

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
executed by the
UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
acting by and through the
BONNEVILLE POWER ADMINISTRATION
and
KAISER ALUMINUM AND CHEMICAL CORPORATION

Index

Article	Page
1. Scope of Service Agreement	2
2. Definitions	5
3. Term of Service Agreement	6
4. Charges and Payments	6
5. Notices	8
6. Dispute Resolution	9
7. System Operations	10
8. Miscellaneous	11

Exhibits

Exhibit A	(Open Access Transmission Tariff)
Exhibit B	(Application for Point to Point Transmission Service)
Exhibit C	(Statement of Specifications for Long-Term Firm Transmission Service)
Exhibit D	(System Impact Study Agreement)
Exhibit E	(Facilities Study Agreement)
Exhibit F	(Wholesale Power and Transmission Rate Schedules)
Exhibit G	(Facilities Charges)
Exhibit H	(Stability Reserves)
Exhibit I	(Ancillary Services)

This TRANSMISSION SERVICE AGREEMENT is made and entered into this 31 day of March, 1997, by and between the Bonneville Power Administration (hereinafter referred to as "BPA") and Kaiser Aluminum & Chemical Corporation (hereinafter referred to as "the Transmission Customer"). The Transmission Customer and BPA are sometimes referred to individually as "Party" and collectively as "Parties," as the context suggests below.

WITNESSETH

WHEREAS, the Parties are interconnected directly or through their Designated Agent(s) with each other and/or with other electric utility systems; and

WHEREAS, BPA provides Point-to-Point (PTP) Transmission Service under BPA's Open Access Tariff (Tariff);

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained, the Parties do agree as follows:

ARTICLE 1

SCOPE OF SERVICE AGREEMENT

- 1.1 **Terms and Conditions.** The terms and conditions under which PTP Transmission Service is offered and accepted are pursuant to this Service Agreement and the Tariff. The Tariff in effect at the time of incorporation of the Statement of Specifications for each individual transaction into Exhibit C of this Service Agreement is hereby incorporated as Exhibit A and made applicable to that transaction. BPA may change the terms and conditions of the Tariff applicable to each such transaction upon, and only upon, a determination by the Commission that such change is just and reasonable and not unduly discriminatory or preferential; provided, however, that unless the Commission or a court of competent jurisdiction has issued an opinion or order holding that BPA's Direct Service Industrial (DSI) customers are not Eligible Customers under the Tariff or under any successor tariff, or that such DSI customers are not eligible to purchase Transmission Service under the PTP-96 rate schedule or any successor rate schedule, BPA shall not modify the definition of Eligible Customer under the Tariff to exclude the Transmission Customer as an Eligible Customer, or modify the PTP-96 rate schedule so that it is not available to the Transmission Customer, if such modification is to take effect during the term of this Service Agreement. BPA and the Transmission Customer agree that

Transmission Service provided pursuant to this Service Agreement may be provided under a Commission-approved successor tariff after September 30, 2001, if BPA supersedes the Tariff.

- 1.2 **Application.** The Application for PTP Transmission Service requested by the Transmission Customer and accepted by BPA for each individual transaction is hereby incorporated as Exhibit "B" of this Service Agreement and made applicable to that transaction.
- 1.3 **Statement of Service Specifications for Long-Term Firm PTP Transmission Service.** The Statement of Service Specifications for Long-Term Firm PTP Transmission Service requested by the Transmission Customer for each individual transaction and accepted by BPA is hereby incorporated as Exhibit "C" of this Service Agreement and made applicable to that transaction.
- 1.4 **System Impact/Facilities Study.** Study Agreements for a System Impact Study and/or a Facilities Study, if performed for any Application, are hereby incorporated as Exhibits "D" and "E," respectively, of this Service Agreement and made applicable to those transactions.
- 1.5 **Wholesale Power and Transmission Rate Schedules.** BPA's Wholesale Power and Transmission Rate Schedules are hereby incorporated as Exhibit "F."
- 1.6 **Facilities Charges.** All applicable charges pursuant to the Direct Assignment Facilities Provisions for existing facilities and facilities built as a result of this Service Agreement are hereby incorporated as Exhibit "G."
- 1.7 **Stability Reserves.** Provisions concerning Stability Reserves are hereby incorporated as Exhibit "H." The Transmission Customer agrees to provide Stability Reserves for the term of each individual transaction under this Service Agreement, and for the term of any Transmission Service that BPA 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 BPA Transmission Service over BPA facilities without a requirement that they provide Stability Reserves. This obligation shall survive any termination of this Service Agreement.

- 1.8 **Ancillary Services.** The Ancillary Services for PTP Transmission Service under this Service Agreement are hereby incorporated as Exhibit "I."
- 1.9 **Relationship of the Parties.** BPA agrees to provide and the Transmission Customer agrees to take and pay for Point-to-Point Transmission Service in accordance with the provisions of the Tariff and this Service Agreement. 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, BPA shall offer to incorporate the Statement of Specifications for the requested service into Exhibit C. The Transmission Customer's rights to service under the Tariff are limited to the amount of power it could have purchased from BPA under subsection 5(a) of its 1981 Power Sales Contract (hereinafter referred to as Contract Demand), plus the megawatts for transmission 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 Transmission Demand 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 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 BPA unless the assignee is a DSI customer of BPA, or unless the assignee uses such rights to deliver power to a DSI customer of BPA, in which case the Transmission Customer shall include in the instrument of assignment a provision requiring the assignee to provide Stability Reserves to BPA up to the amount of the capacity rights assigned. The Transmission Customer may accept an assignment of a PTP agreement and/or transmission 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 H shall apply to such transmission, and provided further that the sum of the Transmission Customer's Transmission Demand under this Service Agreement, the Transmission Demand under all Service Agreements of which it has accepted assignment, and the transmission capacity of which it has accepted assignment shall not exceed Contract Demand plus the megawatts for transmission losses associated with such Contract Demand.

- 1.10 The Transmission Customer may request service under this Agreement in excess of the limitation in Article 1.9. Requests for service in excess of such limitation shall be subject to BPA's precedent and policy of providing transmission capacity to its DSI customers in excess of their Contract Demand.

ARTICLE 2

DEFINITIONS

Unless otherwise defined herein, all capitalized terms shall have the meaning set forth in the Tariff.

ARTICLE 3
TERM OF THE SERVICE AGREEMENT

- 3.1 **Effective Date.** This Service Agreement shall be effective at 2400 hours on September 30, 1996, and, except as provided in Article 4.3, service under this Service Agreement shall terminate at 2400 hours on May 5, 2015. Specific Long-Term Firm PTP transactions under this Service Agreement shall commence and terminate as specified in the respective Statements of Specifications incorporated in Exhibit C.
- 3.2 **Additional Service Agreement.** Upon termination or expiration of this Service Agreement, and subject to the outcome of National Environmental Policy Act review, BPA shall offer to extend Transmission Services provided hereunder, of the same quality as, and at terms and conditions consistent with, those offered to entities with the right to request Transmission Service under Section 211 of the Federal Power Act (FPA), provided that, unless the Transmission Customer's obligation to provide stability reserves has expired pursuant to Article 1.7, the Transmission Customer shall continue to provide Stability Reserves pursuant to the terms of Exhibit H or such other terms as the Parties shall agree upon.

ARTICLE 4
CHARGES AND PAYMENTS

- 4.1 **Charges for Transmission Service.** The Transmission Customer shall pay BPA the applicable charges for Transmission Services provided hereunder pursuant to the rate schedules as specified below:
- 4.1.1. PTP Transmission Rate (PTP-96, or its successor) listed in the Wholesale Power and Transmission Rate Schedules.

- 4.1.2. Intertie Rates (IS-96 and IM-96 or their successors) listed in the Wholesale Power and Transmission Rate Schedules.
 - 4.1.3. Ancillary Products and Services Rate (APS-96, or its successor) listed in the Wholesale Power and Transmission Rate Schedules.
 - 4.1.4. Reserved Nonfirm Transmission Rate (RNF-96, or its successor) listed in the Wholesale Power and Transmission Rate Schedules.
 - 4.1.5. Energy Transmission Rate (ET-96, or its successor) listed in the Wholesale Power and Transmission Rate Schedules.
 - 4.1.6. Use-of-Facilities or Advance Funding Rate for facilities listed in Exhibit G (UFT-96 and AF-96, or their successors) listed in the Wholesale Power and Transmission Rate Schedules.
- 4.2 **Billing and Payment.** Bills for all services provided under this Service Agreement shall be rendered monthly by BPA and shall be payable in accordance with the Tariff.
- 4.3 **Commitment to Five-Year Rate.** The Transmission Customer agrees that, until October 1, 2001, it hereby waives its right to: (a) decrease the total amount (in megawatts (MW)) of Long-Term Firm Transmission Demands set forth in Exhibits C-1 and C-3, and (b) terminate service pursuant to Section 16.9 of the Tariff. BPA agrees that such amount constitutes a firm commitment of Transmission Demand through September 30, 2001. Through September 30, 2001, BPA shall charge the Transmission Customer for such amount of Long-Term Firm Transmission Demand at the rates currently established for such service pursuant to the PTP-96, IS-96, or IM-96 rate schedules, and the Transmission Customer agrees to pay such rates pursuant to and consistent with the Transmission Settlement Agreement dated April 4, 1996, as adopted in the Administrator's Record of Decision adopting the 1996 Final Rate

Proposal (Document No. WP-96-A-02, part 2 of 2, Attachment 1). The Transmission Customer's right to dispute any rate increase proposed by BPA to take effect prior to October 1, 2001, shall be pursuant to the Transmission Settlement Agreement.

- 4.4 **BPA Appropriations Refinancing Act, Public Law 104-134.** The Transmission Customer and BPA agree that the provisions of Section 3201(i) of Public Law 104-34 (BPA Refinancing Act) are incorporated in their entirety and hereby made a part of this Service Agreement.

ARTICLE 5
NOTICES

- 5.1 **Notices Relating to Provisions of the Service Agreement.** Any notice, request, demand or statement which is given to or made upon either Party by the other Party under any of the provisions of this Service Agreement, except those notices specified in Article 5.2 below, shall be in writing and shall be considered delivered when either personally delivered to the following or deposited in the mail postage prepaid and properly addressed to the following:

If the notice is to the Transmission Customer:

Energy Supply Manager
Kaiser Aluminum & Chemical Corporation
10220 N. Nevada, Suite 260
Spokane, Washington 99218

If the notice is to BPA:

Transmission Account Executive for Kaiser Aluminum
Bonneville Power Administration
PO Box 3621
Portland, Oregon 97208

- 5.2 **Notices of an Operating Nature.** Any notice, request or demand pertaining to matters of an operating nature, exclusive of requests for additional or modified Transmission Service under the Tariff, shall be sufficient if given in

writing, by telephone, by facsimile, or orally in person to the person designated in writing by the Party as its representative for such purposes, provided that should such notice, request, or demand not be in writing, confirmation thereof shall be made in writing as soon as reasonably practicable thereafter, upon request of the Party being served. The representative for receiving notices pursuant to this Article, and such representative's address, shall be communicated by the Parties under separate letter within 45 days from the date of execution of this Service Agreement.

ARTICLE 6
DISPUTE RESOLUTION

- 6.1 **Good Faith Effort.** The Parties shall make a good faith effort to resolve any dispute over the rights, obligations, or duties of the Parties arising under this Agreement without resort to this Article 6. Any such dispute that cannot be so settled shall be subject to arbitration consistent with the terms of this section. Disputes concerning either the level of a BPA rate or which rate or rate schedule applies to any Transmission Services offered under this Agreement shall not be subject to dispute resolution.
- 6.2 **Notice of Arbitration.** If the Parties are unable to resolve their dispute, then either Party may begin the arbitration process by sending written notice to the other Party that it requests arbitration. The notice shall state the rights, obligations, or duties in dispute and the remedy sought in the arbitration. Within 30 days of receipt of such notice, the Party receiving such notice shall provide the other Party a reply that sets forth its position regarding the issues in dispute.
- 6.3 **Selection of Arbitrator.** Within 15 days following the submission of the reply, the Parties shall agree upon an arbitrator, who shall be familiar with the policies governing the Northwest Interconnected Area transmission systems. If the Parties cannot agree on an Arbitrator, they shall take turns striking names

from a list of ten qualified individuals supplied by the Northwest Regional Transmission Association (NRTA) from the list maintained by the NRTA Board, with a Party chosen by lot first striking a name. The last-remaining individual whose name is not struck shall be designated the Arbitrator.

- 6.4 **Schedule and Procedures.** The Arbitrator shall establish a schedule and procedures for the arbitration. The Arbitrator may conduct the arbitration based solely on written submittals. The Arbitrator shall apply Federal law to resolve the dispute.
- 6.5 **Written Opinion.** The Arbitrator shall issue a written opinion deciding all issues necessary to resolve the dispute and explaining the basis of the decision and award. The Arbitrator shall issue such opinion no later than 115 days after his appointment as Arbitrator.
- 6.6 **Arbitrator's Award.** The Arbitrator's award shall be final and binding on the Parties, provided that either Party may seek judicial review of the Arbitrator's award for fraud, misconduct, misrepresentation, or manifest error, and provided further that with respect to issues arising under the Constitution of the United States, BPA preserves its right to seek judicial resolution of the dispute notwithstanding any decision or award by the Arbitrator.
- 6.7 **Costs.** Each Party shall pay all costs it incurs during the arbitration, including but not limited to attorney's fees and costs of expert witnesses. The costs of the Arbitrator shall be borne by the Party against whom the Arbitrator's decision was rendered.

