

FOIA Request

Kathleen Proffitt, Davison Van Cleve, PC 10-24-2002

BPA Transmission Contracts
 Longview, Kaiser, Northwest, Goldendale & Golden Northwest Aluminum
 From January 1, 1995 to present

Customer	Contract No.	Type	Status
Golden Northwest Aluminum	02TX-11262	PTP	Executed
Goldendale Aluminum	01TX-10505	CSE	Executed
Goldendale Aluminum	96MS-96109	PTP	Executed
Goldendale Aluminum	95MS-94900	FPT	Terminated
Goldendale Aluminum	DE-MS79-95BP94762	IR	Executed
Northwest Aluminum	DE-MS79-95BP94766	IR	Executed
Northwest Aluminum	96MS-96111	PTP	Executed
Kaiser Aluminum	97TX-10046	LtrAgree	Executed
Kaiser Aluminum	00TX-30435	CSE	Executed
Kaiser Aluminum	DE-MS79-95BP94765	Trans	Executed
Kaiser Aluminum	96MS-96107	PTP	Executed
Longview Aluminum	01TX-10681	NT	Executed
Longview Aluminum	02TX-11080	CWI	Executed
Longview Aluminum	DE-MS79-94BP94443	IR	Terminated
Longview Aluminum	DE-MS79-95BP94767	IR	Executed
Longview Aluminum	95MS-94865	PS/UFT	Terminated

SERVICE AGREEMENT
for
POINT-TO-POINT
TRANSMISSION SERVICE
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
GOLDEN NORTHWEST ALUMINUM, INC.

1. This Service Agreement, dated as of 9/26/02, is entered into, by and between the Bonneville Power Administration Transmission Business Line (Transmission Provider) and Golden Northwest Aluminum, Inc. (Transmission Customer).
2. The Transmission Customer has been determined by the Transmission Provider to have a Completed Application for Point-to-Point (PTP) Transmission Service under the Transmission Provider's Open Access Transmission Tariff (Tariff).
3. Service under this agreement shall commence on the later of (1) the requested Service Commencement Date, or (2) the date on which construction of any Direct Assignment Facilities and/or Network Upgrades are completed. Service under this agreement shall terminate on such date as mutually agreed upon by the parties.
4. The Transmission Provider agrees to provide and the Transmission Customer agrees to take and pay for Point-to-Point Transmission Service in accordance with the provisions of Part II of the Tariff and this Service Agreement.
5. Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated in Exhibit B.
6. The Tariff, Exhibit A (Specifications for Long-Term Firm Point-To-Point Transmission Service), Exhibit B, Special Provisions, Exhibit C (Notices), and Exhibit D (Stability Reserves) are incorporated herein and made a part hereof. Capitalized terms not defined in this agreement are defined in the Tariff.
7. This Service Agreement shall be interpreted, construed, and enforced in accordance with Federal law.

8. This Service Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.
9. The Transmission Customer and the Transmission Provider agree that provisions of Section 3201(i) of Public Law 104-134 (Bonneville Power Administration Refinancing Act) are incorporated in their entirety and hereby made a part of this Service Agreement.
10. The Transmission Provider shall not modify the definition of Eligible Customer under the Tariff or any successor tariff to exclude the Transmission Customer as an Eligible Customer (or to the extent that the PTP-02 or NT-02 rate schedules or any successor rate schedules are generally available to other transmission customers, modify such schedules so that they are not available to the Transmission Customer), unless the Commission or a court of competent jurisdiction issues an opinion or order holding that the Transmission Provider's Direct Service Industry (DSI) customers are not eligible under then applicable Federal law to purchase Transmission Service from the Transmission Provider. This obligation shall survive any termination or expiration of this Service Agreement, unless the Federal Energy Regulatory Commission (Commission) or a court of competent jurisdiction issues an opinion or order holding that the Transmission Provider's DSI customers are not eligible under then-applicable Federal law to purchase Transmission Service from the Transmission Provider. For purposes of this section 10, "Eligible Customer" means Eligible Customer with respect to Transmission Service that is an amount not to exceed that which is available under section 12 of this agreement and that is for the uses specified in section 12.
11. Provisions concerning Stability Reserves are hereby incorporated as Exhibit C. Exhibit C shall not be modified except by mutual agreement of the Parties. The Transmission Customer agrees to provide Stability Reserves for the term of this Service Agreement, and for the term of any transmission service that the Transmission Provider provides the Transmission Customer under any other agreement, if the Transmission Customer submitted the request for transmission service for such transaction or under such agreement prior to the date on which other end-use customers become eligible for the same or comparable Transmission Provider transmission service over the Transmission Provider's facilities without a requirement that they provide Stability Reserves. This obligation shall survive any termination or expiration of this Service Agreement.
12. Upon determining that a request by the Transmission Customer for Firm PTP Transmission Service meets the requirements of this Service Agreement and the Tariff in effect and applicable to new service requests, the Transmission Provider shall offer to incorporate the Statement of Specifications for the requested service into Exhibit A. The Transmission Customer's rights to service under the Tariff are limited to the amount of power it could have purchased from the Bonneville Power Administration under subsection 5(a) of its 1981 Power Sales Contract (hereinafter referred to as Contract Demand), plus the megawatts for transmission losses (a.k.a. real power losses) associated with such Contract Demand; provided, that for purposes of this Service Agreement, upon the Transmission Customer's request, and

