



Department of Energy

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

FREEDOM OF INFORMATION ACT PROGRAM

September 4, 2024

In reply refer to: FOIA #BPA-2023-00499-F

SENT VIA EMAIL ONLY TO: dustin@sanger-law.com

Dustin Prater
Sanger Law, PC
4031 SE Hawthorne Blvd.
Portland, Oregon 97214

Dear Mr. Prater,

This communication is the Bonneville Power Administration's (BPA) first partial response to your request for agency records made under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA). BPA received your records request on February 2, 2023, and formally acknowledged your request on March 1, 2023. BPA sent first partial response on January 12, 2024.

Request

You requested, "All records of decision and/or determinations pertaining to establishing if a new load is or is not a New Large Single Load (NLSL) and/or a contracted for, committed to (CFCT). We request the aforementioned documents for each instance of an identified possible NLSL and/or CFCT." BPA communicated with you on February 2, 2023, to confirm the scope of your request. With your feedback received on February 2, BPA is proceeding with a response to the following request language: "All records of decision and/or determinations pertaining to establishing if a new load is or is not a New Large Single Load (NLSL) and/or a contracted for, committed to (CFCT). We request the aforementioned documents for each instance of an identified possible NLSL and/or CFCT ... [and seek available records] since the passing of the Northwest Power Act, [i.e.,] December 5, 1980 to present."

Second Partial and Final Response

BPA searched for and gathered records responsive to your request from the agency's Power Requirements Marketing and Power Service offices. Accompanying this communication are 920 pages (less 34 cover sheets identifying third parties) of responsive agency records with the following redactions applied:

- 10 redactions under 5 U.S.C. § 552(b)(4) (Exemption 4)
- 188 redactions under 5 U.S.C. § 552(b)(6) (Exemption 6)

Prior to publicly releasing agency records, BPA was required by 5 U.S.C. § 552(b)(4) (Exemption 4) to seek objections to the release of any third party's confidential commercial information contained in the responsive records. BPA completed that consultation process, and organized the record set that is being released to you by third party. Records with information belonging to multiple third parties must be sent to each party for review. As a result, this partial release package contains some duplicates.

Explanation of Exemption

The FOIA generally requires the release of all agency records upon request. However, the FOIA permits or requires withholding certain limited information that falls under one or more of nine statutory exemptions (5 U.S.C. §§ 552(b)(1-9)). Further, section (b) of the FOIA, which contains the FOIA's nine statutory exemptions, also directs agencies to publicly release any reasonably segregable, non-exempt information that is contained in those records.

Exemption 4

Exemption 4 protects "trade secrets and commercial or financial information obtained from a person [that is] privileged or confidential." (5 U.S.C. § 552(b)(4)). This exemption is intended to protect the interests of both the agency and third-party submitters of information. Information is considered commercial or financial in nature if it relates to business or trade. Here, compliant with the FOIA and established guidance provided by the U.S. Department of Justice, BPA relies on Exemption 4 to withhold confidential commercial information belonging to Flathead Electric Cooperative in this partial release package. BPA also relies on Exemption 4 to withhold confidential commercial information belonging to Flathead Electric Cooperative, PNGC Power, and Umatilla Electric Cooperative. These pages have been withheld in full and are not included in the partial release package. The FOIA does not permit discretionary release of information otherwise protected by Exemption 4.

Exemption 6

Exemption 6 protects Personally Identifiable Information (PII) contained in agency records when no overriding public interest in the information exists. BPA does not find an overriding public interest in a release of the information redacted under Exemption 6 — specifically, personal signatures and cell numbers. BPA cannot waive this PII redaction, as the protections afforded by Exemption 6 belong to individuals and not to the agency.

Lastly, as required by 5 U.S.C. § 552(a)(8)(A), information has been withheld only in instances where (1) disclosure is prohibited by statute, or (2) BPA foresees that disclosure would harm an interest protected by the exemption cited for the record. When full disclosure of a record is not possible, the FOIA statute further requires that BPA take reasonable steps to segregate and release nonexempt information. The agency has determined that in certain instances partial disclosure is possible and has accordingly segregated the records into exempt and non-exempt portions.

Certification

Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the records search, the redactions applied thereto, and the partial records release described above.

