



## Department of Energy

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

POWER BUSINESS LINE

December 1, 2005

In reply refer to: KDP-4

Mr. Dan Seligman  
Columbia Research Corporation  
P.O. Box 99249  
Seattle, WA 98139

RE: FOIA Request No. 06-003

Dear Mr. Seligman:

This letter responds to your Freedom of Information Act request to the Bonneville Power Administration (BPA) dated October 28, 2005, designated as our log number 06-003. You requested documents "related to the Bonneville Power Administration's negotiations in 2000 and 2001 with Longview Aluminum LLC ("Longview") and McCook Metals ("McCook")."

A search of BPA files located few documents in response to your request. The following is a summary of this search and documents located (Enclosed).

1. All communications, whether in hard copy or electronic form, between BPA and Longview and its agents (i.e., lawyers and consultants) or between BPA and McCook and its agents, regarding the amount to be paid by BPA to Longview or McCook to reduce load and how the final amount (\$226 million) was justified and established.

BPA was unable to locate any communication (hard copy or in electronic form) between BPA and Lonview or McCook or their agents regarding the amount (\$226 million) BPA paid to Longview or McCook to reduce load.

2. All communications, whether in hard copy of electronic form, submitted by Longview or McCook or their agents to BPA that described Longview's or McCook's finances, assets and long-term viability prior to BPA signing the power sales contract, curtailment agreement or any other contract.

BPA located four documents related to Longview's long-term viability. Two of these documents were handouts exchanged in meeting between BPA and Longview. The other two documents is a letter from John L. Kolleng to Stephen J. Wright in final and in draft form.

3. BPA's internal financial review(s) and analyses of Longview's or McCook's finances, assets and long-term viability conducted prior to BPA signing the power sales contract, curtailment or any other contract. This request includes email between BPA staff regarding Longview's or McCook's finances and/or its ability to operate the Longview aluminum smelter.

BPA was unable to locate any communication (hard copy or in electronic form) regarding Longview or McCook's finances, assets or long-term viability prior to BPA signing any agreements Longview or McCook. This included emails between BPA staff.

4. All communications, whether in hard copy or electronic form, between BPA and the U.S. Department of Energy, including communications sent by or received at DOE and shared with BPA, regarding the proposed BPA-Longview or BPA-McCook agreements prior to BPA signing the power sales contract, curtailment agreement or any other contract with Longview or McCook.

BPA was unable to locate any communication (hard copy or in electronic form) between BPA and the U.S. Department of Energy regarding the BPA-Longview or BPA-McCook's agreements prior to BPA signing any contracts.

5. All communications, whether in hard copy or electronic form, between BPA and Alcoa and its agents (i.e., lawyers and consultants) prior to BPA signing the power sales contract, curtailment agreement or any other contract with Longview or McCook.

BPA was able to locate two emails from Jack Speer, an Alcoa representative, regarding the Longview smelter that are dated prior to BPA signing contracts with Longview or McCook.

6. All communications, whether in hard copy or electronic form, between BPA and the United Steelworkers of America and its agents or any other union and its agents regarding the proposed BPA-Longview and BPA-McCook relationship prior to BPA signing the power sales contract, curtailment agreement or any other contract with Longview or McCook.

BPA was unable to locate any communication (hard copy or electronic form) between BPA and the United Steelworkers of America (Steelworkers) or its agents.

7. All communications, whether in hard copy or electronic form, between BPA and Brett Wilcox or his employees and agents regarding the proposed BPA-Longview and BPA-McCook relationship prior to BPA signing the power sales contract, curtailment agreement or any contract with Longview or McCook.

BPA was unable to locate any communication (hard copy or electronic form) between BPA and the Brett Wilcox or his employees or agents regarding the proposed BPA-Longview and BPA-McCook

If you are dissatisfied with this determination, you may make an appeal within thirty (30) days of receipt of this letter to Director, Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue SW, Washington, D.C. 20585. Both the envelope and the letter must be clearly marked "Freedom of Information Act Appeal."

There is no fee for this FOIA response. If you have any questions regarding this response, you may contact me at 503-230-7303.