if transmission capacity is available, the Reserved Capacity shall be increased to reflect the increase in Contract Demand to which the Transmission Customer would have been entitled under subsection 5(d), Technological Allowances, of the 1981 Power Sales Contract if the Transmission Customer's Power Sales Contract (and all other DSI power sales contracts) were in effect as of the date of the Transmission Customer's request; provided further, that for purposes of this Service Agreement, the Transmission Customer's Contract Demand shall not be reduced by any termination under section 2 of the 1981 Power Sales Contract. The PTP Transmission Service made available to the Transmission Customer under this Agreement shall be used for delivery of power and energy to the Transmission Customer's production facilities for consumption; provided that the Transmission Customer may assign unused transmission capacity rights to other Eligible Customers. The assignee of such rights shall not be obligated by such assignment to provide Stability Reserves to the Transmission Provider unless the assignee is a DSI Customer of the Transmission Provider, or unless the assignee uses such rights to deliver power to a DSI customer of the Transmission Provider, in which case the Transmission Customer shall include in the instrument of assignment a provision requiring the assignee to provide Stability Reserves to the Transmission Provider up to the amount of the capacity rights assigned. The Transmission Customer may accept an assignment of a PTP agreement and/or Reserved Capacity from any other Eligible Customer, provided that if the Transmission Customer uses such assigned agreement and/or capacity to transmit non-Federal power, Exhibit C shall apply to such transmission, and provided further that the sum of the Transmission Customer's Reserved Capacity under this Service Agreement, the Reserved Capacity under all Service Agreements of which it has accepted assignment, and the Reserved Capacity of which it has accepted assignment shall not exceed Contract Demand plus the megawatts for transmission losses associated with such Contract Demand.

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

GOLDEN NORTHWEST ALUMINUM, INC.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: /S/ BRETT WILCOX

By: /S/ SALLY J LONG

Name: Brett Wilcox
(Print/Type)

Name: Sally J. Long
(Print/Type)

Title: CEO

Title: Transmission Account Executive

Date: 9/26/02

Date: 9/26/02

(W:\TMC\CT\Golden NWA\Contracts (final)\11262.doc) 09/26/02

**EXHIBIT A
SPECIFICATIONS FOR LONG-TERM
FIRM POINT-TO-POINT TRANSMISSION SERVICE**

This Table 1, Exhibit A, reflects the assignment of 116 MW of long-term firm transmission service from Northwest Aluminum Company, Service Agreement No. 96MS-96111, to the Transmission Customer.

**TABLE 1
REQUEST FOR TRANSMISSION SERVICES**
The OASIS Assignment Reference Number (ARef) is: 498015

1. TERM OF TRANSACTION

Start Date: at 0000 hours on October 1, 2002

Termination Date: at 0000 hours on March 31, 2015.