Appeal

The records release certified above is final. Pursuant to 10 C.F.R. § 1004.8, you may appeal the adequacy of the records search, and the completeness of this final release, within 90 calendar days from the date of this communication. Appeals should be addressed to:

Director, Office of Hearings and Appeals
HG-1, L'Enfant Plaza
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585-1615

The written appeal, including the envelope, must clearly indicate that a FOIA appeal is being made. You may also submit your appeal by e-mail to OHA.filings@hq.doe.gov, including the phrase "Freedom of Information Appeal" in the subject line. (The Office of Hearings and Appeals prefers to receive appeals by email.) The appeal must contain all the elements required by 10 C.F.R. § 1004.8, including a copy of the determination letter. Thereafter, judicial review will be available to you in the Federal District Court either (1) in the district where you reside, (2) where you have your principal place of business, (3) where DOE's records are situated, or (4) in the District of Columbia.

Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services
National Archives and Records Administration
8601 Adelphi Road-OGIS
College Park, Maryland 20740-6001
E-mail: ogis@nara.gov
Phone: 202-741-5770
Toll-free: 1-877-684-6448
Fax: 202-741-5769

Questions about this communication, or the status of your FOIA request, may be directed to James King, FOIA Public Liaison, at jjking@bpa.gov or 503-230-7621. Questions may also be directed to E. Thanh Knudson, Case Coordinator (ACS Staffing Group), at 503-230-5221 or etknudson@bpa.gov.

Sincerely,

Candice D. Palen, Freedom of Information/Privacy Act Officer
[Attachments / Enclosures: Agency records responsive to FOIA request BPA-2023-00499-F accompany this communication.](#)

ALLRISE CAPITAL INC.



Department of Energy

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

EXECUTIVE OFFICE

March 20, 2023

In reply refer to: A-7

Ms. April Owen, Interim General Manager
Public Utility District No. 1 of Pend Oreille County
PO Box 190
Newport, WA 99156

Dear Ms. Owen:

This letter is to inform you that the Bonneville Power Administration (BPA) has determined that the load associated with Allrise Capital, Inc.'s Cascade Digital Mining, LLC, described below, became a New Large Single Load (NLSL) on Pend Oreille County Public Utility District No. 1's (Pend Oreille) system as of September 30, 2022, Hour Ending 2, under section 3(13) of the Northwest Power Act, and BPA's NLSL Policy.

The Cascade Digital Mining, LLC site is a data center, which is co-located at the existing Ponderay Industries, LLC (formerly Ponderay Newsprint Company) site which is an existing NLSL. It is currently being served out of the BPA Usk substation, with three 75 MVA 230 kV to 13.2 kV customer owned transformers are fed from the 230 kV bus. Those three transformers feed roughly 16 buildings onsite. Based upon its end user's representations, Pend Oreille understands that the site's real property is owned by Ponderay Real Estate, LLC, a Washington limited liability company and wholly owned subsidiary of Allrise Capital, LLC.

The Cascade Digital Mining, LLC is located on the Ponderay Industries site, which consists of:

Address: 422767 SR 20, Usk, WA 99180

Tax Parcel Numbers: 443208000005 and 443205500001

Abbreviated Legal Description: 3-59 F4 NE1/4; N1/2NW1/4; SE 1/4NW; NWSE1/4; 08-32-44

Based on BPA's current information, the increase in load during the January 1, 2022 – December 31, 2022 monitoring period of 87,652,300 kilowatt hours or 10 average megawatts at Cascade Digital Mining, LLC makes this facility an NLSL. All future load at this facility will be NLSL, including both increases and reductions of load. As noted in Section 4 of Exhibit A of Pend Oreille's Regional Dialogue Power Sales Contract No. 09PB-13090 (Agreement), Pend Oreille has elected to serve the Cascade Digital Mining, LLC data center with specified and unspecified dedicated resources.

BPA will revise Exhibit D of Pend Oreille's Agreement to designate the Cascade Digital Mining, LLC data center from Planned NLSL status to Existing NLSL status, and will provide Pend Oreille with originals of the exhibit for signature. BPA will continue to monitor load growth at the facility on an annual basis.

If you have any questions please don't hesitate to contact your Account Executive, Mike Normandeau at (406) 360-8714.

