

COLUMBIA RESEARCH CORPORATION

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May 5, 2003

Ms. Annie Eissler, Freedom of Information Act Officer
Routing: C-4
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

RECEIVED BY BPA FOIA OFFICE THIS DATE: 5/9/03
DUE DATE: 6/6/03
LOG # 03-025

Dear Ms. Eissler:

Pursuant to the Freedom of Information Act, I would like to receive the following information:

1. A copy of all correspondence, e-mails or other communication, whether written or electronic, between BPA and representatives of public power (including trade association staff, attorneys and consultants) regarding the proposed adoption of the \$200-million "risk reduction" provision, also known as the litigation contingency, between BPA and Puget Sound Energy, and between BPA and PacifiCorp. See section 4(b) of BPA contract 01PB-10885 (Puget) and Section 4(b) of BPA contract 01PB-10854 (PacifiCorp). A copy of the contract provisions are attached. I am interested in receiving all correspondence, e-mails or other communication sent or received *before* the contracts were signed by BPA.
2. A copy of all meeting notes, telephone logs or other written documents that indicate if BPA staff discussed the risk reduction provision (section 4) with representatives of public power (including trade association staff, attorneys and consultants) before the contracts were signed and that summarize those meetings and telephone conversations.

I am willing to pay copy and search charges. Please let me know if these charges exceed \$50. If you have any questions or problems with this request, please feel free to call me at 360-695-7422. Thank you for your assistance.

Sincerely,



Dan Seligman
Attorney at Law

(b) **Cash Payments and Firm Power Sale Portion of Total Benefits**

(1) **Cash Payments**

BPA shall make monthly cash payments to Puget as follows:

(A) **October 1, 2001, through September 30, 2002**

During the period that begins October 1, 2001, and continues through September 30, 2002, BPA shall pay Puget monthly amounts equal to:

Payment Type	Monthly Amount (\$)
Total Payment	\$9,722,140 ^{1/}

^{1/}If it is determined that one or more load reduction contingency provisions under sections 4(b)(1)(D)(i), 4(b)(1)(D)(ii), 4(b)(1)(D)(iii), 4(b)(1)(D)(iv), and 4(b)(1)(D)(v) have occurred, then this total monthly payment shall be increased to \$10,208,320 on the earliest date specified in an applicable section.

(B) **October 1, 2002, through September 30, 2006**

During the period that begins October 1, 2002, and continues through September 30, 2006, BPA shall pay Puget monthly amounts equal to:

Payment Type	Monthly Amount (\$)
Base Payment	\$12,671,749 ^{1/}
Reduction of Risk Discount	\$2,463,429
<u>Net Payment:</u>	\$10,208,320 ^{2/}

^{1/}This Base Payment amount (which shall be equal to \$12,706,466 during a leap year) is the monthly amount subject to reduction by the Reduction of Risk Discount.

^{2/}If, by December 1, 2001: (i) Puget, after the date of execution of this Agreement, enters into a settlement agreement with one or more of BPA's publicly-owned utility and cooperative customers (the sufficiency of such group to be solely determined by Puget) waiving and dismissing legal challenges to this Agreement; (ii) if Puget has entered into a settlement agreement described in (i) above and fails to dismiss its legal challenges, if any, to: (a) the Residential Purchase and Sale Agreement Record of Decision (ROD); (b) the Power Subscription Strategy RODs, including the Residential Exchange Program Settlement ROD; and (c) the application of the 7(b)(2) surcharge to BPA's WP-02 rates; or (iii) legislation having the effect of the legislation described in Exhibit C is enacted prior to December 1, 2001, then the Base Payment shall be reduced by the Reduction of Risk Discount to this Net Payment amount of \$10,208,320 (\$10,236,288 during a leap year).

PSE
CONTRACT

4. CASH PAYMENTS

BPA shall make monthly cash payments to PacifiCorp as follows:

(a) October 1, 2001, through September 30, 2002

During the period that begins October 1, 2001, and continues through September 30, 2002, BPA shall pay PacifiCorp monthly amounts equal to:

Payment Type	Monthly Amount (\$)
Total Payment	\$6,634,240 ^{1/}

^{1/}If it is determined that one or more load reduction contingency provisions under sections 4(e)(1), 4(e)(2), 4(e)(3), 4(e)(4), and 4(e)(5) have occurred, then this total monthly payment shall be increased to \$6,962,740 on the earliest date specified in an applicable section.

(b) October 1, 2002, through September 30, 2006

During the period that begins October 1, 2002, and continues through September 30, 2006, BPA shall pay PacifiCorp monthly amounts equal to:

Payment Type	Monthly Amount (\$)
Base Payment	\$8,644,058 ^{1/}
<u>Reduction of Risk Discount</u>	<u>\$1,681,318</u>
Net Payment:	\$6,962,740 ^{2/}

^{1/}This amount shall be equal to \$8,667,740 during a leap year.

^{2/}If, by December 1, 2001, PacifiCorp has entered into a settlement agreement with any of BPA's publicly-owned utility and cooperative customers that waives and dismisses legal challenges to any of the following: (1) the Settlement Agreement; (2) this Agreement; (3) the Residential Purchase and Sale Agreement Record of Decision (ROD); (4) the Power Subscription Strategy RODs, including the Residential Exchange Program Settlement ROD; and (5) the application of the 7(b)(2) surcharge to BPA's WP-02 rates, then this payment shall be reduced to \$6,962,740 (\$6,981,876 during a leap year).

(c) Cash Payment Adjustments Due to Application of Safety-Net Cost Recovery Adjustment Clause (SN CRAC) and Dividend Distribution Clause (DDC) to BPA Firm Power Sales

(1) Adjustment to Cash Payments Resulting from SN CRAC and SN CRAC Balancing Account

In the event of imposition of the SN CRAC to BPA's firm power sales, BPA shall reduce the monthly payment to PacifiCorp in section 4(a) or section 4(b) above by an amount equal to the hours in the month times the mills/kilowatthour (kWh) increase in the Lowest PF Rate at 100 percent load factor above the maximum millage amount allowed for the Lowest PF Rate for such month under the Financial-Based CRAC, times 226 average megawatts (aMW) in Contract Year 2002 and 251 aMW in each year of Contract Years 2003-2006. BPA shall record the amounts of reduction in such monthly payments in a SN CRAC balancing account (the "SN CRAC Account").