2. DESCRIPTION OF CAPACITY AND ENERGY TO BE TRANSMITTED BY TRANSMISSION PROVIDER

Delivering Party (Resource)	POR Name & Voltage	POR Control Area	Reserved Capacity (kW)	POD Name & Voltage	POD Control Area	Reserved Capacity (kW)	Receiving Party
Avista Energy	Vantage Substation 230 kV	Grant Co. PUD	70,000	Harvalum Substation 23.0 kV	BPA	116,000	Golden Northwest Aluminum
Avista Energy	Rocky Reach Substation 230 kV	Chelan Co. PUD	46,000				
Total Reserved Capacity 116,000						116,000	

3. POINT(S) OF RECEIPT

(a) **Vantage Substation**

Location: the points in the Transmission Provider's Vantage Substation where the 230 kV facilities of the Transmission Provider and Grant County PUD are connected;

Voltage: 230 kV;

Metering: quantities to be scheduled.

(b) **Rocky Reach Substation**

Location: the points in the Transmission Provider's Rocky Reach Substation where the 230 kV facilities of the Transmission Provider and Chelan County PUD are connected;

Voltage: 230 kV;

Metering: quantities to be scheduled.

4. POINT OF DELIVERY

Description of Network Points of Delivery

(1) Harvalum Substation

Location: the points in the Transmission Provider's Harvalum Substation where the 23 kV facilities of the and the Transmission Provider and the Transmission Customer are connected;

Voltage: 23 kV;

Metering: in the 23 kV facilities through which such electrical power flows;

Metering Loss Adjustment: not applicable;

Exceptions: for the purpose of determining Transmission Demand under this Service Agreement, the metered quantity shall be reduced by 6,100 kW through September 30, 2006, consistent with Exhibit C of the Klickitat PTP Service Agreement No. 97TX-10038, and further reduced by 1,200 kW for transformer losses.

5. DESIGNATION OF PARTY(IES) SUBJECT TO RECIPROCAL SERVICE OBLIGATION

Not Applicable

6. NAMES OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

Not Applicable

7. SERVICE AGREEMENT CHARGES

Service under this Agreement will be subject to some combination of the charges detailed in Tables 1, 2, and 3 of this exhibit.

(a) Transmission Charge

PTP-02 Rate Schedule or successor rate schedules.

(1) Reservation Fee

Not Applicable.

(2) Short Distance Discount (SDD)

Not Applicable.

- (b) **System Impact and/or Facilities Study Charge(s)**
System Impact and/or Facilities Study Charges are not required at this time for service under this Service Agreement

8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

Transmission schedules must be submitted by phone, by fax, or by e-mail, to the Northwest Preschedule Desk at either (360) 418-2217 or 2553 or by fax to (360) 418-8208. The Transmission Customer or its Scheduling Agent shall not use the Transmission Provider's Customer Web Interface for submitting schedules under this Agreement.

Because of the prepayment requirements included in Exhibit B, Special Provisions, neither the Transmission Customer nor its Scheduling Agent shall purchase short-term firm transmission under this Agreement or nonfirm transmission that would lead to charges, other than for Ancillary Services, for nonfirm transmission service under this Agreement.

(W:\TMC\CT\Golden NWA\Contracts (final)\11262.doc) 09/26/02

TABLE 2
DIRECT ASSIGNMENT AND USE-OF-FACILITIES CHARGES

1. **DIRECT ASSIGNMENT FACILITIES CHARGES**
Not Applicable.
2. **USE-OF-FACILITIES CHARGES**

Calculation of Charges Pursuant to the UFT-02 Rate Schedule¹

Facility	<u>Investment</u>	<u>I&A</u> <u>Annual</u> <u>Cost</u> <u>Ratio</u>	<u>I&A</u> <u>Annual</u> <u>Cost</u>	<u>O&M</u> <u>Annual</u> <u>Cost</u>	<u>\$/kW/yr</u>	<u>Monthly</u> <u>UFT</u> <u>Charge</u>
Harvalum Substation	\$3,473,329	8.47	\$294,191	\$114,918	\$409,109	\$34,092
Harvey Substation	\$1,790,953	8.13	\$145,604	\$45,188	\$190,792	\$15,899
			Total annual UFT Charge ² =		\$602,209	
			Total monthly UFT Charge =			\$49,991

(W:\TMC\CT\Golden NWA\Contracts (final)\11262.doc) 09/26/02

¹ UFT-02 Rate Schedule or successor rate schedules.

² This charge may be revised annually to reflect changes in:

- (1) the yearly noncoincidental demands on the facility under this Service Agreement and other agreements;
- (2) I&A annual cost ratios;
- (3) O&M annual costs; and
- (4) investments in facilities.