Sincerely,

**JOHN
HAIRSTON**  Digitally signed by JOHN
HAIRSTON
Date: 2023.03.20
12:36:11 -07'00'

John Hairston
Administrator and Chief Executive Officer

cc:
Tyler Whitney, Pend Oreille

bcc:

M. Lopez – KSBV-TPP-1

M. St. Brown – KSL-4

A. Babcock – KSM-6

T. Johnson – LP-7

M. Bodine-Watts – LP-7

E. Doot – LP-7

S. Cooper – P-6

K. Thompson – PS -6

M. Normandeau – PSE-RONAN

N. Schimmels – PSE-MEAD-GOB

R. Miller – PSS-6

L. Oberhausen – PSS-6

C. Allen – PSS-SEATTLE

K. Patton – PSS-SEATTLE

A. Miller – PSW-6

C. Augustine – PSSE-TPP-1

S. Babaidhan – PSSE-MEAD-GOB

L. Moore – PSSE-MEAD-GOB

CCM_Support – KSC-4 (Pend Oreille, 09PB-13090)

Official File – PSE (PM-12)



Department of Energy

Bonneville Power Administration
PO Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

April 18, 2022

In reply refer to: P-6

Mr. F. Colin Willenbrock, General Manager
Public Utility District No. 1 of Pend Oreille County
P.O. Box 190
Newport, WA 99156-0190

Dear Mr. Willenbrock:

Pend Oreille County PUD No. 1 (Pend Oreille) and the Bonneville Power Administration (BPA) executed a Regional Dialogue Power Sales Contract, Contract No. 09PB-13090 (Agreement), on December 1, 2008. Under section 23.3 of the Agreement, BPA is required to make a Facility Determination for any load at a plant site that may become a New Large Single Load (NLSL) as defined in section 3(13) of the Northwest Power Act.

On December 13, 2021, Pend Oreille informed BPA of the development of a new large load, originally named Ponderay Data, LLC and of the planned service to this load located at the site of Ponderay Industries, LLC (formerly Ponderay Newsprint Company) on Pend Oreille's distribution system. The end-user for this new large load has since been identified as Cascade Digital Mining, LLC, a Delaware limited liability company ("Cascade Digital"). Based upon representations made by the end-user, Pend Oreille understands Cascade Digital to be a joint venture between Merkle Standard LLC, a Washington limited liability company ("Merkle Standard"), and Bitmain Delaware Holding Company, Inc., a Delaware corporation ("Bitmain Holding"). Additionally, Pend Oreille further understands Merkle Standard to be a wholly owned subsidiary of Allrise Capital Inc., a Delaware corporation ("Allrise"), and Bitmain Holding to be a wholly owned subsidiary of Bitmain Technologies Delaware Limited, a Delaware corporation. Cascade Digital is co-located on the Ponderay Industries, LLC (Ponderay Industries) site, which is an existing NLSL. Pend Oreille stated in its letter that a substantial increase in the load is expected in the near future. Pend Oreille requested that BPA make a Facility Determination for NLSL purposes for the Cascade Digital load, which will be a data center. This new load is in addition to the existing NLSL newsprint load at the Ponderay Industries site, and is located at the Ponderay Industries site. The Ponderay Industries NLSL newsprint load is not currently operating, but is being maintained for a possible restart in the future. Based upon the end-users' representations, Pend Oreille understands that Ponderay Industries is a wholly-owned subsidiary of Allrise.

FINDINGS

Pend Oreille and BPA have had extensive discussions regarding the development of this site, with the principals submitting data and plans to BPA for its review in anticipation of a Facility Determination. Due to the COVID-19 pandemic BPA has not been able to conduct a site visit to Ponderay Industries. In addition, BPA understands that Allrise is still working to restart the newsprint portion of the site load. It is not clear at this time what the final physical and electrical setup will be for both the newsprint and data center loads.

Therefore, with this letter, BPA is making this Facility Determination based on the information submitted to BPA and consistent with the criteria stated in section 23.3.2 of the Agreement for the Cascade Digital load, with the caveat that BPA may update its decision when a site visit is conducted. With the current information, BPA has concluded that the Cascade Digital load development consists of a facility that is separate from the Ponderay Industries existing NLSL under the Agreement and BPA's NLSL Policy.