Sincerely,

*/s/ Christina J. Brannon*

Christina J. Brannon  
Freedom of Information Act Officer

**This is a conceptual proposal . . . it reflects the intent of parties to discuss a potential transaction. It does not commit either party to proceed with a negotiation, nor to complete any transaction.**

## BPA/McCOOK FIRM EXCHANGE AGREEMENT

### INDICATIVE TERM SHEET – DRAFT 10/27/00

1. McCook objective is to secure a firm supply of power for 280MW of the 420MW Longview Smelter load from October 1, 2006 through September 30, 2011.
2. BPA objective is to secure a firm supply of power for April 1, 2004 through September 30, 2006 to augment FCRPS for purposes of meeting firm regional load obligations.
3. Term: April 1, 2004 through September 30, 2011
4. Firm Exchange Transaction: (See Exhibit A)
5. Alternative Exchange and Market Pass-Through Transaction: (See Exhibit A)
6. Decision to move to alternative exchange described in section 5:
  - a. McCook must make “best effort” to finance and construct 550MW CCCT.
  - b. McCook must commit to support CCCT deliveries to BPA as “system firm”, not contingent on operation of the unit, once commercial operation begins.
  - c. McCook/BPA agree on CCCT completion milestones.
  - d. If any milestones not met, McCook/BPA mutually agree to move to Alternative Exchange.
  - e. If milestones not met, and there is no mutual agreement to move to alternative exchange, deal terminates.
7. Points of delivery:
  - a. McCook – BPA will designate, unconstrained point of delivery on BPA network.
  - b. BPA – Pro-rata at BPA generation busbars (McCook must obtain network wheeling for BPA generation or contract sources to Longview load).

8. Termination Rights:

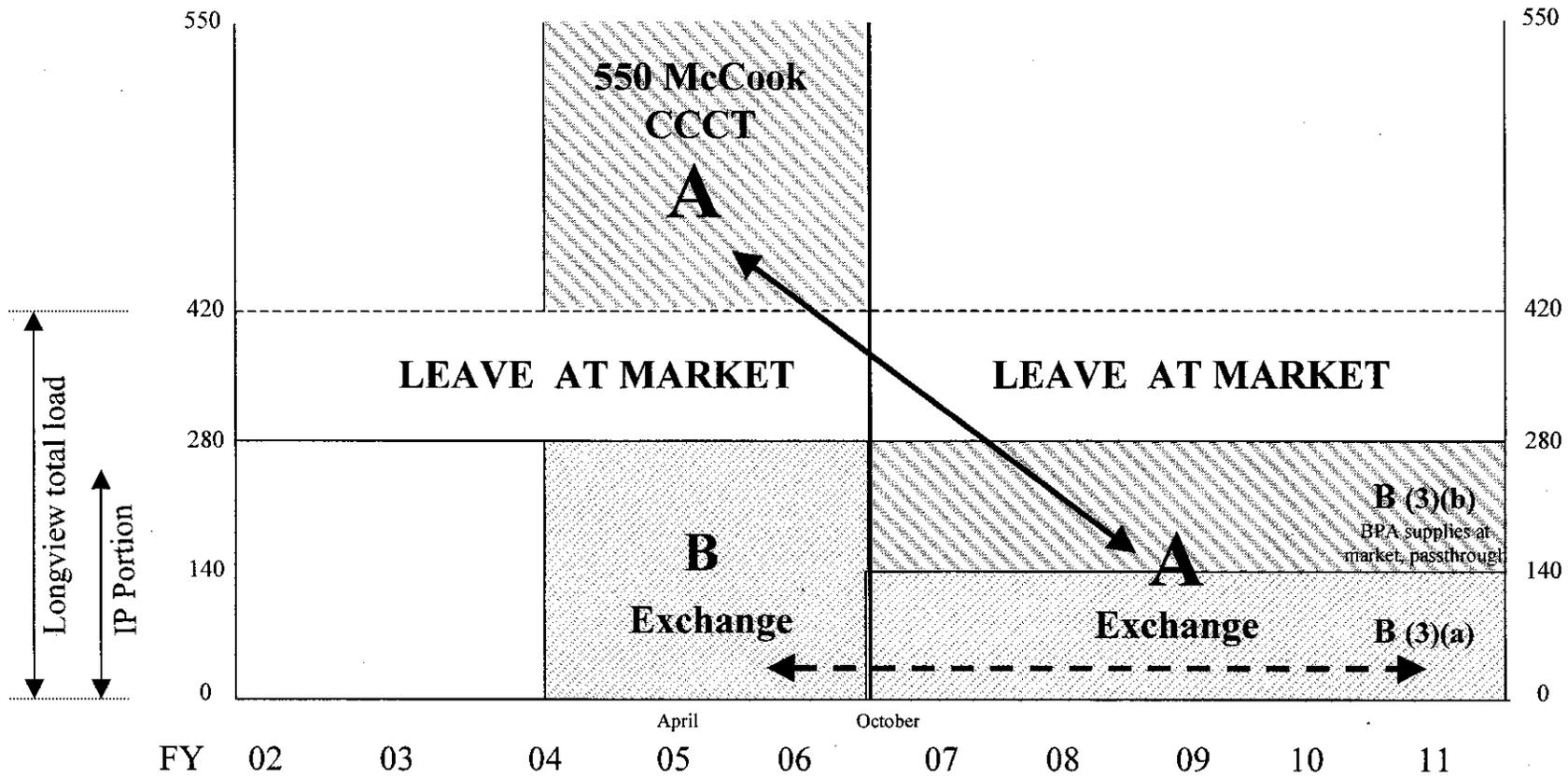
- a. If BPA/McCook mutually agree to move to the alternative exchange, and there is significant opposition by U.S. Steelworkers (as defined by BPA), then BPA may issue McCook a 30 day termination notice.
- b. Other?