**TABLE 3
ANCILLARY SERVICE CHARGES**

This Table 3 is subject to the ACS-02 Rate Schedule or successor rate schedules.

	Provided By	Contract No.
1. SCHEDULING, SYSTEM CONTROL AND DISPATCH	Transmission Provider	02TX-11262
2. REACTIVE SUPPLY AND VOLTAGE CONTROL	Transmission Provider	02TX-11262
3. REGULATION & FREQUENCY RESPONSE	Transmission Provider ¹	02TX-11262
4. ENERGY IMBALANCE SERVICE	Not Applicable	
5. OPERATING RESERVE – SPINNING RESERVE	Transmission Provider	02TX-11262
6. OPERATING RESERVE – SUPPLEMENTAL RESERVE	Transmission Provider	02TX-11262

(W:\TMC\CT\Golden NWA\Contracts (final)\11262.doc) 09/26/02

¹ For any deliveries to Northwest Aluminum at the Harvey Substation, this Ancillary service is not applicable as Northwest Aluminum is not in the Transmission Provider's control area.

**EXHIBIT B
SPECIAL PROVISIONS**

1. CREDITWORTHINESS AND PREPAYMENT FOR SERVICE

- (a) The Transmission Provider's creditworthiness business practices and provisions shall apply, as revised or replaced.
- (b) The Transmission Customer shall prepay the Transmission Provider four times each month for transmission service. Such prepayment shall occur on the 3rd, 10th, 17th, and 26th day of each month, or on the prior business day if the 3rd, 10th, 17th, or 26th fall on a weekend or holiday, and must be paid before the Transmission Customer or its Scheduling Agent will be permitted to submit transmission schedules. Prepayment on the 3rd of each month will be for the period between the 8th and the 14th of such month; on the 10th, for the period between the 15th and 21st of such month; on the 17th, for the period between the 22nd and the end of such month; and on the 26th, for the period between the 1st and 7th of the subsequent month.
- (c) Prepayment shall be wire transferred to the Federal Reserve Bank in New York City. The three-hour time difference between the East Coast and the West Coast needs to be considered when making the wire transfer. The Transmission Customer's bank can provide the information when the time deadline will occur daily. The Transmission Provider will verify that the payment has been received by the Federal Reserve Bank. While a payment wired early in the day may be verified the same day, it is possible that a verification of the payment will not be possible until the following day. It is the Transmission Customer's responsibility to complete the wire transfer sufficiently in advance of the prepayment dates above to enable the Transmission Provider to verify that the funds have been received by the Federal Reserve Bank.
- (d) The following information will be required by the Transmission Customer's bank to make a wire transfer payment to the Transmission Provider:
 - (1) ABA number – The ABA number for the Federal Reserve Bank in New York City is 021030004.
 - (2) Receiving Bank – “TREAS NYC” designates the Federal Reserve Bank in New York City as the receiving bank.
 - (3) Product Code – “CTR” needs to follow “TREAS NYC” to provide the product code (separated by a slash).
 - (4) Account – Agency Location Code of 89001401 directs the payment to the BPA Fund in the U.S. Treasury

- (5) Third Party Information – After “OBI=” the Transmission Customer should indicate “TRANSMISSION PREPAY” in order to identify the payment when it is received.
- (e) The following long-term firm transmission charges are subject to prepayment: PTP Service; Scheduling, System Control, and Dispatch Service; Reactive Supply and Voltage Control from Generation Sources Service; and the UFT charges for both the Harvalum and Harvey Substations. The monthly charge for 116 MW of long-term firm PTP transmission for these items totals \$194,179.00 through the rate period ending September 30, 2002. The prepayment to be made on the dates noted above is \$48,544.75. This Exhibit B shall be updated as necessary to reflect changes in the Transmission Provider’s transmission, ancillary service, and UFT charges or changes in the requirement for prepayment. The first payment is due on September 26, 2002, for transmission service for the period from October 1, 2002, through October 7, 2002.
- (f) The following ancillary service charges are subject to payment under the Transmission Provider’s normal transmission billing process with the exception that late payment and termination provisions are included below: Regulation and Frequency Response Service, Operating Reserve – Spinning Reserve Service, and Operating Reserve – Supplemental Reserve Service.