Based upon the information supplied, the current description of this facility is: **The Cascade Digital Mining, LLC site** is a data center, which will be co-located at the existing Ponderay Industries site. It is currently being served out of the BPA Usk substation, with three 75 MVA 230kV to 13.2 kV customer owned transformers fed from the 230kV bus. Those three transformers feed roughly 16 buildings onsite. Based upon its end user's representations, Pend Oreille understands that the site's real property is owned by Ponderay Real Estate, LLC, a Washington limited liability company and wholly owned subsidiary of Allrise.

Legal Description

Cascade Digital is located on the Ponderay Industries site, which consists of:

Address: 422767 SR 20, Usk, WA 99180

Tax Parcel Numbers: 443208000005 and 443205500001

Abbreviated legal Description: 3-59 F4 NE1/4; N1/2NW1/4; SE 1/4NW; NW1/4SE1/4; 08-32-44.

NLSL Monitoring Period

The Monitoring Period for the Cascade Digital facility is January 1, 2022 through December 31, 2022. This load excludes any construction load. Any future construction load at this site must be separately metered and excluded from production load measurements.

FACILITY DETERMINATION FACTORS

Consistent with section 23.3 and its NLSL policy, BPA has based this Facility Determination for the Cascade Digital load on the following factors:

Single End-Use Consumer: The data center load is operated by Cascade Digital, which is a joint venture between Merkle Standard and Bitmain Holding.

Geographical Separation: This load is co-located within the existing Ponderay Industries NLSL facility. However, at the time of this Facility Determination, only the Cascade Digital load is operating.

Electrical Separation: At the time of this Facility Determination, only the Cascade Digital load is operating. Currently, there are three 75 MVA 230kV-to-13.2 kV customer-owned transformers fed from the 230kV bus in the substation. These transformers feed switchgear inside the building that then feed to the rest of the site. The protection scheme for the three transformers ties into the BPA and Pend Oreille protection relaying. A one-line distribution system diagram illustrates the current service arrangement for the site.

There is up to 4.521 MWs of grandfathered PF eligible load associated with the maintenance of the Ponderay Industries newsprint site and machinery, which shall be subtracted from the load at the Cascade Digital site for the purposes of monitoring the Cascade Digital load. Should the Ponderay Industries newsprint load restart, BPA will require a plan of service that illustrates how Cascade Digital and Ponderay Industries newsprint will be electrically separated.

Separate Metering: At the time of this Facility Determination, only the Cascade Digital load is operating. Should the Ponderay Industries newsprint load restart, BPA will require a plan of service that illustrates how Cascade Digital and Ponderay Industries will be electrically separated and metered separately for the purposes of monitoring the newsprint and the data center loads independently.

Separate Billing: Pend Oreille has indicated that, at the time of this Facility Determination, the power sales contract between Pend Oreille and Ponderay Real Estate, LLC, is solely for the purpose of providing an interim amount of power to the site until a longer-term contract can be negotiated between the parties. However, Pend Oreille presumes that the Cascade Digital load and the Ponderay Industries load (when restarted), will be billed under the same contract.

Separate Product Lines: Cascade Digital proposes to serve both cryptocurrency and high-density computing services, herein described as data center load, at the Ponderay Industries site. This load is distinct from the newsprint production load that historically operated at the site and that was determined to be an NLSL as of January 13, 1990.

Because there will be no means to identify or segregate products and services created by the data center load, BPA will consider any load growth in any part of the physical site related to the data center load to be added load growth to the Cascade Digital facility for load measurement and metering purposes.

As mentioned above, the Ponderay Industries newsprint load is not currently operating beyond basic maintenance load. Should the Ponderay Industries newsprint load resume production, BPA will need to complete a site visit to determine how the newsprint load is being electrically separated and metered separately from the data center load. Once a site visit has been completed, BPA will update this Facility Determination based on the findings of that site visit and what is described in this letter. The updated Facility Determination will be the final and permanent Facility Determination.

Per Pend Oreille's request, Cascade Digital will begin being served with non-federal resources as a Planned NLSL. Pend Oreille expects the Cascade Digital load to increase by 10 average megawatts or more during the first 12-month Monitoring Period, and when it does, BPA will

declare such load growth an NLSL. After a load becomes an NLSL, all subsequent load growth at the facility will also be an NLSL under BPA's NLSL Policy. In such event that the Cascade Digital load does not become an NLSL in the first 12-month Monitoring Period, a subsequent 12-month Monitoring Period will commence and the load at the facility would then consist of two parts: a base amount (grandfathered amount) eligible for BPA service with federal power at the applicable PF rate, and a Planned NLSL amount, which must be served with non-federal power because Pend Oreille purchases BPA's block product.