9. Other Provisions:

- a. McCook agrees to pay any and all costs associated with the alternative exchange "market pass through" such that it will not result in any cost to other BPA customers.
- b. McCook agrees to secure "industry standard" quality Scheduling Coordination services necessary to conduct this transaction.
- c. McCook agrees to permanently remove all McCook loads from IP service on its successor rate schedule on October 1, 2006.

# Exhibit A

## Indicative Firm Exchange Agreement



## Clark, Harry W - PTS

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**From:** Miller, Mark - PT-5  
**Sent:** Tuesday, September 05, 2000 5:14 PM  
**To:** Clark, Harry W - PTS-5; Oliver, Stephen - PT-5; Berwager, Syd - PS-6; Runzler, Kurt W - LP-7; Norman, Paul - P; Stier, Jeffrey K - KN-DC  
**Subject:** Letter from Alcoa on Longview sale



BPA letter on  
Longview Sale.do...

Interesting turn of events. Alcoa is going to assign its rights to the Longview IP power to McCook Metals as part of the sale of the plant.

-----Original Message-----

**From:** Speer, Jack A. [mailto:Jack.Speer@alcoa.com]  
**Sent:** Tuesday, September 05, 2000 4:41 PM  
**To:** 'Miller, Mark'  
**Cc:** Laun, Max W.; Overbey, Randall M.; Castner, Lawrence V.; Schmidt, A. Irene  
**Subject:** Department of Energy

<<BPA letter on Longview Sale.doc>>

Mark,

Here is a copy of a letter to you I mailed today.

Thanks for you help.

Jack

September 5, 2000

Mr. Mark E. Miller – PSB/5  
Department of Energy  
Bonneville Power Administration  
P. O. Box 3621  
Portland, Oregon 97208-3621

Re: Longview Aluminum Reduction Plant

Dear Mr. Mark:

As a condition of their approval for Alcoa Inc's acquisition of Reynolds Metals Company, the European Commission has required that Alcoa sell at least a 25% in interest in the Longview (Washington) Aluminum Reduction Plant. This letter is to confirm that Alcoa is discussing with McCook Metals LLC the terms of a sale of 100% of the Longview Plant to McCook. We are aware that McCook has broached with you the terms of an assignment of the Longview power sales contracts and understand from them that you have been extremely supportive and cooperative. As we are under a legal obligation to submit a signed agreement for the sale of the Longview plant to the Commission on or before November 3, 2000, we hope that we can count on your continued support and cooperation in this matter.

The terms of the proposed sale to McCook of the Longview Plant would include the partial assignment to McCook of Reynolds' rights under Power Sales Agreement Contract No. 95MS-94865 to take delivery of 420 MW. In addition, as part of a sale of Longview plant to McCook, Alcoa and Reynolds have agreed to the partial assignment to McCook of Reynolds' rights to 280 MW of Firm Power under the letter agreement dated June 23, 2000, for the 5-year period beginning October 1, 2001.

With such a tight time frame to meet the European Commission's requirements, time is obviously of the essence in the assignment process. So, if we can answer any questions or address any concerns about this matter, do not hesitate to contact me. Also, I am certain you recognize the confidential nature of the ongoing negotiations on this matter, and trust that you will treat this information as confidential to the best of your ability.