2. LATE PAYMENT AND TERMINATION

- (a) The Transmission Provider shall have no obligation to accept transmission schedules for any period until or unless the agreed-upon prepayment amount applicable to such period has been received by the Transmission Provider. If the Transmission Customer fails to curtail its load during the period that the Transmission Provider does not accept transmission schedules, the Transmission Customer shall be subject to the Transmission Provider’s Failure to Comply Penalty Charge.
- (b) If the Transmission Customer fails to make a prepayment as set forth above or to pay any amount owing on its Wholesale Transmission Bill on or before its due date, then after seven (7) calendar days following email notice to the Transmission Customer, the Transmission Provider shall have the right to remarket the transmission rights provided in this Agreement on a short-term firm basis not to exceed one (1) month in duration; provided however that, if the Transmission Customer brings its account current prior to the expiration of seven (7) days following such email notice, then the Transmission Provider shall not remarket such transmission rights. However, the Transmission Provider shall have the right to immediately remarket the transmission rights provided in this Agreement on a short-term firm basis for up to one (1) month if the Transmission Provider gives the 7-day notice twice in any consecutive 30-day period, the Transmission Customer cures within the 7-day period of each notice, and, within the following 60 days, the Transmission

Customer subsequently fails to make a prepayment as set forth above or to pay any amount owing on its Wholesale Transmission Bill on or before its due date.

- (c) If the Transmission Customer fails to bring its account current within thirty (30) days of receiving written notice that a payment was not received by the Transmission Provider on or prior to the due date of such payment, then the Transmission Provider may terminate this contract.
- (d) If the Transmission Customer brings its account current after the Transmission Provider has remarketed the transmission rights provided for in this Agreement pursuant to paragraph 2(b) but before the Transmission Provider has exercised a right to terminate under paragraph 2(c), then the Transmission Customer may resume scheduling transmission services with the Transmission Provider. However, such payment will not affect the right of any customer to whom the Transmission Provider remarketed transmission, and the Transmission Customer's right to transmission services shall be on an as-available basis for the duration of the remarketing transactions entered into by the Transmission Provider.

(W:\TMC\CT\Golden NWA\Contracts (final)\11262.doc) 09/26/02

**EXHIBIT C
NOTICES**

1. **NOTICES RELATING TO PROVISIONS OF THE SERVICE AGREEMENT**
Any notice or other communication related to this Service Agreement, other than notices of an operating nature (section 2 below), shall be in writing and shall be deemed to have been received if delivered in person, First Class mail, by telefax or sent by acknowledged delivery. However, notices related to Exhibit B, paragraph 2(b), shall be by e-mail to the following: Brett Wilcox at brett@nwaluminum.com; Gerry Miller at geraldmiller41@earthlink.net; and Bill Reid at breid@nwaluminum.com

If to the Transmission Customer: If to the Transmission Provider:

Golden Northwest Aluminum, Inc.
7710 NE Vancouver Mall Dr. Suite G
Vancouver, WA 98662-6744
Attention: Gerald F. Miller
Title: VP Energy and Government
 Affairs
Phone: (360) 944-9755
Fax: (509) 944-9930

Bonneville Power Administration
P.O. Box 491
Vancouver, WA 98666-0491
Attention: Transmission Account
 Executive for Golden Northwest
 Aluminum, Inc.– TM/Ditt2
Phone: (360) 418-8285
Fax: (360) 418-8320

2. **NOTICES OF AN OPERATING NATURE**

Any notice, request, or demand of an operating nature by the Transmission Provider or the Transmission Customer shall be made either orally or in writing by telefax or sent by First Class mail or acknowledged delivery.

If to the Transmission Customer: If to the Transmission Provider:

Goldendale Aluminum Co.
85 John Day Dam Road
Goldendale, WA 98620
Attention: Rob MacDonald
Title: Maintenance/Engineering Mgr.
Phone: (509) 773-7301
Fax: (509) 773-7316

Bonneville Power Administration
3920 Columbia View Dr. E.
The Dalles, OR 97058
Attention: Chief Substation Operator,
The Dalles District
Phone: (541) 296-5114, x134
Fax: (541) 296-1969

3. **SCHEDULING AGENT**

The Transmission Customer has designated the following scheduling agent.