ARTICLE 7

SYSTEM OPERATIONS

- 7.1 **Control Area Designation.** The Transmission Customer's designation of BPA as its Control Area under this Service Agreement shall not limit the

Transmission Customer's right under section 19 of its Block Sales Agreement to change to another Control Area.

- 7.2 **Stability Reserves.** The Transmission Customer shall provide BPA with Stability Reserves pursuant to Exhibit H. BPA shall compensate the Transmission Customer for providing such Stability Reserves according to the provisions of Exhibit H.

ARTICLE 8
MISCELLANEOUS

- 8.1 **Interconnection with Other Systems.** Nothing contained in this Service Agreement shall restrict or limit either Party from establishing, altering or terminating interconnection points with any entity not a party to this Service Agreement, or from amending or entering into such agreements.
- 8.2 **Governing Law.** This Service Agreement shall be interpreted, construed and enforced in accordance with Federal law.
- 8.3 **Amendments.** Except as provided in Articles 1.1, 8.4, and 8.5, this Service Agreement may be amended only upon mutual agreement of the Parties, which amendment shall be reduced to writing and executed by both Parties.
- 8.4 **Tariff Revisions.** In the event that BPA proposes to revise the Tariff, either on its own initiative or in response to a directive or order of the Commission, BPA may revise this Service Agreement (except for Exhibit H) to remove any irreconcilable differences between this Service Agreement and the proposed revised Tariff, provided that BPA has given the Transmission Customer a copy of the proposed revised Tariff and revised Service Agreement not less than sixty days prior to the date BPA submits such proposed revised Tariff and such revised Service Agreement to the Commission for approval, and provided the Commission approves the proposed revised Tariff and revised Service

Agreement. Within 30 days of receiving the proposed revised Tariff and revised Service Agreement, the Transmission Customer may provide BPA notice of its intent to terminate this Service Agreement in the event that the Commission approves the revised Service Agreement. If the Transmission Customer provides BPA such notice, and the Commission then approves the revised Service Agreement, the Transmission Customer may terminate this Service Agreement by providing BPA an additional notice of its intent to do so, so long as the Transmission Customer provides such additional notice within 30 days after the effective date of Commission approval of the revised Service Agreement. If the Transmission Customer terminates this Service Agreement pursuant to this Article 8.4, the Transmission Customer shall replace the Transmission Service provided under this Service Agreement by commencing other Transmission Service under the Tariff.

8.5 Revision of Exhibits. If any changes to Exhibits C, D, E, F, G, H, or I are necessary to reflect changes specified below, new exhibits shall be substituted for the exhibits then in effect, and shall become effective as of the date specified therein. The Transmission Customer may use the dispute resolution procedures of Article 6 to challenge such changes other than changes in Exhibit F.

8.5.1 Subject to the rights and obligations of the Parties as set forth in the Tariff, if the Parties agree to change Exhibit C pursuant to this Service Agreement, BPA shall prepare a new Exhibit C.

8.5.2 If the Parties execute agreements for a System Impact Study and/or Facilities Study under this Service Agreement, BPA shall prepare a new Exhibit D and/or Exhibit E.

8.5.3 Subject to the provisions of Article 4.3, BPA may change rates pursuant to applicable law and procedures. BPA shall prepare a new Exhibit F.

- 8.5.4 BPA reserves the right to revise Exhibit G annually to reflect changes consistent with the provisions of Exhibit G, section 1. BPA shall prepare a new Exhibit G.
- 8.5.5 If the Parties agree to change Exhibit H pursuant to this Service Agreement, BPA shall prepare a new Exhibit H.
- 8.5.6 If the Parties agree to change Exhibit I pursuant to this Service Agreement, BPA shall prepare a new Exhibit I. BPA reserves the right to update the loss factors identified in Exhibit I, section 2, Transmission Loss Factors.
- 8.6 **Severability.** In the event any term, covenant or condition of this Service Agreement, or any amendment hereto, or the application of such term, covenant or condition shall be held invalid as to any Party or circumstance by the Commission or by any court having jurisdiction, all other terms, covenants and conditions of this Service Agreement or any amendment hereto and their application shall remain in full force and effect.
- 8.7 **Computation of Time.** To compute any period of time prescribed or allowed by this Service Agreement, the day of the act, event or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included unless it is a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day which is not a Saturday, Sunday, or legal holiday. For purposes of the administration of this Service Agreement, Pacific Time shall be used.
- 8.8 **No Third Party Beneficiaries.** This Service Agreement creates rights and obligations only between the Parties hereto. The Parties hereto do not intend to create any obligation or promise of performance to any third person or entity, nor have the Parties conferred any right to enforce this Service Agreement or

any remedy upon any person or entity other than the Parties hereto, their respective successors and assigns.

- 8.9 **Waivers.** Any waiver at any time by either Party of its rights with respect to a default under this Service Agreement, or with respect to any other matter arising in connection with this Service Agreement, shall not be deemed a waiver with respect to any other or subsequent default or matter.
- 8.10 **Successors and Assigns.** This Service Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.
- 8.11 **Transmission on Non-Federal Systems.** BPA shall make best efforts to request and purchase, on the Transmission Customer's behalf, Transmission Services identified by the Transmission Customer from Northwest RTG members or Westside RTG members, or from any transmitting utility pursuant to sections 211 and 212 of the Federal Power Act. The amount so purchased (not including transmission purchased to deliver power from another transmission system to BPA's system) together with the Transmission Customer's Transmission Demand under this Service Agreement and the Transmission Demand and capacity of which the Transmission Customer has accepted assignment pursuant to Article 1.10, shall not exceed Contract Demand plus the megawatts for transmission losses associated with such Contract Demand. The Transmission Customer shall reimburse BPA for all of the costs incurred in complying with this provision.
- 8.12 **Service Agreement Governs.** In the event of any irreconcilable difference between the Tariff and this Service Agreement, the language of this Service Agreement shall govern.
- 8.13 **Entire Agreement.** This Service Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof, and

there are no other understandings or agreements between the Parties with respect hereto.

IN WITNESS WHEREOF, the duly authorized representatives of BPA and the Transmission Customer have executed this Service Agreement as of the date first above written.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: Robert D. King
Transmission Account Executive

Name: Robert D. King

Date: March 27, 1998

KAISER ALUMINUM & CHEMICAL CORPORATION

By: S. Peter Forsyth

Name: S. PETER FORSYTH
Print/Type

Title: VICE-PRESIDENT, NW AFFAIRS

Date: MARCH 31, 1998

Exhibit A, Page 1 of 1
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical
Corporation
Effective at 2400 hours
on September 30, 1996

(See Open Access Transmission Tariff)

Exhibit B, Page 1 of 1
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical
Corporation
Effective at 2400 hours
on September 30, 1996

(See Application for PTP Transmission Service)

**STATEMENT OF SPECIFICATIONS FOR LONG-TERM FIRM
TRANSMISSION SERVICE**

**Exhibit C-1: Long-Term Purchase Associated with the Block Sale
Agreement, Contract No. 95MS-94861**

1. TERM OF TRANSACTION

Start Date: September 30, 1996, at 2400 hours

Termination Date: September 30, 2001, at 2400 hours, or on the date, if
earlier, of Kaiser's termination of Contract No. 95MS-94861

**2. DESCRIPTION OF CAPACITY AND/OR ENERGY TO BE
TRANSMITTED BY BPA ACROSS THE FEDERAL COLUMBIA
RIVER TRANSMISSION SYSTEM**

Federal capacity and/or energy under Contract No. 95MS-94861 and
transmission for allowed load variations under Contract No. 95MS-94861,
provided that non-Federal capacity and/or energy may be transmitted
consistent with Kaiser's rights to shape deliveries of Federal energy under
Contract No. 95MS-94861.

3. CONTROL AREA SCHEDULING AGENT WWP
WWP WWP

Point(S) Of Interconnection (POI)
BPA System

Delivering Party
BPA

4. POINT(S) OF DELIVERY (POD)

- (a) Tacoma Substation
- (b) Bell Substation
- (c) Trentwood Substation

5. **MAXIMUM AMOUNT OF CAPACITY AND/OR ENERGY TO BE TRANSMITTED AT EACH POINT OF INTERCONNECTION AND POINT OF DELIVERY**

POI	202 MW (Oct 1, 1996 - Sept 30, 1998) 268 MW (Oct 1, 1998 - Sept 30, 2001)
POD (Tacoma)	154 MW (Oct 1, 1996 - Sept 30, 2001)
POD (Bell)	00 MW (Oct 1, 1996 - Sept 30, 1998) 58 MW (Oct 1, 1998 - Sept 30, 2001)
POD (Trentwood)	48 MW (Oct 1, 1996 - Sept 30, 1998) 56 MW (Oct 1, 1998 - Sept 30, 2001)

6. **DESCRIPTION OF POINTS OF INTERCONNECTION**
No specific POI will be established. The POI is deemed to be the BPA System.

7. **DESCRIPTION OF POINTS OF DELIVERY**

(a) **Tacoma Substation**

Location. In the Government's Tacoma Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Tacoma Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(b) **Bell Substation**

Location. In the Government's Glenn H. Bell Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Glenn H. Bell Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(c) Trentwood Substation

Location. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Voltage. 6.9 kV

Metering. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

8. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE OBLIGATION

None

9. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

None

10. SHORT DISTANCE DISCOUNT

None

**STATEMENT OF SPECIFICATIONS FOR LONG-TERM FIRM
TRANSMISSION SERVICE**

Exhibit C-2: Bell to Trentwood

1. TERM OF TRANSACTION

Start Date: October 1, 1996

Termination Date: March 31, 1997

**2. DESCRIPTION OF CAPACITY AND/OR ENERGY TO BE
TRANSMITTED BY BPA ACROSS THE FEDERAL COUMBIA RIVER
TRANSMISSION SYSTEM**

Point-to-Point service for Kaiser purchase from Cogentrix Energy Power
Marketing

3. CONTROL AREA SCHEDULING AGENT
WWP WWP

Point(S) Of Interconnection
Bell Substation

Delivering Party
Cogentrix Energy Power Marketing scheduled by Washington Water Power

4. POINT(S) OF DELIVERY
Trentwood Substation

**5. MAXIMUM AMOUNT OF CAPACITY AND/OR ENERGY TO BE
TRANSMITTED AT EACH POINT OF INTERCONNECTION AND
POINT OF DELIVERY**

POI (Bell) 8 MW

POD (Trentwood) 8 MW

6. DESCRIPTION OF POINTS OF INTERCONNECTION

Bell Substation

Location. In the Government's Glenn H. Bell Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Transmission Demand. 8,000 kilowatts (kW)

Metering. In the Government's Glenn H. Bell Substation, in the 13.8 kV circuits over which such electric power flows

Delivering Party/Resource. Cogentrix Energy Power Marketing scheduled by WWP

Control Area. BPA

7. DESCRIPTION OF POINTS OF DELIVERY

Trentwood Substation

Location. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Voltage. 6.9 kV

Metering. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

8. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE OBLIGATION

None

9. **NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING
TRANSMISSION SERVICE**

None

10. **SHORT DISTANCE DISCOUNT**

$$\frac{0.6 + (0.4 \times \text{transmission distance})}{75}$$

Where transmission distance equals 11

**STATEMENT OF SPECIFICATIONS FOR LONG-TERM FIRM
TRANSMISSION SERVICE**

**Exhibit C-3: Dynamically Scheduled Capacity on BPA system to ensure
Kaiser load-peaking capability**

1. TERM OF TRANSACTION

Start Date: September 30, 1996, at 2400 hours

Termination Date: September 30, 2001, at 2400 hours

**2. DESCRIPTION OF CAPACITY AND/OR ENERGY TO BE
TRANSMITTED BY BPA ACROSS THE FEDERAL COLUMBIA
RIVER TRANSMISSION SYSTEM**

Reserve capacity to ensure Kaiser load-peaking capability

3. CONTROL AREA SCHEDULING AGENT
WWP WWP

Points Of Interconnection
Vantage Substation

Delivering Party
BPA

4. POINT(S) OF DELIVERY

- (a) Tacoma Substation
- (b) Bell Substation
- (c) Trentwood Substation

5. MAXIMUM AMOUNT OF DYNAMICALLY SCHEDULED CAPACITY AND/OR ENERGY TO BE TRANSMITTED AT EACH POINT OF INTERCONNECTION¹ AND POINT OF DELIVERY

POI Vantage Substation	48 MW (Oct. 1, 1996 - Sept. 30, 1998)
	48 MW (Oct. 1, 1998 - Sept. 30, 2001)
POD (Tacoma)	6 MW (Oct. 1, 1996 - Sept. 30, 1998)
	6 MW (Oct. 1, 1998 - Sept. 30, 2001)
POD (Bell)	26 MW (Oct. 1, 1996 - Sept. 30, 1998)
	26 MW (Oct. 1, 1998 - Sept. 30, 2001)
POD (Trentwood)	16 MW (Oct. 1, 1996 - Sept. 30, 1998)
	16 MW (Oct. 1, 1998 - Sept. 30, 2001)

6. DESCRIPTION OF POINTS OF INTERCONNECTION²

(a) Vantage Substation

Location. The points in the Vantage Substation where the 230 kV facilities of the Government and Grant County PUD are connected

Voltage. 230 kV

Transmission Demand. As detailed in section 5 above

Metering. In the Vantage Substation, in the 230 kV circuits over which such electric power flows

<i>Delivering Party</i>	<i>Resource</i>
WWP	Dynamically Scheduled capacity

Control Area. Grant County PUD

¹ This capacity shall not be reassigned by Kaiser, nor resold by BPA.

