 966400	34488.36	1231.73	28		Dec 1038800	35330.88	1261.82	28	

³2000 Tot Revenue: 428,377.96 1999 Tot Revenue: 479,483.18 ³
³2000 Monthly Avg: 35,698.16 1999 Monthly Avg: 39,956.93 ³
³Last 12Month Avg: 35,698.16 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

Press <Cancel> to return to previous screen.

2000 Total 12,565,200
1.434 aMW

1999 Total 14,411,600
1.645 aMW

SOUTH TRANSFORMER

27760110

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781008 Location: 321330303 ³
³ PLUM CREEK LUMBER CO Status: A Meter: 90021363 ³

³	2000 KWH Usg	Revenue	Avg Dly Revenue	B Dys	C	1999 KWH Usg	Revenue	Avg Dly Revenue	B Dys	C	³
³	Jan 51440	2366.99	76.35	31		Jan 59200	2723.00	77.80	35		³
³	Feb 51760	2365.15	73.91	32		Feb 44560	2134.65	76.24	28		³
³	Mar 34560	1644.66	56.71	29		Mar 42240	2000.33	74.09	27		³
³	Apr 33680	1618.22	52.20	31		Apr 74480	3521.77	59.69	59		³
³	May 31200	1497.73	53.49	28		May 31280	1531.84	52.82	29		³
³	Jun 35200	1642.92	51.34	32		Jun 0	97.58-	4.24-	23		³
³	Jul 36560	1643.98	53.03	31		Jul 64960	3035.62	101.19	30		³
³	Aug 38400	1713.38	53.54	32		Aug 36560	1667.72	53.80	31		³
³	Sep 32640	1592.42	54.91	29		Sep 33920	1611.89	52.00	31		³
³	Oct 35280	1678.10	55.94	30		Oct 34640	1650.22	56.90	29		³
³	Nov 51040	2190.50	64.43	34		Nov 39680	1875.26	60.49	31		³
³	Dec 62160	2689.92	92.76	29		Dec 43120	2000.65	71.45	28		³

³2000 Tot Revenue: 22,643.97 1999 Tot Revenue: 23,655.37 ³
³2000 Monthly Avg: 1,887.00 1999 Monthly Avg: 1,971.28 ³
³Last 12Month Avg: 1,887.00 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

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Total 2000 493,920
.056 aMW

Total 1999 504,640
.058 aMW

MAINTENANCE
SHOP &
OFFICE

27760110

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781009 Location: 021330581 ³
³ PLUM CREEK LUMBER CO Status: A Meter: 1211055 ³

³2000	KWH Usg	Revenue	Avg Dly Revenue	B Dys	C ³	1999	KWH Usg	Revenue	Avg Dly Revenue	B Dys	C ³
³Jan	310320	13563.77	437.54	31		Jan	291360	12643.33	361.24	35	³
³F	324960	14141.69	441.93	32		Feb	259680	11358.33	405.65	28	³
³Mar	292560	12867.70	443.71	29		Mar	270720	11946.05	442.45	27	³
³Apr	283680	12528.24	404.14	31		Apr	570720	25140.64	426.11	59	³
³May	282960	12477.91	445.64	28		May	273120	11901.67	410.40	29	³
³Jun	303840	13258.78	414.34	32		Jun	0	316.35-	13.75-	23	³
³Jul	295920	12982.85	418.80	31		Jul	608160	26485.02	882.83	30	³
³Aug	310080	13541.81	423.18	32		Aug	308160	13394.58	432.08	31	³
³Sep	274320	10318.68	355.82	29		Sep	289680	12676.99	408.94	31	³
³Oct	307680	11287.71	376.26	30		Oct	301680	13190.10	454.83	29	³
³Nov	342000	12329.60	362.64	34		Nov	294000	12896.20	416.01	31	³
³Dec	282480	10628.85	393.66	27		Dec	270000	12022.25	429.37	28	³

³2000 Tot Revenue: 149,927.59 1999 Tot Revenue: 163,338.81 ³
³2000 Monthly Avg: 12,493.97 1999 Monthly Avg: 13,611.57 ³
³Last 12Month Avg: 12,493.97 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

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Total 2000 3,610,800
.412 aMW