Avista Energy
201 W North River Road, Suite 610
Spokane, WA 99201
Attention: Kathy Hara
Title: Real-Time Trader
Phone: (509) 688-6106
Fax: (509) 688-6153

(W:\TMC\CT\Golden NWA\Contracts (final)\11262.doc) 09/26/02

EXHIBIT D
STABILITY RESERVES

The Transmission Customer shall provide Stability Reserves up to the Reserved Capacity for Transmission Services provided pursuant to this Service Agreement.

1. DEFINITIONS

- (a) "Event" is a system condition that results in the need for Stability Reserves. The beginning of an event shall be identified by a transfer trip or other signal from Transmission Provider to the Transmission Customer restricting delivery of energy under this Service Agreement. The end of the Event shall be identified by the Transmission Provider dispatcher's notification to the Transmission Customer that transmission of all energy to which the Transmission Customer is entitled under this Service Agreement has been restored, or notice to the Transmission Customer that service to the Transmission Customer's load will continue to be fully or partially restricted for reasons other than Transmission Provider Stability Reserves rights under this Service Agreement. Notwithstanding the foregoing, the Event will end (subject to reinstatement as provided herein) when an undervoltage or underfrequency load shedding signal is received by the Transmission Customer and, if such undervoltage or underfrequency load shedding signal is received by the Transmission Customer prior to Event Minute 3, then the entire Event shall be deemed an event of force majeure.

The Event shall be reinstated and continue as follows:

- (1) If the Event Duration was 5 Event Minutes or less, then the Event shall be reinstated if Transmission Provider restricts deliveries to the Transmission Customer pursuant to its Stability Reserve rights within 2 hours or less of the last Event Minute;
- (2) If the Event Duration was more than 5 Event Minutes but not more than 15 Event Minutes, then the Event shall be reinstated if Transmission Provider restricts deliveries to the Transmission Customer pursuant to its Stability Reserve rights within 4 hours or less of the last Event Minute;
- (3) If the Event Duration was more than 15 Event Minutes but not more than 22 Event Minutes, then the Event shall be reinstated if Transmission Provider restricts deliveries to the Transmission Customer pursuant to its Stability Reserve rights within 6 hours or less of the last Event Minute;
- (4) If the Event Duration was more than 22 Event Minutes, then the Event shall be reinstated if Transmission Provider restricts deliveries

to the Transmission Customer pursuant to its Stability Reserve rights within 8 hours or less of the last Event Minute.

- (b) "Event Duration" shall be the total cumulative Event Minutes of the Event.
- (c) "Event Minute" shall be the minutes of restriction (or any portion thereof) during an Event. If Transmission Provider restricts less than its full entitlement in any Event Minute, then for purposes of defining the Event, the Event Minutes and Event Duration, Transmission Provider shall be deemed to have restricted the entire amount of energy wheeled under this Service Agreement.
- (d) "Material Plant Damage" means the inability of the Transmission Customer to resume industrial production at all or any portion of its plant because of damage to plant production facilities resulting from a restriction; for example, the inability to resume electrolysis in one or more pots without rebuilding or substantially repairing such pot(s).
- (e) "Restricted Energy" means energy not made available to the Transmission Customer hereunder because of an Event.
- (f) "Stability Reserves" are those reserves, provided by the Transmission Customer under this Service Agreement, that are necessary to ensure the stability of the Federal Columbia River Transmission System against losses of transmission facilities pursuant to the schemes in section 10 or any additional scheme(s) adopted pursuant to section 7 of this exhibit.

2. AMOUNT OF STABILITY RESERVES

When necessary to provide Stability Reserves, Transmission Provider may restrict deliveries of energy wheeled under this Service Agreement to the Transmission Customer's aluminum smelter load (which shall not include wheel turning loads) pursuant to the schemes listed in section 10 of this exhibit and to the Transmission Customer's other loads under any additional or extended scheme(s) adopted pursuant to section 7 of this exhibit, for Stability Reserves in the following manner:

- (a) up to 100 percent of the Transmission Customer's energy subject to restriction under this Service Agreement for a period of up to 30 Event Minutes per Event;
- (b) provided, that Transmission Provider shall have the sole right to determine whether to restrict all or part of the Transmission Customer's energy subject to restriction hereunder, when an Event occurs.

For accounting purposes, the Transmission Customer's wheel turning load shall be deemed to be served by all of the Transmission Customer's energy suppliers (whether the sale is made directly to the Transmission Customer at its production facility or whether the sale is made at a remote point and the energy is wheeled to

the Transmission Customer's production facility), in proportion to the total annual amounts of energy purchased from each such supplier; provided, that if the wheel turning load is served exclusively by a supplier other than Transmission Provider who contracted specifically to provide such wheel turning service, such wheel turning load shall be excluded from the allocation.