² This interconnection is between BPA and Grant County PUD. Washington Water Power is responsible for any necessary interconnection arrangements with Grant County PUD.

7. DESCRIPTION OF POINTS OF DELIVERY

(a) Tacoma Substation

Location. In the Government's Tacoma Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Tacoma Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(b) Bell Substation

Location. In the Government's Glenn H. Bell Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Glenn H. Bell Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(c) Trentwood Substation

Location. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Voltage. 6.9 kV

Metering. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

8. **DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE
OBLIGATION**

None

9. **NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING
TRANSMISSION SERVICE**

None

10. **SHORT DISTANCE DISCOUNT**

None

Exhibit D, Page 1 of 1
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical
Corporation
Effective at 2400 hours
on September 30, 1996

SYSTEM IMPACT STUDY AGREEMENT

A System Impact Study is not required at this time for service under this Service Agreement.

Exhibit E, Page 1 of 1
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical
Corporation
Effective at 2400 hours
on September 30, 1996

FACILITIES STUDY AGREEMENT

A Facilities Study is not required at this time for service under this Service Agreement.

Exhibit F, Page 1 of 1
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical
Corporation
Effective at 2400 hours
on September 30, 1996

(See Wholesale Power and Transmission Rate Schedules)

FACILITIES CHARGES

1. CHARGES ASSOCIATED WITH SERVICE OVER DSI DELIVERY FACILITIES

(a) (The DSI Delivery Charge uses Use-of-Facilities Charge Methodology)

<u>Facility</u>	<u>Investment</u>	<u>I&A</u> ^{1/} <u>Annual</u> <u>Cost Ratio</u>	<u>I&A</u> <u>Annual</u> <u>Cost</u>	<u>O&M</u> ^{2/} <u>Annual</u> <u>Cost</u>	<u>Facility</u> <u>Charge</u> <u>\$/yr</u>
Bell Substation	\$9,132,636	9.22%	\$842,029	\$210,940	\$1,052,969
Tacoma Substation	\$2,635,959 ^{4/}	9.22% ^{5/}	\$243,035	\$109,475 ^{3/}	\$ 352,510
Trentwood Substation	\$3,411,241 ^{6/}	9.48% ^{7/}	\$323,386	\$66,788	\$ 390,174

Total Monthly Use-of-Facilities Charge (Bell) = \$1,052,969/12 = \$87,747
 Total Monthly Use-of-Facilities Charge (Tacoma) = \$352,510/12 = \$29,376
 Total Monthly Use-of-Facilities Charge (Trentwood) = \$390,174/12 = 32,514

- ^{1/} Investment and amortization
- ^{2/} Operations and maintenance
- ^{3/} Based on O&M table dated 4/2/97
- ^{4/} The costs for Bell Substation capacitor groups 2, 3, 4, 5 and 7 are covered by lease agreement, Contract No. EW-78-Y-83-0006
- ^{5/} Based on ACR table dated 4/2/97, column 8 minus column 5 for H5 substation category
- ^{6/} The costs for Tacoma Substation capacitor groups 4 and 5 are covered by lease agreement, Contract No. EW-78-Y-83-0006
- ^{7/} Based on ACR table dated 4/2/97, Column 8 minus Column 5 for U substation category

(b) Changes in Costs and Demands

This Exhibit G may be revised annually to reflect changes in (1) I&A annual cost ratios; (2) O&M annual cost; and (3) investments in facilities. Any changes in the costs used in calculating the Delivery Charge in this Exhibit G are subject to the dispute resolution provisions of Article 6.

Exhibit G, Page 2 of 2
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical
Corporation
Effective at 2400 hours
on September 30, 1996

2. **DIRECT ASSIGNMENT FACILITIES CHARGES**

None

3. **FORMER UFT FACILITIES**

Tacoma, Bell and Trentwood Substations

Stability Reserves

The Transmission Customer shall provide Stability Reserves up to the Transmission Demand, exclusive of Transmission Demand used for deliveries of firm power purchased under the Block Sale, for Transmission Services provided pursuant to this 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 BPA to the Transmission Customer restricting delivery of energy under this Agreement. The end of the Event shall be identified by the BPA dispatcher's notification to the Transmission Customer that transmission of all energy to which the Transmission Customer is entitled under this 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 BPA Stability Reserves rights under this 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 BPA 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 BPA 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 BPA 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 BPA 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 BPA restricts less than its full entitlement in any Event Minute, then for purposes of defining the Event, the Event Minutes and Event Duration, BPA shall be deemed to have restricted the entire amount of energy wheeled under this Agreement.
- (d) "Material Plant Damage" means the inability of the Company 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, provided, however, that for purposes of this agreement, Restricted Energy shall not include energy scheduled under the Block Sale.
- (f) "Stability Reserves" are those reserves, provided by the Transmission Customer under this 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. Stability Reserves provided under this Agreement shall not include, without limitation: (1) stability reserves provided by the Transmission Customer in the Block Sale; or (2) operating reserves or forced outage reserves that BPA has acquired under the Block Sale or under other agreements.

2. AMOUNT OF STABILITY RESERVES

When necessary to provide Stability Reserves, BPA may restrict deliveries of energy wheeled under this Agreement to the Transmission Customer's

aluminum smelter load (which shall not include wheel turning loads) pursuant to the schemes listed in Exhibit F 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 Agreement for a period of up to 30 Event Minutes per Event;
- (b) provided, that BPA 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, exclusive of energy purchased under the Block Sale; provided, that if the wheel turning load is served exclusively by a supplier other than BPA 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 Agreement, BPA 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 BPA's ability to notify the Transmission Customer of the end of an Event.

Notwithstanding any other provision of this Agreement, including the breach and damages provisions, BPA shall have no contractual right under this Agreement which would cause the Transmission Customer to incur Material Plant Damages: provided, BPA 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 [*Stability Reserve Schemes*] 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 Exhibit F, BPA 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 Transmission Demand less the sum of the monthly demands under the Block Sale.

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, BPA 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 Agreement or anything herein related to the compensation for Stability Reserves in BPA's rate cases or similar forums or in a proceeding under section 7.
- (d) BPA'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 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 BPA 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 Plant Damage, BPA 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 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 BPA under this Agreement shall be deemed stored, at no charge, and shall not be spilled. Subject to transmission availability, BPA 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, BPA'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 BPA, the arbitrator or any other party in any proceeding under Article 6 of this Agreement 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. BPA 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 BPA 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 Agreement,
- (b) the need to apply Stability Reserve schemes listed in section 10 and additional Stability Reserve scheme(s) to energy wheeled under this 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) BPA shall consult with the Transmission Customer on the need for, operational characteristics as they affect the Transmission Customer of, and compensation for such scheme(s), and;
 - (2) BPA 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, BPA 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 Transmission Demand.

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.

Exhibit H, Page 8 of 8
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical
Corporation
Effective at 2400 hours
on September 30, 1996

10. STABILITY RESERVE SCHEMES

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

ANCILLARY SERVICES

1. ANCILLARY SERVICES PROVIDED

	<u>Provided By</u>	<u>Contract No.</u>
(a) Scheduling and Dispatch	BPA (TBL)- WWP ¹	96MS-96107
(b) Energy Imbalance	BPA (TBL)- WWP ¹	96MS-96107
(c) Control Area Reserves for Resources	BPA (TBL)- WWP ¹	96MS-96107
(d) Control Area Reserves for Interruptible Purchases	BPA (TBL)- WWP ¹	96MS-96107
(e) Load Regulation	BPA (TBL)- WWP ¹	96MS-96107
(f) Reactive Supply and Voltage Control	BPA (TBL)	96MS-96107
(g) Transmission Losses	BPA (TBL)	96MS-96107

Compensation for Transmission Losses associated with the delivery of power over the FCRTS under this Service Agreement shall be governed by the following provisions:

- (1) Transmission Losses Associated With Federal Power. Losses associated with Federal power purchased pursuant to BPA's PF-96, NR-96 and IP-96 Wholesale Power and Transmission Rate Schedules are provided by BPA and included in the rate for such power. No additional compensation is required.
- (2) Transmission Losses Associated With Non-Federal Power and Other Classes Of Federal Power. The Transmission Customer shall compensate BPA for losses BPA incurs when providing Transmission Service over the FCRTS for non-Federal power

¹ These services provided by BPA through the day prior to Transmission Customer's shift to WWP's Control Area. Beginning with date of shift, services shall be provided by WWP.

and other classes of Federal Power (unless otherwise specified in the Transmission Customer's contract for the purchase of such power) integrated at Points of Interconnection, except those amounts associated with purchases specified in 1(g)(1) above. The compensation shall be determined by multiplying the amount of power delivered under this Service Agreement by the applicable Loss Factor listed below in section 2; and

- (A) adding the resulting amount to the billing factor for the Transmission Customer's purchase of Federal Power; or
 - (B) Transmission Customer's purchasing the resulting amount from BPA pursuant to the APS-96 rate schedule (or its successor) for Transmission Losses; or
 - (C) Transmission Customer's returning the amount to BPA from a single Control Area 168 hours after the time of delivery of power for which compensation for losses is required.
- (3) Transmission Losses Associated with Delivery Facilities. Transmission Losses associated with Delivery Facilities shall be determined annually, by Fiscal Year², pursuant to the following procedure:
- (A) determining the ratio of power delivered over Delivery Facilities to the total power delivered to the Transmission Customer over the FCRTS; and
 - (B) multiplying the resulting ratio by the total amount delivered to the Transmission Customer less amounts described in paragraph 1(g)(1) above; and
 - (C) multiplying the result derived in step 1(g)(3)(B) by the Delivery Facility loss factor listed below in section 2 and providing the compensation pursuant to 1(g)(2)(B) as specified in the annual notification letter described in 1(g)(4)(A)
- (4) Notification. Each Fiscal Year, except the Fiscal Year during which this Service Agreement is executed, BPA shall send a letter by August 1 requesting that the Transmission Customer choose one of the methods described in 1(g)(2). The Transmission Customer shall indicate in the letter its choice

² Fiscal Year is defined as the twelve-month period from October 1 through September 30.

for compensating BPA for Transmission Losses during the following Fiscal Year, countersign the letter and return one copy to BPA by September 1 of the then-current Fiscal Year. The countersigned letter shall serve as the Transmission Customer's confirmation, and shall constitute a revision to section 1(g)5 of Exhibit I.

- (B) If the Transmission Customer selects option 1(g)(2)(C) above, the Transmission Customer shall designate in the letter the single Control Area the Transmission Customer will use during the subsequent Fiscal Year.
- (C) In the event that, in any Fiscal Year, the Transmission Customer does not notify BPA by September 1 of the method it has chosen, the Transmission Customer's compensation method shall be the method used for the then-current Fiscal Year.

- (5) Transmission Customer's Method of Compensation for Annual Transmission Losses during a Fiscal Year. The Transmission Customer has elected to purchase Transmission Losses at a rate of 14.25 mills per kWh for the period 2400 hours September 30, 1996, through 2400 hours September 30, 1997. The purchase price is applied to all applicable transmission loss factors listed below in section 2.

2. TRANSMISSION LOSS FACTORS

Network Loss Factor:	1.9 per cent of kWh delivered
ET Loss Factor:	1.9 per cent of kWh delivered
Delivery Facility Loss Factor:	0.6 per cent of kWh delivered
IS Loss Factor:	3.0 per cent of kWh delivered

BPA reserves the right, after consultation with the Transmission Customer, to review the loss methodology and revise this Exhibit I as appropriate, but not more frequently than once in a 12-month period, to incorporate loss factors which represent then-current FCRTS operating conditions. BPA shall prepare a new Exhibit I incorporating any revision. The revised exhibit shall become effective as of the date specified therein.

(w:\mcp\tmc\ct\96107.doc)

AMENDMENT
executed by the
BONNEVILLE POWER ADMINISTRATION
and
KAISER ALUMINUM & CHEMICAL CORPORATION

This Amendment to the Service Agreement for Point-To-Point Transmission (Agreement) is executed by the Bonneville Power Administration Transmission Business Line (Transmission Provider) and Kaiser Aluminum & Chemical Corporation (Transmission Customer).

The Transmission Provider and the Transmission Customer wish to update the notices article of the Agreement, using pro forma contract language from the Transmission Provider's current Tariff.

The Transmission Provider and the Transmission Customer agree:

1. EFFECTIVE DATE

This Amendment shall take effect on October 1, 2001.

2. AMENDMENT OF AGREEMENT

Article 5 of the Agreement is deleted and replaced by the following:

ARTICLE 5
NOTICES

- 5.1 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.

