



Department of Energy

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

CORPORATE

March 3, 2002

In reply refer to: KN-7

Mr. Tom Detzel
Newhouse News Service
1101 Connecticut Ave. N.W., Suite 300
Washington, D.C. 20036

Dear Mr. Detzel:

The second portion of your Freedom of Information Act (FOIA) request to the Bonneville Power Administration (BPA) dated January 2, 2003 (No. 03-015), requested copies of "any BPA audits, internal or external, that examine energy trading practices, including the agency's use of options or other derivatives." On February 19, 2003, BPA made a partial response to the second portion of your request, and this letter completes that response.

Enclosed are the redacted factual portions of two external consultant reports that are responsive to your request. BPA is withholding the remaining portions of the reports under the deliberative process privilege, pursuant to 5 USC § 552(b)(5) (Exemption 5) of the FOIA. The reports with withheld portions are:

1. Hedging Program Evaluation, dated September 22, 1997.
2. BPA Power Inventory Risk Management Risk Assessment, dated November 15, 2002.

These reports are pre-decisional deliberative documents, and they have not been disclosed outside the executive branch of the government. They were prepared by external consultants to provide information for BPA management on potential revision of policies and procedures covering trading activities. They contain subjective recommendations, comments, calculations, analyses, and assumptions that are not fixed facts, but are based on judgments. They reflect BPA's deliberative process surrounding trading practices and do not contain material reflecting a final decision made by BPA. Disclosure of this information would expose BPA's decision-making process in a way that discourages candid discussion within the agency.

If you are dissatisfied with this determination, you may appeal within 30 days from the date you receive this letter to the Director, Office of Hearings and Appeals, Department of Energy, 1000 Independence Avenue, SW, Washington, D.C. 20585. The appeal must be in writing and both the envelope and letter must be clearly marked "Freedom of Information Act Appeal."

Sincerely,

A handwritten signature in cursive script that reads "Annie A. Eissler". The signature is written in black ink and is positioned below the word "Sincerely,".

Annie A. Eissler
Freedom of Information Act Officer

Enclosures