Notwithstanding any other provision of this Service Agreement, Transmission Provider shall use its best efforts to end an Event as soon as possible, and the Transmission Customer agrees to cooperate in development of mechanisms that will enhance Transmission Provider's ability to notify the Transmission Customer of the end of an Event.

Notwithstanding any other provision of this Service Agreement, including the breach and damages provisions, Transmission Provider shall have no contractual right under this Service Agreement which would cause the Transmission Customer to incur Material Plant Damages; provided, Transmission Provider shall not be liable for equitable relief or damages for such Material Plant Damage occurring within 45 Event Minutes or less of an Event pursuant to a Stability Reserve scheme listed in section 10 of this exhibit or adopted pursuant to section 7 of this exhibit.

3. COMPENSATION FOR STABILITY RESERVES

- (a) For the right to restrict and for any restrictions provided pursuant to subsection (b) for the schemes listed in section 10 of this exhibit, Transmission Provider shall pay the Transmission Customer a "Reservation Fee" and a "Use Fee".

The Reservation Fee shall be \$0.20 per kilowatt-year for an amount equal to the Transmission Customer's Reserved Capacity.

The Use Fee shall be 50 mills/kWh of Restricted Energy during Event Minutes 1 through 15 (or any portion thereof) of an Event; and 100 mills/kWh of Restricted Energy during the Event Minutes 16 through 30 (or any portion thereof) of an Event.

- (b) If the Transmission Customer's load is not connected to a scheme specified in section 10 of this exhibit, or additional or extended scheme adopted pursuant to section 7 of this exhibit, Transmission Provider shall have no obligation to pay for Stability Reserves.
- (c) The charges specified in this subsection shall not have any precedential effect for the purpose of determining reasonable Stability Reserve compensation under other agreements, or for determining reasonable Stability Reserve compensation for additional or extended scheme(s) adopted pursuant to section 7 of this exhibit. Neither Party shall introduce as evidence of reasonable compensation this Service Agreement or anything herein related to the compensation for Stability Reserves in Transmission Provider's rate cases or similar forums or in a proceeding under section 7.

- (d) Transmission Provider's payment obligation hereunder shall not include payment for restrictions under events of force majeure or under rights provided by other agreements. Such restrictions include those restrictions associated with force majeure which cause undervoltage and underfrequency load shedding, future similar schemes of last resort, and outages of transmission facilities required for service hereunder.

4. LIQUIDATED DAMAGES

The Parties acknowledge that restrictions beyond those allowed by this Service Agreement may result in damage to and lost production by the Transmission Customer's aluminum reduction facilities prior to Material Plant Damage, which is difficult to quantify. If the Event Duration exceeds 30 Event Minutes, then Transmission Provider shall be liable to the Transmission Customer as follows:

- (a) 200 mills/kWh of Restricted Energy during Event Minutes 31 through 45 (or portion thereof) of an Event;
- (b) 400 mills/kWh of Restricted Energy during Event Minutes (or portion thereof), after Event Minute 45 of an Event;
- (c) provided, that in lieu of (b) above and at the Transmission Customer's option, if the Event Duration exceeds 45 Event Minutes, and the Transmission Customer incurs, in its determination, Material Plant Damage as a direct result of the restriction, then as to the portion of its production facilities that suffers Material Plan Damage, Transmission Provider and the Transmission Customer agree that these damages can be reasonably quantified and, therefore, for that portion of its production facilities, the Transmission Customer may recover actual damages (excluding only lost production and lost profits) pursuant to section 4 of this exhibit; but such actual damages shall not exceed \$30 per kW of plant production facilities suffering Material Plant Damage. The liquidated damages charges in (a) and (b), above, shall continue to apply to that portion of the Transmission Customer's load which does not suffer Material Plant Damage. For purposes of this calculation, the Material Plant Damage shall be deemed to occur at the beginning of Event Minute 46.