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

Kaiser Aluminum & Chemical
Corporation
534 East Trent Avenue, Suite 300
Spokane, WA 99202
Attention: Mr. Joseph Hoerner
Title: Energy Supply Manager
Phone: (509) 242-1074
Fax: (509) 242-1098

Bonneville Power Administration
P.O. Box 491
Vancouver, WA 98666-0491
Attention: Transmission Account
Executive for Kaiser Aluminum &
Chemical Corporation – TM/Ditt2
Phone: (360) 418-2033
Fax: (360) 418-8320

5.2 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:

Kaiser Aluminum & Chemical
Corporation
534 East Trent Avenue, Suite 300
Spokane, WA 99202
Attention: Mr. Joseph Hoerner
Title: Energy Supply Manager
Phone: (509) 242-1074
Fax: (509) 242-1098

Bonneville Power Administration
Bell Substation
E. 2400 Hawthorne Rd.
Mead, WA 99021
Attention: Chief Operator –
TSFB/Bell
Phone: (509) 465-1039
Fax: (509) 465-1070

5.3 Scheduling Agent. The Transmission Customer has designated the following scheduling agent. This designation is for the ensuing fiscal year. Further designations, in writing, shall be required for each subsequent fiscal year. During any fiscal year, a maximum of two changes of designated Scheduling Agent may be made upon sixty days advance written notice from the Transmission Customer to the Account Executive.

Avista Corp.
P.O. Box 3727
Spokane, WA 99220-3727
Attention: Mr. Jason Thackston
Phone: (509) 495-8550 Cell: (509) 990-8804
Fax: (509) 777-5892
E-Mail: jason.thackston@avistacorp.com

4. SIGNATURES

The signatories represent that they are authorized to enter into this Amendment on behalf of the Party for whom they sign.

KAISER ALUMINUM & CHEMICAL CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: *Joseph Hoerner*

By: *Robert D. King*

Name: Joseph Hoerner
(Print/Type)

Name: Robert D. King
(Print/Type)

Title: Energy Supply Manager

Title: Senior Transmission Account Executive

Date: October 30, 2001

Date: 10/11/01

(W:\TMC\CT\Kaiser\Amendments\96107AA1.doc) 10/03/01



Department of Energy

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

TRANSMISSION BUSINESS LINE

September 26, 1997

In reply refer to: TMC/Lloyd

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, WA 99218

Dear Mr. Hoerner:

As you are aware, the draft Point-to-Point (PTP) Transmission Service Agreement, Contract No. 96MS-96107, pursuant to which your transmission service is currently being provided, was developed in accordance with the requirements of the Bonneville Power Administration's (BPA) PTP Service Tariff. BPA's Service Tariffs, and the contract templates and contract drafts based on the tariffs, are currently under review by the Federal Energy Regulatory Commission (FERC).

BPA shall extend the transmission service under the letter agreement dated September 30, 1996 and signed by the Parties. Such extended transmission service shall be provided under the current transmission arrangements, detailed in the latest contract draft No. 7 dated August 20, 1997, through the period ending January 31, 1998.

The Parties shall negotiate, in good faith, all unresolved issues in order to enable execution of the Service Agreement.

If Kaiser agrees with the statements in this letter, please so indicate by signing below and returning one copy with original signatures to me within five (5) working days.

ACCEPTED:

KAISER ALUMINUM COMPANY

By

Joseph P. Hoerner

Name

JOSEPH P. HOERNER
(Print/Type)

Title

ENERGY SUPPLY MANAGER

Date

9/29/97

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By

Robert D. King

Name

Robert D. King
(Print/Type)

Date

September 26, 1997



Department of Energy
Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

February 2, 1998

In reply refer to: TM/Ditt2

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, Washington 992 18

Dear Mr. Hoerner:

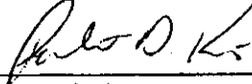
As you are aware, the draft Point-to-Point (PTP) Transmission Service Agreement, Contract No. 96MS-96107, pursuant to which Kaiser Aluminum Company's (Kaiser) transmission service is currently being provided, was developed in accordance with the requirements of the Bonneville Power Administration's (BPA) PTP Service Tariff. BPA has replaced the PTP Service Tariff with the Open Access Transmission Tariff which, along with the contract templates and contract drafts based on this tariff, is currently under review by the Federal Energy Regulatory Commission (FERC).

BPA shall extend the transmission service under the letter agreement dated September 30, 1996 and signed by the Parties. Such extended transmission service shall be provided under the current transmission arrangements detailed in the latest version of the contract provided to Kaiser on January 29, 1998. The period of this extension shall terminate on February 28, 1998.

The Parties shall negotiate, in good faith, all unresolved issues in order to enable execution of the Service Agreement.

If Kaiser agrees with the statements in this letter, please so indicate by signing below and returning one copy with original signatures to me within five (5) working days.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 
Transmission Account Executive

Name Robert D. King
(Print or type)

Date Feb 2, 1998

CONCURRENCE

KAISER ALUMINUM COMPANY

By 

Name Joseph P Huerner
(Print/Type)

Title Energy Supply MGR

Date 2/4/98



Department of Energy
Bonneville Power Administration
Boise Customer Service Center
1101 West River, Suite 250
Boise, Idaho 83702

March 28, 1997

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, WA 99218

Dear Mr. Hoerner:

As you are aware, the Bonneville Power Administration (BPA) recently provided to Kaiser Aluminum Company (Kaiser) a revised draft Point-to-Point Service Agreement, Contract No. 96MS-96107 (draft date 3/12/97) for your review. Upon completion of your review, we shall prepare the contract offer. Inasmuch as I currently plan to prepare the contract offer during the month of April, I would appreciate your providing comments on the draft agreement at your earliest convenience.

Your transmission service, which is currently being provided under the letter dated September 30, 1996, signed by BPA and Kaiser (the Parties), is pursuant to the terms and conditions specified in the draft Service Agreement dated October 2, 1996. Unless otherwise agreed, BPA shall extend the transmission service under the current arrangements to the period ending May 31, 1997, while the contract offer is being finalized.

The Parties shall negotiate, in good faith, all unresolved issues in order to produce a final draft of the Service Agreement.

If Kaiser agrees with the statements in this letter, please indicate by signing below and returning one copy with original signatures to me within five (5) working days.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By Robert D. King
Senior Account Executive

Name Robert D. King
(Print/Type)

Date March 28, 1997

CONCURRENCE

KAISER ALUMINUM COMPANY

By Joseph P. Hoerner

Name JOSEPH P. HOERNER
(Print/Type)

Title ENERGY SUPPLY MANAGER

Date 4/16/97

MAY 30 1997



Department of Energy
Bonneville Power Administration
Boise Customer Service Center
1101 West River, Suite 250
Boise, Idaho 83702

May 23, 1997

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, WA 99218

Dear Mr. Hoerner:

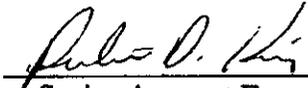
As you are aware, the Bonneville Power Administration (BPA) recently provided to Kaiser Aluminum Company (Kaiser) a revised draft Point-to-Point Service Agreement, Contract No. 96MS-96107 (draft date March 12, 1997) for your review. We shall shortly be providing a final draft for your review. This final draft will incorporate revisions from your review of the March 12, 1997, draft, as well as updated language provided to BPA contract staff by BPA's legal staff. Upon completion of your review of the latest revisions to the contract draft, we shall prepare the contract offer. Inasmuch as I currently plan to prepare the contract offer during the month of June, I would appreciate your providing comments on the final draft agreement at your earliest convenience.

Your transmission service, which is currently being provided under the letter dated September 30, 1996, signed by BPA and Kaiser (the Parties), is pursuant to the terms and conditions specified in the draft Service Agreement dated October 2, 1996. Unless otherwise agreed, BPA shall extend the transmission service under the current arrangements to the period ending June 30, 1997, while the contract offer is being finalized.

The Parties shall negotiate, in good faith, all unresolved issues in order to produce a final draft of the Service Agreement.

If Kaiser agrees with the statements in this letter, please indicate by signing below and returning one copy with original signatures to me within five (5) working days.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By 
Senior Account Executive

Name Robert D. King
(Print/Type)

Date MAY 23, 1997

CONCURRENCE

KAISER ALUMINUM COMPANY

By 

Name Joseph P. Hoerner
(Print/Type)

Title ENERGY SUPPLY MGR

Date 5/27/97

JUL 03 1997

Department of Energy
Bonneville Power Administration
Boise Customer Service Center
1101 West River, Suite 250
Boise, Idaho 83702

June 25, 1997

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, WA 99218

Dear Mr. Hoerner:

As you are aware, the Bonneville Power Administration (BPA) recently provided to Kaiser Aluminum Company (Kaiser) a revised draft Point-to-Point Transmission Service Agreement, Contract No. 96MS-96107 (Draft date 5/19/97) for your review. Upon completion of your review, we shall prepare the contract offer. Inasmuch as I currently plan to prepare the contract offer during the Month of July, I would appreciate your providing comments on the draft agreement at your earliest convenience.

Your transmission service, which is currently being provided under the letter dated September 30, 1996, signed by BPA and Kaiser (the Parties), is pursuant to the terms and conditions specified in the draft Service Agreement dated October 2, 1996. Unless otherwise agreed, BPA shall extend the transmission service under the current arrangements to the period ending July 31, 1997, while the contract offer is being finalized.

The Parties shall negotiate, in good faith, all unresolved issues in order to enable execution of the Service Agreement.

If Kaiser agrees with the statements in this letter, please so indicate by signing below and returning one copy with original signatures to me within five (5) working days.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By Robert D. King
Senior Account Executive

Name Robert D. King
(Print or type)

Date June 25, 1997

CONCURRENCE

KAISER ALUMINUM COMPANY

By Joseph P. Hoerner

Name JOSEPH P. HOERNER
(Print/Type)

Title ENERGY SLABBY MGR

Date 6/30/97

AUG 07 1997



Department of Energy
Bonneville Power Administration
Boise Customer Service Center
1101 West River, Suite 250
Boise, Idaho 83702

July 30, 1997

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, WA 99218

Dear Mr. Hoerner:

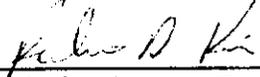
As you are aware, the Bonneville Power Administration (BPA) recently provided to Kaiser Aluminum Company (Kaiser) a revised draft Point-to-Point Transmission Service Agreement, Contract No. 96MS-96107 (Draft date 5/19/97) for your review. Upon completion of your review, we shall prepare the contract offer. Inasmuch as I currently plan to prepare the contract offer during the Month of August, I would appreciate your providing comments on the draft agreement at your earliest convenience.

Your transmission service, which is currently being provided under the letter dated September 30, 1996, signed by BPA and Kaiser (the Parties), is pursuant to the terms and conditions specified in the draft Service Agreement dated October 2, 1996. Unless otherwise agreed, BPA shall extend the transmission service under the current arrangements to the period ending August 31, 1997, while the contract offer is being finalized.

The Parties shall negotiate, in good faith, all unresolved issues in order to enable execution of the Service Agreement.

If Kaiser agrees with the statements in this letter, please so indicate by signing below and returning one copy with original signatures to me within five (5) working days.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

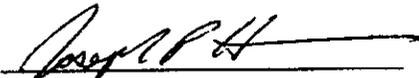
By 
Senior Account Executive

Name Robert D. King
(Print or type)

Date July 30, 1997

CONCURRENCE

KAISER ALUMINUM COMPANY

By 

Name JOSEPH P. HEAVER
(Print/Type)

Title ENERGY SUPPLY MGR

Date 7/31/97

Official File



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

TRANSMISSION BUSINESS LINE

August 22, 1997

In reply refer to: TMC/Lloyd

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, Washington 99218

Dear Mr. Hoerner:

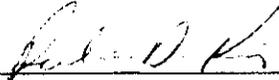
As you are aware, the Bonneville Power Administration (BPA) recently provided to Kaiser Aluminum Company (Kaiser) a revised draft Point-to-Point Transmission Service Agreement, Contract No. 96MS-96107 (Draft date 5/19/97) for your review. Upon completion of your review, we shall prepare the contract offer. Inasmuch as I currently plan to prepare the contract offer during the Month of September, I would appreciate your providing comments on the draft agreement at your earliest convenience.

Your transmission service, which is currently being provided under the letter dated September 30, 1996, signed by BPA and Kaiser (the Parties), is pursuant to the terms and conditions specified in the draft Service Agreement dated October 2, 1996. Unless otherwise agreed, BPA shall extend the transmission service under the current arrangements to the period ending September 30, 1997, while the contract offer is being finalized.

The Parties shall negotiate, in good faith, all unresolved issues in order to enable execution of the Service Agreement.

If Kaiser agrees with the statements in this letter, please so indicate by signing below and returning one copy with original signatures to me within five (5) working days.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

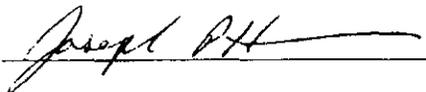
By 
Senior Account Executive

Name Robert D. King
(Print or type)

Date Aug 26, 1997

CONCURRENCE

KAISER ALUMINUM COMPANY

By 

Name JOSEPH P. HOERNER
(Print/Type)

Title ENERGY SUPPLY MGR

Date 8/26/97



Department of Energy
Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

February 27, 1998

In reply refer to: TM/DITT2

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum Company
10220 N. Nevada, Suite 260
Spokane, Washington 992 18

Dear Mr. Hoerner:

As you are aware, the draft Point-to-Point (PTP) Transmission Service Agreement, Contract No. 96MS-96107, pursuant to which Kaiser Aluminum Company's (Kaiser) transmission service is currently being provided, was developed in accordance with the requirements of the Bonneville Power Administration's (BPA) PTP Service Tariff. BPA has replaced the PTP Service Tariff with the Open Access Transmission Tariff, which, along with the contract templates and contract drafts based on this tariff, is currently under review by the Federal Energy Regulatory Commission (FERC).