Sincerely,

Jack A. Speer  
Northwest Energy Leader

## **Clark, Harry W - PTS**

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**From:** Miller, Mark - PT-5  
**Sent:** Tuesday, February 13, 2001 2:28 PM  
**To:** 'Jack Speer'  
**Cc:** Clark, Harry W - PTS-5  
**Subject:** Alcoa/Reynolds Longview curtailment

I wanted to confirm the initial ramp down schedule for the Longview South Plant you left me on a phone message.

Schedule reductions:

Initial Schedule	380MW
HE 2000 2/13/01	338MW
HE 1100 2/14/01	296MW
HE 1100 2/15/01	255MW

BPA will pay a price of \$100 per MWh (gross). Alcoa/Reynolds will still be obligated to pay BPA the IP rate for the curtailed power.

We will try and get you the information you need to communicated with BPA realtime scheduling regarding any deviation from the above schedule.

Harry is putting together a confirm to memorialize this transaction. We will draw up the confirm using our best estimate of MWh involved and will note on the confirm that the payments may be adjusted based on actual meter readings.

Longview Aluminum Company, LLC

January 19, 2001

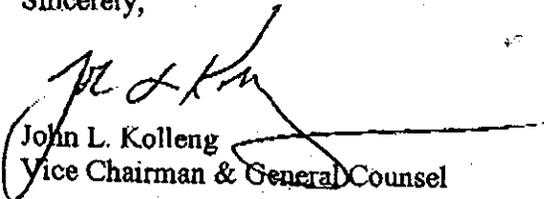
Mr. Stephen J. Wright  
Acting Administrator  
Bonneville Power Administration  
905 N.E. 11th Avenue  
Portland, OR 97232

Dear Mr. Wright:

As you know, Longview Aluminum Company, LLC (Longview Aluminum) and the Bonneville Power Administration (BPA) have executed a Curtailment Agreement pursuant to which Longview Aluminum, the Pacific Northwest steelworkers employed at the Longview Smelter, and BPA will share in the benefits created from the curtailment of power by Longview Aluminum at the Longview smelter through March 31, 2002.

As we indicated many times during our negotiations regarding the Curtailment Agreement, Longview Aluminum firmly believes that the long-term viability of the Longview smelter hinges on Longview Aluminum's ability to successfully finance, construct, and operate our own power supply resources. The Curtailment Agreement is but one step toward making our goal of the energy independence a reality. We believe our commitment to this goal is reflected in our pledge in the Curtailment Agreement not to argue in any legal or political forum that Longview Aluminum has a statutory right to, or should be allocated, any direct or indirect service of Federal power after September 30, 2006. We understand that Longview Aluminum's commitment to forego Federal power service after September 30, 2006 is important to other Pacific Northwest customers of BPA. In addition to our pledge in the Curtailment Agreement, Longview Aluminum stands ready to support legislation prohibiting BPA from serving, directly or indirectly, the Longview smelter or any other Pacific Northwest load of Longview Aluminum, or any other subsidiary or affiliate of Michigan Avenue Partners, after September 30, 2006.

Sincerely,

  
John L. Kolleng  
Vice Chairman & General Counsel

JLK/rs



# McCOOK METALS LLC

ISO 9001

**FAX TRANSMISSION**

Date 1/19/01

Number of pages including cover sheet 2

TO: Mark Miller

Phone

Fax Phone (503) 230-3681

FROM: John Kolleng

McCook Metals

Phone (708) 387-8523

Fax Phone (708) 387-8919

REMARKS:  Urgent  For your review  Reply ASAP  Please Comment

**Miller, Mark E - PT**

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**From:** Scaramuzzo, Rosemarie [Rosemarie.Scaramuzzo@MCCookMETALS.com]  
**Sent:** Friday, January 19, 2001 10:30 AM  
**To:** 'memiller@bpa.gov'

**Importance:** High



Stephen Wright.doc

We're ready to send this. Please approve.

Please call John Kolleng at (312) 953-8690. Thank you.