5. STORAGE

During a period of restriction under section 2 of this exhibit, during any further restriction of deliveries in breach of this Service Agreement, and during the period of the Transmission Customer's inability to take delivery due to such breach, all of the Transmission Customer's energy scheduled and delivered to the Transmission Provider under this Service Agreement shall be deemed stored, at no charge, and shall not be spilled. Subject to transmission availability, Transmission Provider shall deliver such energy on demand to the Transmission Customer's facilities or to another entity for resale at no charge other than the transmission charge provided

herein. The Transmission Customer shall take from storage all such energy prior to purchasing any additional energy required to recover from the Event.

If the Transmission Customer does not take the energy from storage within 48 hours of the end of the Event, the Transmission Provider's obligation to return such energy shall terminate.

6. CONFIDENTIALITY

The Parties agree that all material related to plant technology, plant operations or to proving damages which is submitted by the Transmission Customer to the Transmission Provider, the arbitrator or any other party in any proceeding under section 12 of the Tariff is confidential. The Parties shall jointly request a protective order from the arbitrator: (a) preserving the confidentiality of such material; (b) limiting its use to such proceeding; and (c) requiring its return to the Transmission Customer at the conclusion of the proceeding. The Transmission Provider agrees not to voluntarily disclose any such information outside the agency, and agrees to restrict access to and use of such information to employees necessary to and for purposes associated only with the conduct of such proceeding.

7. ADDITIONAL STABILITY RESERVE SCHEMES

To the extent the Transmission Provider determines:

- (a) the need for additional Stability Reserve scheme(s) not listed in section 10 of this exhibit that would restrict, at a frequency and duration similar to the schemes listed in section 10, the energy subject to restriction under this Service Agreement; and
- (b) the need to apply Stability Reserve schemes listed in section 10 and additional Stability Reserve scheme(s) to energy wheeled under this Service Agreement to non-aluminum DSIs, or
- (c) the need for modifications to the elements of schemes listed in section 10 of this exhibit that would significantly change the expected frequency or duration of restrictions, then:
 - (1) the Transmission Provider shall consult with the Transmission Customer on the need for operational characteristics as they affect the Transmission Customer, and compensation for such scheme(s), and;
 - (2) the Transmission Provider shall consider alternative methods and costs, including purchases from non-DSIs, for obtaining such additional reserves.

The Transmission Customer agrees to cooperate in the development of such scheme(s) and shall not unreasonably withhold its consent to implementation of such scheme(s).

8. MAKE UP TRANSMISSION

When an Event ends, the Transmission Provider shall permit, subject to Available Transmission Capacity, without additional demand or Unauthorized Increase charges, short-term, non-recurring demand overruns of the Transmission Customer's Reserved Capacity not to exceed an amount necessary to restore the Transmission Customer's facilities to normal operating conditions.

9. ANNUAL ADJUSTMENTS AFTER OCTOBER 1, 1995

Subsequent to October 1, 1995, on the effective date of any IP Premium or successor rate adjustment thereafter, the fees and charges (SRC_x) identified in section 3 and section 4 of this exhibit shall be adjusted as follows:

$$\text{SRC}_x = \text{SRC base} * \frac{\text{IP-New}}{\text{IP-93}}$$

where SRC_x = each of the stability reserve fees identified in section 3 and charges identified in section 4 of this exhibit, as adjusted hereunder, to be effective on the effective date of any IP or successor rate adjustment on or after October 1, 1995.

SRC Base = the stability reserve fees as specified in section 3 and the changes as specified in section 4 of this exhibit.

IP-New = each newly adjusted average IP Premium rate or successor rate effective after October 1, 1995, in mills per kWh. Such IP Premium or successor rate shall be calculated at a load factor of 90 percent, and assuming a uniform demand in all months. If there is more than one IP Premium or successor rate, the average shall be determined by a weighting based on forecasted sales in the relevant rate case.

IP-93 = the average IP Premium rate in effect on October 1, 1993, in mills per kWh. Such average IP Premium rate shall be calculated at a load factor of 90 percent and assuming a uniform demand in all months. If there is more than one IP or successor rate, the average shall be determined by a weighting based on forecasted sales in the relevant rate case.

10. STABILITY RESERVE SCHEMES

The applicable Stability Reserve Schemes are the following:

Import Contingency Load Tripping Schemes: the Remedial Action Scheme for the loss of the AC Intertie and Remedial Action Scheme for the loss of the DC Intertie.

(W:\TMC\CT\Golden NWA\Contracts (final)\11262.doc) 09/26/02