BPA shall extend the transmission service under the letter agreement dated September 30, 1996 and signed by the Parties. Such extended transmission service shall be provided under the current transmission arrangements detailed in the latest version of the contract provided to Kaiser on January 29, 1998. The period of this extension shall terminate on March 31, 1998.

The Parties shall negotiate, in good faith, all unresolved issues in order to enable execution of the Service Agreement.

If Kaiser agrees with the statements in this letter, please so indicate by signing below and returning one copy with original signatures to me within five (5) working days.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

BY Robert D. King
Senior Account Executive

Name Robert D. King
(Print or type)

Date Feb 27, 1998

CONCURRENCE

KAISER ALUMINUM COMPANY

By Joseph P. Hoerner

Name JOSEPH P. HOERNER
(Print/Type)

Title ENERGY SUPPLY MGR.

Date 3/5/98

5. MAXIMUM AMOUNT OF CAPACITY AND/OR ENERGY TO BE TRANSMITTED AT EACH POINT OF INTERCONNECTION AND POINT OF DELIVERY

- (a) POI BPA System 202 MW (Oct 1, 1996 - Sept 30, 1998)
268 MW (Oct 1, 1998 - Sept 30, 2001)
- (b) POI Rocky Rch. 268 MW (Jan 1, 1999 – Sept 30, 2001)

POD (Tacoma) 154 MW (Oct 1, 1996 - Sept 30, 2001)

POD (Bell) 00 MW (Oct 1, 1996 - Sept 30, 1998)
58 MW (Oct 1, 1998 - Sept 30, 2001)

POD (Trentwood) 48 MW (Oct 1, 1996 - Sept 30, 1998)
56 MW (Oct 1, 1998 - Sept 30, 2001)

6. DESCRIPTION OF POINTS OF INTERCONNECTION

(a) No specific Federal POI will be established. The POI is deemed to be the BPA System.

(b) Rocky Reach Substation

Location. the points in the Government's Rocky Reach Substation where the 230 kV facilities of the Government and Chelan County PUD are connected.

Voltage. 230 kV

Transmission Demand. 268 MW

Metering. in the 230 kV circuit over which such Electric Power flows

Delivering Party. Chelan County PUD

Resource. Off-System Purchase

Control Area. Chelan County PUD

7. DESCRIPTION OF POINTS OF DELIVERY

(a) Tacoma Substation

Location. In the Government's Tacoma Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Tacoma Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(b) Bell Substation

Location. In the Government's Glenn H. Bell Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Glenn H. Bell Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(c) Trentwood Substation

Location. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Voltage. 6.9 kV

Metering. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

Revision No. 1
Exhibit C, Page 4 of 11
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical Corporation
Effective at 2400 hours
on September 30, 1998

8. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE OBLIGATION

None

9. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

None

10. SHORT DISTANCE DISCOUNT

None

Revision No. 1
Exhibit C, Page 5 of 11
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical Corporation
Effective at 2400 hours
on September 30, 1998

**STATEMENT OF SPECIFICATIONS FOR LONG-TERM FIRM TRANSMISSION
SERVICE**

Exhibit C-2: Bell to Trentwood

1. TERM OF TRANSACTION

Start Date: October 1, 1996

Termination Date: March 31, 1997

**2. DESCRIPTION OF CAPACITY AND/OR ENERGY TO BE TRANSMITTED
BY BPA ACROSS THE FEDERAL COUMBIA RIVER TRANSMISSION
SYSTEM**

Point-to-Point service for Kaiser purchase from Cogentrix Energy Power Marketing

3. CONTROL AREA SCHEDULING AGENT
WWP WWP

Point(S) Of Interconnection
Bell Substation

Delivering Party
Cogentrix Energy Power Marketing scheduled by Washington Water Power

4. POINT(S) OF DELIVERY
Trentwood Substation

**5. MAXIMUM AMOUNT OF CAPACITY AND/OR ENERGY TO BE
TRANSMITTED AT EACH POINT OF INTERCONNECTION AND POINT OF
DELIVERY**

POI (Bell) 8 MW

POD (Trentwood) 8 MW

6. DESCRIPTION OF POINTS OF INTERCONNECTION

Bell Substation

Location. In the Government's Glenn H. Bell Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Transmission Demand. 8,000 kilowatts (kW)

Metering. In the Government's Glenn H. Bell Substation, in the 13.8 kV circuits over which such electric power flows

Delivering Party/Resource. Cogentrix Energy Power Marketing scheduled by WWP

Control Area. BPA

7. DESCRIPTION OF POINTS OF DELIVERY

Trentwood Substation

Location. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Voltage. 6.9 kV

Metering. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

8. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE OBLIGATION

None

Revision No. 1
Exhibit C, Page 7 of 11
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical Corporation
Effective at 2400 hours
on September 30, 1998

9. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

None

10. SHORT DISTANCE DISCOUNT

$$\frac{0.6 + (0.4 \times \text{transmission distance})}{75}$$

Where transmission distance equals 11

Revision No. 1
Exhibit C, Page 8 of 11
Service Agreement No. 96MS-96107
Kaiser Aluminum & Chemical Corporation
Effective at 2400 hours
on September 30, 1998

**STATEMENT OF SPECIFICATIONS FOR LONG-TERM FIRM TRANSMISSION
SERVICE**

**Exhibit C-3: Dynamically Scheduled Capacity on BPA system to ensure Kaiser
load-peaking capability**

1. TERM OF TRANSACTION

Start Date: September 30, 1996, at 2400 hours

Termination Date: September 30, 2001, at 2400 hours

**2. DESCRIPTION OF CAPACITY AND/OR ENERGY TO BE TRANSMITTED
BY BPA ACROSS THE FEDERAL COLUMBIA RIVER TRANSMISSION
SYSTEM**

Reserve capacity to ensure Kaiser load-peaking capability

3. CONTROL AREA SCHEDULING AGENT
WWP WWP

Points Of Interconnection
Vantage Substation

Delivering Party
BPA

4. POINT(S) OF DELIVERY

- (a) Tacoma Substation
- (b) Bell Substation
- (c) Trentwood Substation

5. **MAXIMUM AMOUNT OF DYNAMICALLY SCHEDULED CAPACITY AND/OR ENERGY TO BE TRANSMITTED AT EACH POINT OF INTERCONNECTION¹ AND POINT OF DELIVERY**

POI Vantage Substation	48 MW (Oct. 1, 1996 - Sept. 30, 1998)
	48 MW (Oct. 1, 1998 - Sept. 30, 2001)
POD (Tacoma)	6 MW (Oct. 1, 1996 - Sept. 30, 1998)
	6 MW (Oct. 1, 1998 - Sept. 30, 2001)
POD (Bell)	26 MW (Oct. 1, 1996 - Sept. 30, 1998)
	26 MW (Oct. 1, 1998 - Sept. 30, 2001)
POD (Trentwood)	16 MW (Oct. 1, 1996 - Sept. 30, 1998)
	16 MW (Oct. 1, 1998 - Sept. 30, 2001)

6. **DESCRIPTION OF POINTS OF INTERCONNECTION²**

(a) **Vantage Substation**

Location. The points in the Vantage Substation where the 230 kV facilities of the Government and Grant County PUD are connected

Voltage. 230 kV

Transmission Demand. As detailed in section 5 above

Metering. In the Vantage Substation, in the 230 kV circuits over which such electric power flows

Delivering Party	Resource
WWP	Dynamically Scheduled capacity

Control Area. Grant County PUD

¹ This capacity shall not be reassigned by Kaiser, nor resold by BPA.

² This interconnection is between BPA and Grant County PUD. Washington Water Power is responsible for any necessary interconnection arrangements with Grant County PUD.

7. DESCRIPTION OF POINTS OF DELIVERY

(a) Tacoma Substation

Location. In the Government's Tacoma Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Tacoma Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(b) Bell Substation

Location. In the Government's Glenn H. Bell Substation, where the 13.8 kV facilities of the Parties hereto are connected

Voltage. 13.8 kV

Metering. In the Government's Glenn H. Bell Substation, in the 13.8 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

(c) Trentwood Substation

Location. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Voltage. 6.9 kV

Metering. In the Government's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows

Metering Loss Adjustment. None

Exceptions. None

8. DESIGNATION OF PARTY SUBJECT TO RECIPROCAL SERVICE OBLIGATION

None

9. NAME(S) OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

None

10. SHORT DISTANCE DISCOUNT

None

11. SIGNATURES

The signatories represent that they are authorized to enter into this Service Agreement on behalf of the Party for whom they sign.

**KAISER ALUMINUM &
CHEMICAL CORPORATION**

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____

By _____

Name _____
(Print/Type)

Name Robert D. King
Print/Type

Title _____

Title Transmission Account Executive

Date _____

Date _____

AUTHENTICATED

REVISION NO. 2, EXHIBIT C
STATEMENT OF SPECIFICATIONS
FOR LONG-TERM TRANSMISSION SERVICE

TABLE 1
REQUEST FOR TRANSMISSION SERVICES
The OASIS Assignment Reference Number (ARef) is: 395498

1. TERM OF TRANSACTION

Start Date: at 0000 hours on October 1, 2001.

Termination Date: at 0000 hours on October 1, 2002.

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
BPA PBL ¹	Bonneville (115/230 kV)	BPA	3,000	Trentwood (6.9 kV)	Avista ²	55,000	Kaiser ³
BPA PBL	Chief Joseph (230/500 kV)	BPA	6,000				
BPA PBL	Col. Gen. Sta. (500 kV)	BPA	4,000				
BPA PBL	Grand Coulee (230/500 kV)	BPA	10,000				
BPA PBL	Ice Harbor (115 kV)	BPA	1,000				
BPA PBL	John Day (500 kV)	BPA	5,000				
BPA PBL	Little Goose (500 kV)	BPA	1,000				
BPA PBL	Lower Granite (500 kV)	BPA	2,000				
BPA PBL	Lower Monum (500 kV)	BPA	2,000				
BPA PBL	McNary (115/230 kV)	BPA	3,000				
BPA PBL	The Dalles (115/230 kV)	BPA	3,000				
Avista	Vantage (230 kV)	Grant ⁴	15,000				
Total Reserved Capacity			55,000			55,000	

¹ Bonneville Power Administration (BPA) Power Business Line (PBL).

² Avista Corp.

³ Transmission Customer.

⁴ Public Utility District No. 2 of Grant County.

3. POINT(S) OF RECEIPT

(a) Bonneville

Location: the points in the Transmission Provider's Bonneville Powerhouse #1 Substation and North Bonneville Substation where the 115 kV and 230 kV lines integrating the output of the Bonneville Powerhouses 1 and 2 connect to the 115 kV and 230 kV buses, respectively;

Voltage: 115 and 230 kV.

(b) Chief Joseph

Location: the points in the Transmission Provider's Chief Joseph Substation where the 230 kV and 500 kV lines integrating the output of the Chief Joseph Powerhouse connect to the 230 kV bus and 500 kV terminals, respectively;

Voltage: 230 and 500 kV.

(c) Columbia Generating Station

Location: the points in the Transmission Provider's Ashe Substation where the 500 kV line integrating the output of the Columbia Generating Station connects to the 500 kV terminal;

Voltage: 500 kV.

(d) Grand Coulee

Location: the points in the Transmission Provider's Grand Coulee 230 kV and 500 kV Switchyards where the lines integrating the output of the Grand Coulee Powerhouses connect to the 230 and 500 kV buses, respectively;

Voltage: 230 and 500 kV.

(e) Ice Harbor

Location: the points in the Transmission Provider's Levey, Sacajawea, and Franklin Substations where the 115 kV lines integrating the output of the Ice Harbor Powerhouse connect to the 115 kV terminal or bus;

Voltage: 115 kV.

(f) **John Day**

Location: the points in the Transmission Provider's John Day Substation where the 500 kV lines integrating the output of the John Day Powerhouse connect to the 500 kV terminals;

Voltage: 500 kV.

(g) **Little Goose**

Location: the point in the Transmission Provider's Little Goose Substation where the 500 kV line integrating the output of the Little Goose Powerhouse connects to the 500 kV terminal;

Voltage: 500 kV.

(h) **Lower Granite**

Location: the point in the Transmission Provider's Lower Granite Substation where the 500 kV line integrating the output of the Lower Granite Powerhouse connects to the 500 kV ring bus;

Voltage: 500 kV.

(i) **Lower Monumental**

Location: the point in the Transmission Provider's Lower Monumental Substation where the 500 kV line integrating the output of the Lower Monumental Powerhouse connects to the 500 kV ring bus;

Voltage: 500 kV;

(j) **McNary**

Location: the points in the Transmission Provider's McNary Substation where the 115 kV and 230 kV lines integrating the output of the McNary Powerhouse connect to the 115 kV and 230 kV buses, respectively;

Voltage: 115 and 230 kV.

(k) **The Dalles**

Location: the points in the Transmission Provider's Big Eddy Substation where the 115 kV and 230 kV lines integrating the output of the The Dalles Powerhouse connect to the 115 and 230 kV buses, respectively;

Voltage: 115 and 230 kV.

(l) **Vantage Substation**

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

Voltage: 230 kV.

Dynamic Schedule: The resource at this POR will utilize a one-way dynamic schedule.