Total 1999 3,737,280
.427 aMW

REMAN PLANT

27760110

Electric Inquiry - Metered Service Revenue Summary

Account #: 5207678101C Location: 921329206

PLUM CREEK LUMBER CO Status: A Meter: 90044944

2000	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C	1999	KWH Usg	Revenue	Avg Dly Revenue	Dys	B C
Jan	638000	22154.43	714.66	31		Jan	638000	21947.26	627.06	35	
F	695200	23837.66	744.93	32		Feb	545600	19292.41	689.01	28	
Mar	641200	22210.57	765.88	29		Mar	528000	18991.56	703.39	27	
Apr	614800	21385.09	689.84	31		Apr	1177600	41265.06	917.00	45	
May	631600	22183.30	792.26	28		May	575600	20134.04	694.28	29	P
Jun	671200	23006.57	718.96	32		Jun	0	691.00-	30.04-	23	
Jul	588800	20680.73	667.12	31		Jul	1257200	43330.90	1444.36	30	
Aug	531200	18890.87	590.34	32		Aug	663600	22804.77	735.64	31	
Sep	519200	19815.64	683.30	29		Sep	609200	21093.50	680.44	31	
Oct	620400	22761.98	758.73	30		Oct	638800	21777.88	750.96	29	
Nov	674400	24293.46	714.51	34		Nov	606400	21697.33	699.91	31	
Dec	568400	21261.52	759.34	28		Dec	569600	19603.93	700.14	28	

2000 Tot Revenue: 262,481.82 1999 Tot Revenue: 271,247.64

2000 Monthly Avg: 21,873.49 1999 Monthly Avg: 22,603.97

Last 12Month Avg: 21,873.49 * Patronage Addable Revenue Only

F6-ADD HIST

Press <Cancel> to return to previous screen.

Total 2000 7,394,400
.844 a MW

Total 1999 7,709,600
.880 a MW

NORTH TRANSFORMER

27760110

ÚÄÄÄÄÄÄÄÄÄÄÄÄÄÄ Electric Inquiry - Metered Service Revenue Summary ÄÄÄÄÄÄÄÄÄÄÄÄÄÄ¿
³ Account #: 52076781011 Location: 021332802 ³
³ PLUM CREEK LUMBER CO Status: A Meter: 64805734 ³

³2000	KWH Usg	Revenue	Avg Dly Revenue	B DysC	1999	KWH Usg	Revenue	Avg Dly Revenue	B DysC ³
³Ja	25720	1084.08	34.97	31	Jan	28040	1180.51	33.73	35 ³
³F	24600	1040.40	32.51	32	Feb	23080	982.33	35.08	28 ³
³Mar	19760	847.30	29.22	29	Mar	20840	897.46	33.24	27 ³
³Apr	18840	808.90	26.09	31	Apr	38520	1666.96	28.25	59 ³
³May	16400	716.45	25.59	28	May	15600	670.53	23.12	29 ³
³Jun	14920	641.37	20.04	32	Jun	0	22.40-	0.97-	23 ³
³Jul	12800	550.87	17.77	31	Jul	27120	1167.75	38.93	30 ³
³Aug	12120	519.30	16.23	32	Aug	12760	548.35	17.69	31 ³
³Sep	12960	617.07	21.28	29	Sep	13680	600.89	19.38	31 ³
³Oct	17320	785.34	26.18	30	Oct	19560	841.22	29.01	29 ³
³Nov	25120	1100.78	32.38	34	Nov	24040	1017.95	32.84	31 ³
³Dec	21600	965.09	33.28	29	Dec	21880	937.87	33.50	28 ³

³2000 Tot Revenue: 9,676.95 1999 Tot Revenue: 10,489.42 ³
³2000 Monthly Avg: 806.41 1999 Monthly Avg: 874.12 ³
³Last 12Month Avg: 806.41 * Patronage Addable Revenue Only ³
ÀÄ F6-ADD HIST ÄÙ