<<Stephen Wright.doc>>

January 19, 2001

Mr. Stephen J. Wright  
Acting Administrator  
Bonneville Power Administration  
905 N.E. 11th Avenue  
Portland, OR 97232

Dear Mr. Wright:

As you know, Aluminum Company, LLC (Longview Aluminum) and the Bonneville Power Administration (BPA) have executed a Curtailment Agreement pursuant to which Longview Aluminum, the Pacific Northwest steelworkers employed at the Longview Smelter, and BPA will share in the benefits created from the curtailment of power by Longview Aluminum at the Longview smelter through March 31, 2002.

As we indicated many times during our negotiations regarding the Curtailment Agreement, Longview Aluminum firmly believes that the long-term viability of the Longview smelter hinges on Longview Aluminum's ability to successfully finance, construct, and operate our own power supply resources. The Curtailment Agreement is but one step toward making our goal of the energy independence a reality. We believe our commitment to this goal is reflected in our pledge in the Curtailment Agreement not to argue in any legal or political forum that Longview Aluminum has a statutory right to, or should be allocated, any direct or indirect service of Federal power after September 30, 2006. We understand that Longview Aluminum's commitment to forego Federal power service after September 30, 2006 is important to other Pacific Northwest customers of BPA. In addition to our pledge in the Curtailment Agreement, Longview Aluminum stands ready to support legislation prohibiting BPA from serving, directly or indirectly, the Longview smelter or any other Pacific Northwest load of Longview Aluminum after September 30, 2006.

Sincerely,

John L. Kolleng  
Vice Chairman & General Counsel

JLK/rs



## Department of Energy

Official File

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

CORPORATE

October 28, 2005

In reply refer to: DK-7

Mr. Dan Seligman  
Attorney-at-Law  
Columbia Research Corporation  
P.O. Box 99249  
Seattle, WA 98139

RE: FOIA Request #06-003

Dear Mr. Seligman:

Thank you for your fax of October 28, 2005, requesting information under the Freedom of Information Act. In your fax, you requested copies of documents related to the Bonneville Power Administration's negotiations in 2000 and 2001 with Longview Aluminum LLC and McCook Metals. You specifically asked for the following documents:

1. All communications, whether in hard copy or electronic form, between BPA and Longview and its agents (i.e., lawyers and consultants) or between BPA and McCook and its agents, regarding the amount to be paid by BPA to Longview or McCook to reduce load and how the final amount (\$226 million) was justified and established.
2. All communications, whether in hard copy or electronic form, submitted by Longview or McCook or their agents to BPA that described Longview's or McCook's finances, assets and long-term viability prior to BPA signing the power sales contract, curtailment agreement or any other contract.
3. BPA's internal financial review(s) and analyses of Longview's or McCook's finances, assets and long-term viability conducted prior to BPA signing the power sales contract, curtailment agreement or any other contract. This request includes e-mail between BPA staff regarding Longview's or McCook's finances and/or its ability to operate the Longview aluminum smelter.
4. All communications, whether in hard copy or electronic form, between BPA and the U.S. Department of Energy, including communications sent by or received at DOE and shared with BPA, regarding the proposed BPA-Longview or BPA-McCook agreements prior to BPA signing the power sales contract, curtailment agreement or any other contract with Longview or McCook.
5. All communications, whether in hard copy or electronic form, between BPA and Alcoa and its agents (i.e., lawyers and consultants) prior to BPA signing the power sales contract, curtailment agreement or any other contract with Longview or McCook.

6. All communications, whether in hard copy or electronic form, between BPA and the United Steelworkers of America and its agents or any other union and its agents regarding the proposed BPA-Longview and BPA-McCook relationship prior to BPA signing the power sales contract, curtailment agreement or any other contract with Longview or McCook.
7. All communications, whether in hard copy or electronic form, between BPA and Brett Wilcox or his employees and agents regarding the proposed BPA-Longview and BPA-McCook relationship prior to BPA signing the power sales contract, curtailment agreement or any other contract with Longview or McCook.

Your request was received by our office on October 28, 2005, and has been logged in as FOIA #06-003. You have stated that you are willing to pay search and copy expenses not to exceed \$250 and have asked to be contacted if the expenses are likely to exceed that amount.

Mr. Gary Insley, supervisory public utilities specialist, has been designated as Authorizing Official for your request. Mr. Insley has 20 working days, until December 1, 2005, to provide a response. Should you have any questions, Mr. Insley may be reached at Mail Stop PTS-5 or by calling 503-230-3715.

Sincerely,

  
Christina J. Brannon  
Freedom of Information Officer