4. **POINT(S) OF DELIVERY**

(a) **Description of Network Points of Delivery**

Trentwood Substation

Location: in the Transmission Provider's Trentwood Substation, where the 6.9 kV facilities of the Transmission Provider and the Transmission Customer are connected;

Voltage: 6.9 kV;

Metering: in the Transmission Provider's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows;

Dynamic Schedule: the load at this POD shall be served via a one-way dynamic schedule in the amount of 15 MW.

(b) **Description of Transfer Points of Delivery**

Not applicable. See section 4(a) of this Table 1.

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

Not applicable.

6. **NAMES OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE**

None.

7. **SERVICE AGREEMENT CHARGES**

Service under this Agreement shall be subject to some combination of the charges detailed in this Exhibit C, and in Exhibit G (Facilities Charges) and Exhibit I (Ancillary Services).

(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**

None.

KAISER ALUMINUM & CHEMICAL
CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: /S/ JOSEPH HOERNER

By: /S/ ROBERT D KING

Name: Joseph Hoerner
(Print/Type)

Name: Robert D. King
(Print/Type)

Title: Energy Supply Manager

Senior Transmission
Title: Account Executive

Date: October 30, 2001

10/11/01
Date: _____

(W:\TMC\CT\Kaiser\Revisions\96107Cr2.doc) 10/03/01

**REVISION NO. 3, EXHIBIT C
STATEMENT OF SPECIFICATIONS
FOR LONG-TERM TRANSMISSION SERVICE**

**TABLE 1
REQUEST FOR TRANSMISSION SERVICES**
The OASIS Assignment Reference Number (ARef) is: 486189

This Revision No. 3 removes the federal points of receipt and reduces the reserved capacity to 15,000 kW.

1. TERM OF TRANSACTION

Start Date: at 0000 hours on October 1, 2002.

Termination Date: at 0000 hours on October 1, 2003.

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	Vantage (230 kV)	Grant ¹	15,000	Trentwood (6.9 kV)	Avista ²	15,000	Kaiser ³

Total Reserved Capacity

15,000

15,000

3. POINT(S) OF RECEIPT

Vantage Substation

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

Voltage: 230 kV.

Dynamic Schedule: The resource at this POR will utilize a one-way dynamic schedule.

4. POINT(S) OF DELIVERY

(a) Description of Network Points of Delivery

Trentwood Substation

Location: in the Transmission Provider's Trentwood Substation, where the

¹ Public Utility District No. 2 of Grant County.

² Avista Corp.

³ Transmission Customer.

6.9 kV facilities of the Transmission Provider and the Transmission Customer are connected;

Voltage: 6.9 kV;

Metering: in the Transmission Provider's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows;

Dynamic Schedule: the load at this POD shall be served via a one-way dynamic schedule in the amount of 15 MW.

(b) **Description of Transfer Points of Delivery**

Not applicable. See section 4(a) of this Table 1.

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

Not applicable.

6. NAMES OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

None.

7. SERVICE AGREEMENT CHARGES

Service under this Agreement shall be subject to some combination of the charges detailed in this Exhibit C, and in Exhibit G (Facilities Charges) and Exhibit I (Ancillary Services).

(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
None.

KAISER ALUMINUM & CHEMICAL
CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: Joseph Hoerner
(Print/Type)

Name: Robert D. King
(Print/Type)

Title: Energy Supply Manager

Senior Transmission
Title: Account Executive

Date: _____

Date: _____

(TMC LAN-TMC-W:\TMC\CT\Kaiser\Revisions\96107Cr3.doc) 08/14/02

REV: MO

SEP 27 2002 via fax
MO

**REVISION NO. 4, EXHIBIT C
STATEMENT OF SPECIFICATIONS
FOR LONG-TERM TRANSMISSION SERVICE**

**TABLE 1
REQUEST FOR TRANSMISSION SERVICES**
The OASIS Assignment Reference Number (ARef) is: 498359

This Revision No. 4 reduces the dynamic schedule from Vantage Substation to 5,000 kW and adds 31,000 kW from the Northwest Hub.

1. TERM OF TRANSACTION

Start Date: at 0001 hours on October 1, 2002.

Termination Date: at 0000 hours on October 1, 2003.

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	Vantage (230 kV)	Grant ¹	5,000	Trentwood (6.9 kV)	Avista ²	5,000	Kaiser ³
To be determined	Northwest Market Hub (NWH) (500/230/115 kV)	BPA	31,000	Trentwood 6.9 kV	Avista ²	31,000	Kaiser ³
Total Reserved Capacity			36,000			36,000	

3. POINT(S) OF RECEIPT

(a) **Vantage Substation**

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

Voltage: 230 kV.

Dynamic Schedule: The resource at this POR will utilize a one-way dynamic schedule.

¹ Public Utility District No. 2 of Grant County.

² Avista Corp.

³ Transmission Customer.

(b) **Northwest Market Hub (NWH)**

Location: the NWH (the composite point) includes the following BPA facilities in the Mid-Columbia area (doughnut configuration): Vantage Substation 500/230 kV, Midway Substation 230/115 kV, Sickler Substation 500 kV, Columbia Substation 230/115 kV, and Valhalla Substation 115 kV;

Metering: quantities are to be scheduled

4. POINT(S) OF DELIVERY

(a) **Description of Network Points of Delivery**

Trentwood Substation

Location: in the Transmission Provider's Trentwood Substation, where the 6.9 kV facilities of the Transmission Provider and the Transmission Customer are connected;

Voltage: 6.9 kV;

Metering: in the Transmission Provider's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows;

Dynamic Schedule: the load at this POD shall be served via a one-way dynamic schedule in the amount of 5 MW.

(b) **Description of Transfer Points of Delivery**

Not applicable. See section 4(a) of this Table 1.

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

Not applicable.

6. NAMES OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE

None.

7. SERVICE AGREEMENT CHARGES

Service under this Agreement shall be subject to some combination of the charges detailed in this Exhibit C, and in Exhibit G (Facilities Charges) and Exhibit I (Ancillary Services).

(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.

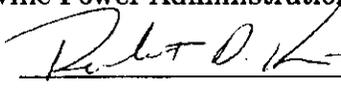
8. OTHER PROVISIONS SPECIFIC TO THIS SERVICE AGREEMENT

None.

KAISER ALUMINUM & CHEMICAL CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: 

By: 

Name: Joseph Hoerner
(Print/Type)

Name: Robert D. King
(Print/Type)

Title: Energy Supply Manager

Title: Senior Transmission Account Executive

Date: 9/27/02

Date: 9/27/02

(TMC LAN-TMC-W:\TMC\CT\Kaiser\Revisions\96107Cr4.doc) 09/27/02

OCT 04 2002 via fax

HO

**REVISION NO. 5, EXHIBIT C
STATEMENT OF SPECIFICATIONS
FOR LONG-TERM TRANSMISSION SERVICE**

**TABLE 1
REQUEST FOR TRANSMISSION SERVICES**
The OASIS Assignment Reference Number (ARef) is: 499897

This Revision No. 5 provides for a one-time modification of the Northwest Hub POR to the Rocky Reach POR.

1. TERM OF TRANSACTION

Start Date: at 0000 hours on October 8, 2002.
Termination Date: at 0000 hours on October 1, 2003.

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	Vantage (230 kV)	Grant ¹	5,000	Trentwood (6.9 kV)	Avista ²	5,000	Kaiser ³
To be determined ⁴	Rocky Reach 230 kV ⁴	Chelan	31,000	Trentwood 6.9 kV	Avista ²	31,000	Kaiser ³
Total Reserved Capacity			36,000			36,000	

3. POINT(S) OF RECEIPT

(a) **Vantage Substation**

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

Voltage: 230 kV;

Dynamic Schedule: The resource at this POR will utilize a one-way dynamic schedule.

¹ Public Utility District No. 2 of Grant County.

² Avista Corp.

³ Transmission Customer.

⁴ The Transmission Customer agrees that the Transmission Customer or the Transmission Customer's Scheduling Agent shall notify the Transmission Provider if the Transmission Customer changes generation sources of power purchases to enter the FCRTS at Rocky Reach.

(b) **Rocky Reach Switching Station:**

Location: the points in the vicinity of the Chelan County PUD's (District's) Rocky Reach Switching Station where the 230 kV facilities of the Transmission Provider and the District are connected;

Voltage: 230 kV;

Metering: quantities are to be scheduled.

4. **POINT(S) OF DELIVERY**

(a) **Description of Network Points of Delivery**

Trentwood Substation

Location: in the Transmission Provider's Trentwood Substation, where the 6.9 kV facilities of the Transmission Provider and the Transmission Customer are connected;

Voltage: 6.9 kV;

Metering: in the Transmission Provider's Trentwood Substation, in the 6.9 kV circuits over which such electric power flows;

Dynamic Schedule: the load at this POD shall be served via a one-way dynamic schedule in the amount of 5 MW.

(b) **Description of Transfer Points of Delivery**

Not applicable. See section 4(a) of this Table 1.

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

Not applicable.

6. **NAMES OF ANY INTERVENING SYSTEMS PROVIDING TRANSMISSION SERVICE**

None.

OCT 04 2002 via fax

MO

7. SERVICE AGREEMENT CHARGES

Service under this Agreement shall be subject to some combination of the charges detailed in this Exhibit C, and in Exhibit G (Facilities Charges) and Exhibit I (Ancillary Services).

(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

None.

KAISER ALUMINUM & CHEMICAL CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: Joseph Hoerner

By: Robert D. King

Name: Joseph Hoerner
(Print/Type)

Name: Robert D. King
(Print/Type)

Title: Energy Supply Manager

Title: Senior Transmission Account Executive

Date: 10/7/02

Date: 10/8/02

(TMC LAN-TMC-W:\TMC\CT\Kaiser\Revisions\96107Cr5.doc) 10/03/02

FACILITIES CHARGES

1. CHARGES ASSOCIATED WITH SERVICE OVER DSI DELIVERY FACILITIES

(a) (The DSI Delivery Charge uses Use-of-Facilities Charge Methodology)

<u>Facility</u>	<u>Investment</u>	<u>I&A ^{1/} Annual Cost Ratio</u>	<u>I&A Annual cost</u>	<u>O&M ^{2/} Annual cost</u>	<u>Facility Charge \$/yr</u>
Bell Substation	\$9,288,852 ^{4/}	8.08% ^{5/}	\$750,539	\$157,012 ^{3/}	\$907,551
Tacoma Substation	\$2,635,959 ^{6/ 8/}	8.08% ^{5/}	\$212,985	\$51,207	\$264,192
Trentwood Substation	\$3,411,241 ^{8/}	8.14% ^{7/}	\$277,675	\$58,378	\$336,053

Total Monthly Use-of-Facilities Charge (Bell) = \$907,551/12 = \$75,629
 Total Monthly Use-of-Facilities Charge (Tacoma) = \$264,192/12 = \$22,016
 Total Monthly Use-of-Facilities Charge (Trentwood) = \$336,053/12 = \$28,004

^{1/} Investment and amortization.

^{2/} Operations and maintenance.

^{3/} Based on O&M table dated 5/5/98.

^{4/} The costs for Bell Substation capacitor groups 2, 3, 4, 5 and 7 are covered by lease agreement, Contract No. EW-78-Y-83-0006.

^{5/} Based on ACR table dated 5/5/98, column 8 minus column 5 for H5 substation category

^{6/} The costs for Tacoma Substation capacitor groups 4 and 5 are covered by lease agreement, Contract No. EW-78-Y-83-0006.

^{7/} Based on ACR table dated 5/5/98, Column 8 minus Column 5 for U substation category.

^{8/} Investment figures for Tacoma and Trentwood Substations are provisional and subject to revision.

(b) Changes in Costs and Demands

This Exhibit G may be revised annually to reflect changes in (1) I&A annual cost ratios; (2) O&M annual cost; and (3) investments in facilities. Any changes in the costs used in calculating the Delivery Charge in this Exhibit G are subject to the dispute resolution provisions of Article 6.

2. DIRECT ASSIGNMENT FACILITIES CHARGES

None

3. FORMER UFT FACILITIES

Tacoma, Bell and Trentwood Substations

**REVISION NO. 2, EXHIBIT G
FACILITIES CHARGES**

1. **TERM OF TRANSACTION** DRAFT, PENDING
RECEIPT OF
UNAMORTIZED
INVESTMENT INFO
 Start Date: at 0000 hours on October 1, 2001.
 Termination Date: at 0000 hours on October 1, 2002.
2. **DIRECT ASSIGNMENT FACILITIES CHARGES** FOR PAGE 2.
 None.
3. **CHARGES ASSOCIATED WITH SERVICE OVER DSI DELIVERY FACILITIES**

Calculation of Charges Pursuant to the UFT-02 Rate Schedule¹

<u>Facility Substation</u>	<u>Investment</u> \$	<u>I&A² Annual CostRatio</u> %	<u>I&A Annual Cost</u> \$	<u>O&M³ Annual Cost</u> \$	<u>Facility Charge</u> \$/yr
Bell	9,288,852 ⁴	8.44 ⁵	783,979	144,455 ⁶	928,434
Tacoma	2,635,959 ⁷	8.44 ⁶	222,475	47,590	270,065
Trentwood	3,411,241	8.47 ⁸	288,932	57,512	346,444

Total Monthly Use-of-Facilities Charge (Bell) = \$ 928,434 ÷ 12 = \$77,370
 Total Monthly Use-of-Facilities Charge (Tacoma) = \$ 270,065 ÷ 12 = \$22,505
 Total Monthly Use-of-Facilities Charge (Trentwood) = \$ 346,444 ÷ 12 = \$28,870

4. **OBLIGATIONS UPON EXPIRATION OF THIS AGREEMENT**

The Transmission Provider shall make the Transmission Provider's substation and/or transmission facilities whose primary purpose is to serve the Transmission Customer's load available for use by the Transmission Customer for deliveries of Federal power or power from third parties pursuant to the Transmission Provider's Open Access Transmission Tariff.