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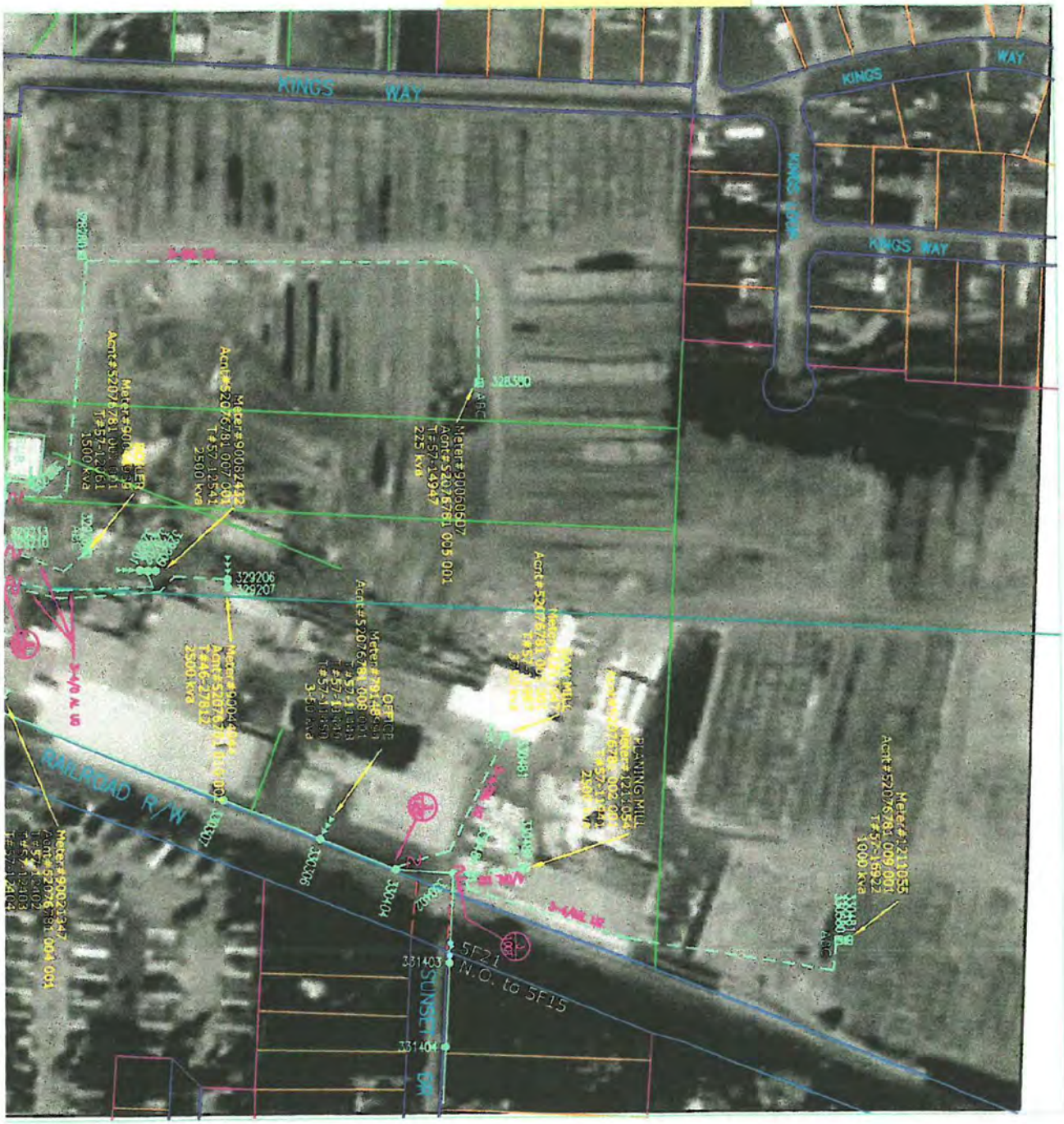
Total 2000 222,160
.025 aMW

Total 1999 245,120
.028 aMW

SCALER'S OFFICE

27760110

PLUMER
ELEVATION



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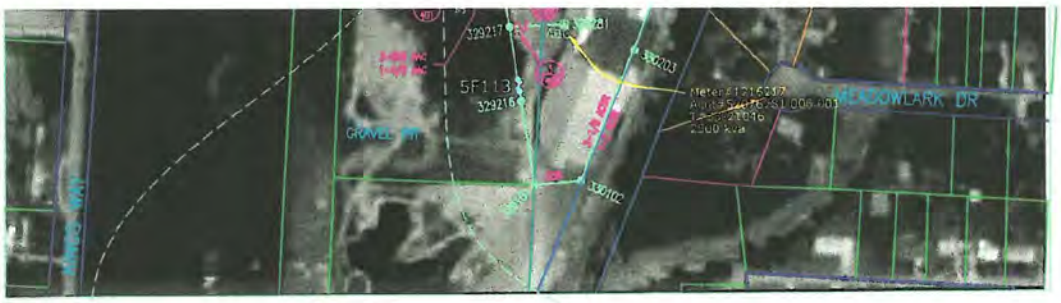