On expiration or termination of this Service Agreement, the Transmission Customer will reimburse the Transmission Provider for the unrecoverable cost specified below in any of the Transmission Provider's substations or transmission facilities whose

¹ UFT-02 Rate Schedule or successor rate schedules. The DSI Delivery Charge uses Use-of-Facilities Charge Methodology.

² Investment and amortization.

³ Operations and maintenance.

⁴ The costs for Bell Substation capacitor groups 2, 3, 4, 5 and 7 are covered by lease agreement, Contract No. EW-78-Y-83-0006.

⁵ Based on ACR table dated 3/31/00 column 8 minus column 5 for H5 substation category.

⁶ Based on O&M table dated 3/31/00.

⁷ The costs for Tacoma Substation capacitor groups 4 and 5 are covered by lease agreement, Contract No. EW-78-Y-83-0006.

⁸ Based on ACR table dated 3/31/00, Column 8 minus Column 5 for U substation category.

primary purpose is to serve the Transmission Customer's load during the life of this Service Agreement, to the extent that the Transmission Provider cannot mitigate such cost. Continued transmission service at the same level of service as purchased under this Service Agreement is mitigation for unrecoverable cost under this Agreement.

The unrecoverable cost includes the unamortized investment totaling \$_____. If the facilities must be removed from the site, the unrecoverable costs shall include, in addition to the unamortized investment for such facilities, all reasonable costs involved in the disposition of such facilities, such as, but not limited to, labor in dismantling equipment, transportation, site restoration and cleanup (except for the cost described in section 3(c) of Exhibit A to Contract No. 95MS-94861), less any mitigation, such as the salvage value of such equipment.

If the Transmission Provider does not have another use at the site for such facilities to serve other Transmission Customers, and the Transmission Customer makes an offer to purchase such facilities for the unamortized investment stated above plus the appraised value of the property on which the facilities are located, and the Transmission Provider rejects the offer, then the Transmission Customer shall not be required to reimburse the Transmission Provider for any unrecoverable costs.

If the Transmission Provider proposes new investments in substation or transmission facilities whose primary purpose is to serve the Transmission Customer's load, and the Transmission Customer consents to such investment, the unamortized investment will be amended to include such investments. The Transmission Customer's consent to such investments shall not be unreasonably withheld.

This provision (Revision No. 2, Exhibit G, section 4) supersedes and replaces section 5(b)(1) of Contract No. 95MS-94861 and, as to the facilities specified in

this Revision No. 2, supersedes and replaces section 10(b)(4) of Contract No. DE-MS79-95BP94765. Nothing herein shall be construed as an acknowledgement by the Transmission Customer that it has any obligation under section 10(b)(4) of Contract No. DE-MS79-95BP94765.

KAISER ALUMINUM & CHEMICAL CORPORATION

**UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration**

By: _____

By: _____

Name: Joseph Hoerner
(Print / Type)

Name: Robert D. King
(Print / Type)

Title: Energy Supply Manager

Title: Senior Transmission
Account Executive

Date: _____

Date: _____

(W:\TMC\CT\Kaiser\Revisions\96107Gr2.doc) 10/03/01

**REVISION NO. 3, EXHIBIT G
FACILITIES CHARGES**

This Final Revision No. 3 replaces Draft Revision No. 3 dated 10/08/02.

1. TERM OF TRANSACTION

Start Date: at 0000 hours on October 1, 2002.

Termination Date: at 0000 hours on October 1, 2003.

2. DIRECT ASSIGNMENT FACILITIES CHARGES

None.

3. CHARGES ASSOCIATED WITH SERVICE OVER DSI DELIVERY FACILITIES

Calculation of Charges Pursuant to the UFT-02 Rate Schedule¹

<u>Facility Substation</u>	<u>Investment</u> \$	<u>I&A² Annual CostRatio</u> %	<u>I&A Annual Cost</u> \$	<u>O&M³ Annual Cost</u> \$	<u>Facility Charge</u> \$/yr
Bell	9,288,852 ⁴	8.44 ⁵	783,979	144,455 ⁶	928,434
Tacoma	2,635,959 ⁷	8.44 ⁵	222,475	47,590	270,065
Trentwood	3,411,241	8.47 ⁸	288,932	57,512	346,444

Total Monthly Use-of-Facilities Charge (Bell) = \$ 928,434 ÷ 12 = \$77,370

Total Monthly Use-of-Facilities Charge (Tacoma) = \$ 270,065 ÷ 12 = \$22,505

Total Monthly Use-of-Facilities Charge (Trentwood) = \$ 346,444 ÷ 12 = \$28,870

4. OBLIGATIONS UPON EXPIRATION OF THIS AGREEMENT

The Transmission Provider shall make the Transmission Provider's substation and/or transmission facilities whose primary purpose is to serve the Transmission Customer's load available for use by the Transmission Customer for deliveries of Federal power or power from third parties pursuant to the Transmission Provider's Open Access Transmission Tariff.

¹ UFT-02 Rate Schedule or successor rate schedules. The DSI Delivery Charge uses Use-of-Facilities Charge Methodology.

² Investment and amortization.

³ Operations and maintenance.

⁴ The costs for Bell Substation capacitor groups 2, 3, 4, 5 and 7 are covered by lease agreement, Contract No. EW-78-Y-83-0006.

⁵ Based on ACR table dated 3/31/00 column 8 minus column 5 for H5 substation category.

⁶ Based on O&M table dated 3/31/00.

⁷ The costs for Tacoma Substation capacitor groups 4 and 5 are covered by lease agreement, Contract No. EW-78-Y-83-0006.

⁸ Based on ACR table dated 3/31/00, Column 8 minus Column 5 for U substation category.

On expiration or termination of this Service Agreement, the Transmission Customer will reimburse the Transmission Provider for the unrecoverable cost specified below in any of the Transmission Provider's substations or transmission facilities whose primary purpose is to serve the Transmission Customer's load during the life of this Service Agreement, to the extent that the Transmission Provider cannot mitigate such cost. Continued transmission service at the same level of service as purchased under this Service Agreement is mitigation for unrecoverable cost under this Agreement.

The unrecoverable cost includes the unamortized investment totaling \$ 50,202,005: including \$33,239,791 for Bell Substation; \$11,507,191 for Tacoma Substation; and, \$5,455,023 for Trentwood Substation. If the facilities must be removed from the site, the unrecoverable costs shall include, in addition to the unamortized investment for such facilities, all reasonable costs involved in the disposition of such facilities, such as, but not limited to, labor in dismantling equipment, transportation, site restoration and cleanup (except for the cost described in section 3(c) of Exhibit A to Contract No. 95MS-94861), less any mitigation, such as the salvage value of such equipment.

If the Transmission Provider does not have another use at the site for such facilities to serve other Transmission Customers, and the Transmission Customer makes an offer to purchase such facilities for the unamortized investment stated above plus the appraised value of the property on which the facilities are located, and the Transmission Provider rejects the offer, then the Transmission Customer shall not be required to reimburse the Transmission Provider for any unrecoverable costs.

If the Transmission Provider proposes new investments in substation or transmission facilities whose primary purpose is to serve the Transmission Customer's load, and the Transmission Customer consents to such investment, the unamortized investment will be amended to include such investments. The Transmission Customer's consent to such investments shall not be unreasonably withheld.

This provision (Revision No. 3, Exhibit G, section 4) supersedes and replaces section 5(b)(1) of Contract No. 95MS-94861 and, as to the facilities specified in

this Revision No. 3, supersedes and replaces section 10(b)(4) of Contract No. DE-MS79-95BP94765. Nothing herein shall be construed as an acknowledgement by the Transmission Customer that it has any obligation under section 10(b)(4) of Contract No. DE-MS79-95BP94765.

KAISER ALUMINUM & CHEMICAL
CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: Joseph Hoerner
(Print/Type)

Name: Sally J. Long
(Print/Type)

Title: Energy Supply Manager

Senior Transmission
Title: Account Executive

Date: _____

Date: _____

(W:\TMC\CT\Kaiser\Revisions\96107Gr3_Final.doc) 10/24/02

ANCILLARY SERVICES

This revision (1) reflects the Transmission Customer's method for compensating BPA for Transmission Losses for Fiscal Year^{1/} 1998; (2) sets forth the procedure to be applied for selection of a compensation method for Transmission Losses in future Fiscal Years; (3) clarifies the transmission losses language; and (4) addresses the requirement of a single control area for return of losses under section 1(g)(2)(D).

1. ANCILLARY SERVICES PROVIDED

	<u>Provided By</u>	<u>Contract No.</u>
(a) Scheduling and Dispatch	BPA - TBL	96MS-96107
(b) Energy Imbalance	N/A	N/A
(c) Control Area Reserves for Resources	N/A	N/A
(d) Control Area Reserves for Interruptible Purchases	N/A	N/A
(e) Load Regulation	N/A	N/A
(f) Reactive Supply and Voltage Control	N/A	N/A
(g) Transmission Losses	BPA - TBL	96MS-96107

Compensation for Transmission Losses associated with the delivery of power over the FCRTS under this Service Agreement shall be governed by the following provisions:

- (1) Transmission Losses Associated with Federal Power. Losses associated with Federal power purchased pursuant to BPA's PF-96, NR-96, and IP-96 Wholesale Power and Transmission Rate Schedules are provided by BPA and included in the rate for such power. No additional compensation is required.
- (2) Transmission Losses Associated with Non-Federal Power and Other Classes of Federal Power. The Transmission Customer shall compensate BPA for losses BPA incurs when providing transmission

^{1/} Fiscal Year is defined as the twelve-month period from October 1 through September 30.

service over the FCRTS for non-Federal power and other classes of Federal power (unless otherwise specified in the Transmission Customer's contract for the purchase of such power) integrated at Points of Interconnection, except those amounts of power associated with purchases specified in 1(g)(1) above. The compensation shall be determined by multiplying the amount of power delivered under this Service Agreement by the applicable Loss Factor listed below in section 2; and

- (A) adding the resulting amount to the billing factor for the Transmission Customer's purchases of Federal power; or
 - (B) Transmission Customer's purchasing the resulting amount from BPA pursuant to the APS-96 rate schedule (or its successor) for Transmission Losses; or
 - (C) Transmission Customer's purchasing the resulting amount of Transmission Losses from BPA based on the NYMEX energy price; or
 - (D) Transmission Customer's returning the resulting amount to BPA from a single control area 168 hours after the time of delivery of power for which loss compensation is required.
- (3) Transmission Losses Associated with Delivery Facilities. Transmission Losses associated with Delivery Facilities shall be determined annually, by Fiscal Year, pursuant to the following procedure:
- (A) determining the ratio of power delivered over Delivery Facilities to the total power delivered to the Transmission Customer over the FCRTS; and
 - (B) multiplying the resulting ratio by the total amount delivered to the Transmission Customer less amounts described in 1(g)(1) above; and
 - (C) multiplying the result derived in section 1(g)(3)(B) by the Delivery Facility loss factor listed below in section 2, and

providing compensation pursuant to 1(g)(2)(B) as specified in the annual notification letter described in 1(g)(4)(A).

(4) Notification.

- (A) Each Fiscal Year except the Fiscal Year during which this Service Agreement is executed, BPA shall send a letter by August 1 requesting that the Transmission Customer choose one of the methods described in section 1(g)(2). The Transmission Customer shall indicate in the letter its choice for compensating BPA for transmission losses during the following Fiscal Year, countersign the letter and return one copy to BPA by September 1 of the then-current Fiscal Year. The countersigned letter shall serve as the Transmission Customer's confirmation and shall constitute a revision to section 1(g)(5) of Exhibit I.
- (B) If the Transmission Customer selects option 1(g)(2)(D) above, the Transmission Customer shall designate in the letter the single control area the Transmission Customer will use during the subsequent Fiscal Year.
- (C) In the event that, in any Fiscal Year, the Transmission Customer does not notify BPA by September 1 of the method it has chosen, the Transmission Customer's compensation method shall be the method used for the then-current Fiscal Year.

- (5) Transmission Customer's Method of Compensation of Annual Transmission Losses during a Fiscal Year. The Transmission Customer has elected to purchase Transmission Losses pursuant to the APS-96 rate schedule based on the NYMEX energy price for the period 2400 hours September 30, 1997, through 2400 hours September 30, 1998.

2. TRANSMISSION LOSS FACTORS

Network Loss Factor: 1.9 percent of kWh delivered
ET Loss Factor: 1.9 percent of kWh delivered
Delivery Facility Loss Factor: 0.6 percent of kWh delivered
IS Loss Factor: 3.0 percent of kWh delivered

Revision No. 1
Exhibit I, Page 4 of 4
Service Agreement No. 96MS-96107
Kaiser Aluminum and
Chemical Corporation
Effective at 2400 hours
on September 30, 1997

BPA reserves the right, after consultation with the Transmission Customer, to review the loss methodology and revise this Exhibit I as appropriate, but not more frequently than once in a 12-month period, to incorporate loss factors which represent then-current FCRTS operating conditions. BPA shall prepare a new Exhibit I incorporating any revision and the revised exhibit shall become effective as of the date specified therein.