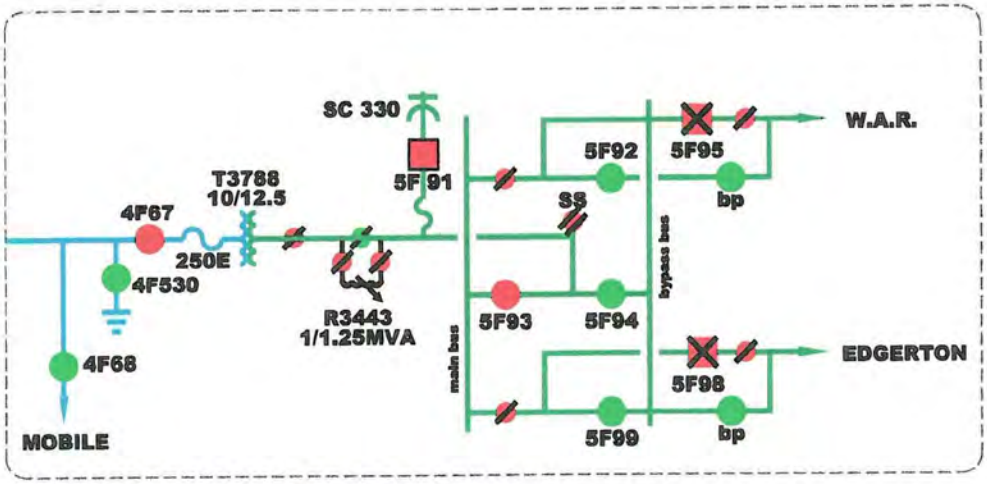

Kingsway Substation

W.A.R. Feeder 5F95
T 29 N, R 21W, Sect.32, Flathead County, Montana
Latitude: N48°13.763'
Longitude: W114°17.355'
Jan. 2001

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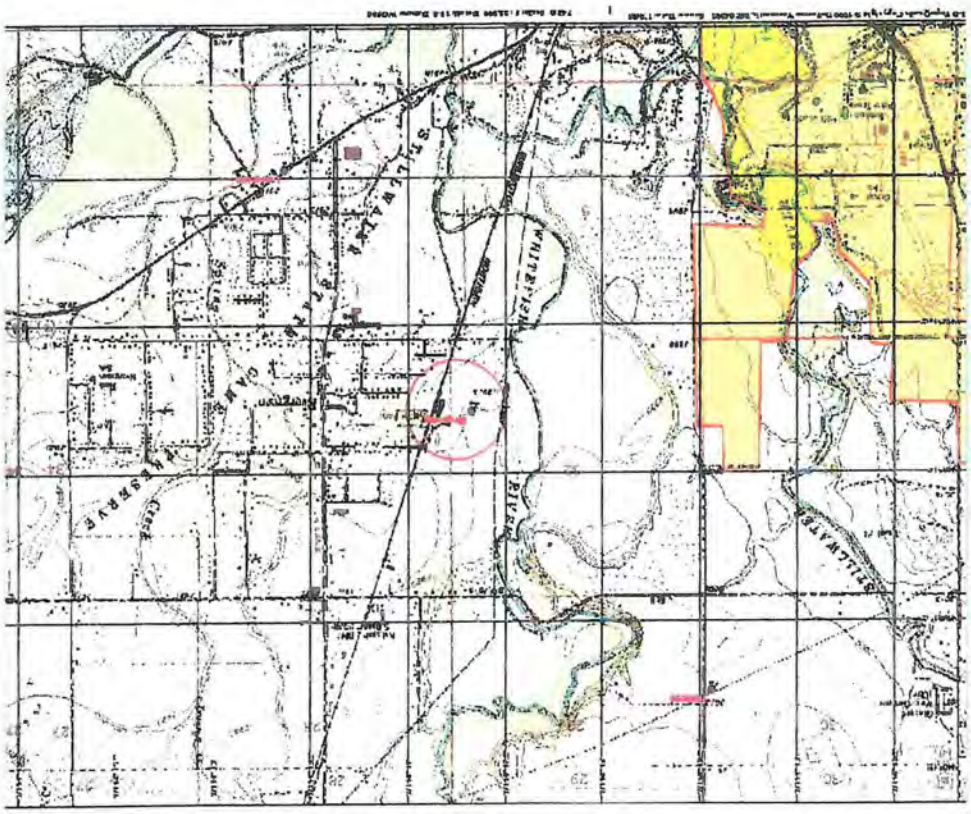

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