This revision to Exhibit I is hereby executed as of the ____ day of _____, 1998.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____
Transmission Account Executive

Name: Robert D. King
(Print/Type)

Date _____

KAISER ALUMINUM AND CHEMICAL CORPORATION

By _____

Name _____
(Print/Type)

Title _____

Date _____

(w:\mcp\tmc\ct\96107jr1.doc)

96MS-96107



Department of Energy

Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

AUTHENTICATED

July 30, 1998

In reply refer to: TM/DITT-2

Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum and Chemical Corp.
10220 N. Nevada, Suite 260
Spokane, WA 99218

RE: 96MS-96107
Exhibit I, Revision No. 2

Joe

Dear Mr. Hoerner:

As part of our Point-to-Point (PTP) Service Agreement, Contract No. 96MS-96107, I would like to call your attention to section 1(g)5 of Exhibit I, Ancillary Services, which addresses compensation to BPA for transmission losses. Section 1(g)(4) specifically requires the Transmission Customer to notify BPA of its method of compensation in writing, by September 1 of the then-current fiscal year. Please review the following four options identified below for compensating BPA for transmission losses for fiscal year 1999, indicate your choice by checking the appropriate box, countersign both copies of this letter, retain one copy for your records and return one copy to me no later than September 1, 1998. This countersigned letter shall constitute a revision to section 1(g)(5) of Exhibit I. All other terms and conditions of Exhibit I remain the same. In the event you do not identify your transmission losses compensation method by returning this letter by this date, the default compensation method shall be that compensation method chosen by your utility for the current 1998 fiscal year.

- 1. Purchase transmission losses from BPA under the APS-96 Rate Schedule under a fixed rate. If you elect to purchase transmission losses from BPA under this option and in accordance with section 1(g)(2)(B) of Exhibit I, for the period October 1, 1998, through September 30, 1999, the price will be 22.8 mills per kWh.

- 2. Purchase transmission losses from BPA under the APS-96 Rate Schedule at a variable, indexed rate in accordance with section 1(g)(2)(C) of Exhibit I based on NYMEX energy prices at the California-Oregon Border (COB). Based on a ceiling value of 22.80 mills per kWh in any month, as identified in the APS-96 Rate Schedule, and a floor value for fiscal year 1999 of 22.80 mills per kWh in any month (based on the current expected average NYMEX price for the year), the resulting rate equates to a *fixed* rate of 22.80 mills per kWh.

- 3. Return transmission losses to BPA from a single control area in the Pacific Northwest in accordance with section 1(g)(2)(D) of Exhibit I. This option includes self-providing transmission losses or purchasing transmission losses from a third party who returns the losses on your behalf. If you choose this option, please specify the name of the control area, scheduling agent responsible for returning the losses and transmission loss provider.

Control Area _____

Scheduling Agent _____

Transmission Loss Provider _____

- 4. Purchase transmission losses from BPA under the IP-96 Rate Schedule as identified in section 1(g)(2)(A) of Exhibit I.

If I can be of any further assistance, please do not hesitate to call me at (360) 418-2033.

Sincerely,

/S/ ROBERT D. KING

Robert D. King
Transmission Account Executive
Transmission Marketing & Sales

KAISER ALUMINUM AND CHEMICAL CORP.

By /S/ JOSEPH P. HOERNER

Name Joseph P. Hoerner
(Print/Type)

Title Energy Supply Manager

Date August 26, 1998

(w:/tm_wg/acctexec/king/lossltrs/kaiser.doc)



Department of Energy
Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

July 29, 1999

In reply refer to: TM/DITT-2

RE: 96MS-96107
Exhibit I, Revision 3

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum & Chemical Corporation
10220 N. Nevada, Suite 260
Spokane, WA 99218

Dear Mr. ^{Jue}Hoerner:

B.P.A.
99 AUG -5 PM 2:00

As part of our Point-to-Point (PTP) Service Agreement, Contract No. 96MS-96107, I would like to call your attention to section 1(g)5 of Exhibit I, Ancillary Services, which addresses compensation to BPA for transmission losses. Section 1(g)(4) specifically requires the Transmission Customer to notify BPA of its method of compensation in writing, by September 1 of the then-current fiscal year. Please review the following four options identified below for compensating BPA for transmission losses for fiscal year 2000, indicate your choice by checking the appropriate box, countersign both copies of this letter, retain one copy for your records and return one copy to me no later than September 1, 1999. This countersigned letter shall constitute a revision to section 1(g)(5) to Exhibit I. All other terms and conditions of Exhibit I remain the same. In the event you do not identify your transmission losses compensation method by returning this letter by this date, the default compensation method shall be that compensation method chosen by your utility for the current fiscal year.

- 1. Purchase transmission losses from BPA under the APS-96 Rate Schedule under a fixed rate. If you elect to purchase transmission losses from BPA under this option and in accordance with section 1(g)(2)(B) of Exhibit I, for the period October 1, 1999, through September 30, 2000, the price will be 22.8 mills per kWh.
- 2. Purchase transmission losses from BPA under the APS-96 Rate Schedule at a variable, indexed rate in accordance with section 1(g)(2)(C) of Exhibit I based on NYMEX energy prices at the California-Oregon Border (COB). Based on a ceiling value of 22.80 mills per kWh in any month, as identified in the APS-96 Rate Schedule, and a floor value for fiscal year 2000 of 22.80 mills per kWh in any month (based on the current expected average NYMEX price for the year), the resulting rate equates to a *fixed* rate of 22.80 mills per kWh.

- 3. Return transmission losses to BPA from a single control area in the Pacific Northwest in accordance with section 1(g)(2)(D) of Exhibit I. This option includes self-providing transmission losses or purchasing transmission losses from a third party who returns the losses on your behalf. If you choose this option, please specify the name of the control area, scheduling agent responsible for returning the losses and transmission loss provider.

Control Area _____

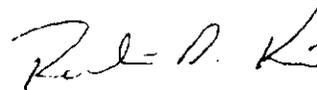
Scheduling Agent _____

Transmission Loss Provider _____

- 4. Purchase transmission losses from BPA under the IP-96 Rate Schedule as identified in section 1(g)(2)(A) of Exhibit I.

If I can be of any further assistance, please do not hesitate to call me at (360) 418-2033 or Jack Richey, Contract Specialist, at (360) 418-8272.

Sincerely,



Robert D. King
Sr. Transmission Account Executive
Transmission Marketing & Sales

KAISER ALUMINUM & CHEMICAL CORPORATION

By Joseph P Hoerner

Name Joseph P Hoerner
(Print/Type)

Title Energy Supply MGR

Date August 2, 1999



Department of Energy

Bonneville Power Administration
P.O. Box 491
Vancouver, Washington 98666-0491

TRANSMISSION BUSINESS LINE

July 28, 2000

In reply refer to: TM/DITT2

Contract No. 96MS-96107
Exhibit I, Revision 4

Mr. Joseph P. Hoerner
Energy Supply Manager
Kaiser Aluminum & Chemical Corporation
534 E. Trent Avenue, Suite 300
Spokane, WA 99202

Dear Mr. Hoerner:

As part of our Point-to-Point Transmission Service Agreement (PTP), I would like to call your attention to section 1(g)(5), Revision No. 3 of Exhibit I, Ancillary Services, which addresses compensation to BPA for transmission losses. Section 1(g)(4) specifically requires the Transmission Customer to notify BPA of its method of compensation, in writing, by September 1st of the then-current fiscal year. Please review the following options identified below for compensating BPA for transmission losses for fiscal year 2001, indicate your choice by checking the appropriate box, countersign both originals of this revision, retain one original for your records and return one original to me no later than September 1, 2000. This signed revision shall constitute a revision to section 1(g)(5) of Exhibit I. All other terms and conditions of Exhibit I remain the same. In the event you do not identify your transmission losses compensation method by returning this revision by September 1, 2000, the default compensation method shall be that compensation method chosen by your utility for the current 2000 fiscal year.

- 1. Purchase transmission losses from BPA under APS-96 Rate Schedule under a fixed rate. If you elect to purchase transmission losses from BPA under this option and in accordance with section 1(g)(2)(B) of Exhibit I, for the period of October 1, 2000, through September 30, 2001, the price will be 22.80 mills per kWh.
- 2. Purchase transmission losses from BPA under the APS-96 Rate Schedule at a variable, indexed rate in accordance with section 1(g)(2)(C) of Exhibit I based on NYMEX energy prices at the California-Oregon Border (COB). Based on a ceiling value of 22.80 mills per kWh in any month, as identified in the APS-96 Rate Schedule, and a floor value for fiscal year 2001 of 22.80 mills per kWh in any month (based on the current expected average NYMEX price for the year), the resulting rate equates to a *fixed* rate of 22.80 mills per kWh.

- 3. Return transmission losses to BPA from a single control area in the Pacific Northwest in accordance with section 1(g)(2)(D) of Exhibit I. This option included self-providing transmission losses or purchasing transmission losses from a third party who returns the losses on your behalf. If you choose this option, please specify the name of the control area, scheduling agent responsible for returning the loss and transmission loss provider.

Control Area _____

Scheduling Agent _____

Transmission Loss Provider _____

- 4. Purchase transmission losses from BPA under the appropriate Rate Schedule as identified in section 1(g)(2)(A) of Exhibit I.

If I can be of any further assistance, please do not hesitate to call me at (360) 418-2033 or Jack Richey, Contract Specialist, at (360) 418-8272.

Sincerely,

Robert D. King
 Senior Account Executive
 Transmission Marketing & Sales

ACCEPTED:

KAISER ALUMINUM & CHEMICAL CORPORATION

By: _____

Name: _____
Print/Type

Title: _____

Date: _____

bcc/enc:

H. Speropolus - TMB/MODD

G. Poland - TMC/Ditt2

J. Richey - TMC/Ditt2

B. Schulenberg - TMP/Ditt2

S. Buckmier - TM/Ditt1

Customer File - TM/Ditt2

Official File - TMC/Ditt2

**REVISION NO. 5, EXHIBIT I
ANCILLARY SERVICES**

This Revision No. 5 to Exhibit I modifies the Ancillary Services provided under this Service Agreement to correspond with those identified in the Transmission Provider's 2002 Ancillary Services and Control Area Services Rate Schedule and Open Access Transmission Tariff.

TERM OF TRANSACTION

Start Date: at 0000 hours on October 1, 2001.

Termination Date: at 0000 hours on October 1, 2002.

This Exhibit I is subject to the ACS-02 Rate Schedule or its successor rate schedule.

	Provided By	Contract No.
1. SCHEDULING, SYSTEM CONTROL AND DISPATCH	Transmission Provider	96MS-96107
2. REACTIVE SUPPLY AND VOLTAGE CONTROL	Transmission Provider	96MS-96107
3. REGULATION & FREQUENCY RESPONSE	Not Applicable ¹	
4. ENERGY IMBALANCE SERVICE	Not Applicable ¹	
5. OPERATING RESERVE - SPINNING RESERVE	Transmission Provider	96MS-96107
6. OPERATING RESERVE - SUPPLEMENTAL RESERVE	Transmission Provider	96MS-96107

KAISER ALUMINUM & CHEMICAL CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

Joseph Hoerner

By: _____

Robert D. King

Name: Joseph Hoerner

(Print/Type)

Name: Robert D. King

(Print/Type)

Title: Energy Supply Manager

Senior Transmission

Title: Account Executive

Date: October 30, 2001

Date: 10/11/01

(W:\TMC\CT\Kaiser\Revisions\96107Tr5.doc) 10/03/01

¹ This service is not applicable at this time as the Transmission Customer has no load being served in the Bonneville Power Administration (BPA) Control Area.

**REVISION NO. 6, EXHIBIT I
ANCILLARY SERVICES**

This Revision No. 6 to Exhibit I modifies the Ancillary Services provided under this Service Agreement to correspond with those identified in the Transmission Provider's 2002 Ancillary Services and Control Area Services Rate Schedule and Open Access Transmission Tariff.

TERM OF TRANSACTION

Start Date: at 0000 hours on October 1, 2002.

Termination Date: at 0000 hours on October 1, 2003.

This Exhibit I is subject to the ACS-02 Rate Schedule or its successor rate schedule.

	Provided By	Contract No.
1. SCHEDULING, SYSTEM CONTROL AND DISPATCH	Transmission Provider	96MS-96107
2. REACTIVE SUPPLY AND VOLTAGE CONTROL	Transmission Provider	96MS-96107
3. REGULATION & FREQUENCY RESPONSE	Not Applicable ¹	
4. ENERGY IMBALANCE SERVICE	Not Applicable ¹	
5. OPERATING RESERVE - SPINNING RESERVE	Transmission Provider	96MS-96107
6. OPERATING RESERVE - SUPPLEMENTAL RESERVE	Transmission Provider	96MS-96107

KAISER ALUMINUM & CHEMICAL CORPORATION

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By: _____

By: _____

Name: Joseph Hoerner
(Print/Type)

Name: Robert D. King
(Print/Type)

Title: Energy Supply Manager

Title: Senior Transmission Account Executive

Date: _____

Date: _____

(W:\NTMC\CT\Kaiser\Revisions\96107Ir6.doc) 08/14/02

¹ This service is not applicable at this time as the Transmission Customer has no load being served in the Bonneville Power Administration (BPA) Control Area.