Thank you for your understanding and cooperation. Please don't hesitate to call your Power Account Executive, Mike Normandeau, at (406) 676-2669 should you have any questions or concerns regarding this letter.

Sincerely,

(b) (6)

Digitally signed by
SUZANNE COOPER
Date: 2022.04.18
08:41:41 -07'00'

Suzanne Cooper
Senior Vice President for Power Services

cc: April Owen, Pend Oreille
Tyler Whitney, Pend Oreille

bcc:

M. Lopez – KSBV-TPP-1

A. Babcock – KSM-4

M. Bodine-Watts – LP-7

E. Doot – LP-7

T. Johnson – LP-7

D. Villalobos – PEJB-MEAD-GOB

J. Hurlburt – PGL-5-Portland

K. Thompson – PS-6

M. Normandeau – PSE-RONAN

N. Schimmels – PSE-MEAD-GOB

C. Allen – PSS-SEATTLE

R. Miller – PSS-6

E. Oberhausen – PSS-6

K. Olive – PSS-6

W. Roghair – PSS-6

K. Patton – PSW-SEATTLE

S. Wilson – PSW-6

C. Augustine – PSSE-TPP-1

S. Babaidhan – PSSE-MEAD-GOB

L. Moore – PSSE-MEAD-GOB

CCM_Support – KSC-4 (Pend Oreille, 09PB-13090)

Official File – PSE (PM-11-14)

AMERICAN POTATO CO.
(BASIC AMERICAN FOOD)

4114

JAN 20 1983

PRI

Mr. John L. McMahon
Grant County PUD No. 2
P.O. Box 878
Ephrata, WA 99020

Dear Mr. McMahon:

On September 20, 1979, Grant County PUD No. 2 (Grant) requested that the Bonneville Power Administration (BPA) make a contracted for determination that Grant's loads at the American Potato Company, Moses Lake, Washington, facility and Lamb-Weston's, Quincy, Washington, facility are not New Large Single Loads under Section 3(f)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act) as of September 1, 1979.

In making the contracted for determination and determining the size of the load contracted for at the American Potato and Lamb-Weston facility as of September 1, 1979, the following information was considered: The Power Supply Agreement No. 120-428 between Grant and the American Potato Company, dated November 25, 1974, which provides for 25,000 kilowatts of firm power; and the Power Supply Agreement No. 120-482 between Grant and Lamb-Weston, dated April 30, 1979, which provides for 49,500 kilowatts of firm power.

Based on the above, BPA has determined that as of September 1, 1979, Grant had a contract in force with both American Potato and Lamb-Weston. Pursuant to the compromise BPA reached during the negotiations with regard to capacity-only power sales contracts, BPA determined that the size of the load contracted for by Grant entered in the enclosed Exhibit K, Table 2, is 25 average megawatts at American Potato's facility at Moses Lake, Washington, and 49.5 average megawatts at Lamb-Weston's facility at Quincy, Washington. Please attach the enclosed Exhibit K to your utility power sales contract dated August 25, 1981.

Sincerely,

(SGD) E. W. CICHKIEWICZ

ACTING Administrator

Enclosure

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90498
Grant County PUD No. 2
Effective on the effective date
of this contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
American Potato Facility	Moses Lake, Grant County, Washington	25.0
Lamb-Weston Facility	Quincy, Grant County, Washington	49.5

(WP-PKI-1574c)

September 30, 1982

OKN

David J. Anderson, Chief
Contract Negotiation Branch - PKI

Ronald K. Rodewald
Wenatchee District Manager - OKN

Grant County PUD Contracted for or Committed to Determinations

Attached are copies of Grant PUD contracts dated November 25, 1974, with the American Potato Company and April 30, 1979, with Lamb-Weston. Please note that the American Potato contract provided for the delivery of 25,000 kilowatts of firm power and the Lamb-Weston contract provides for the delivery of 49,500 kilowatts of firm power. These contracts reflect the discussions between the District and each ultimate consumer so no other data has been submitted.

We are working with the District on one other load that they feel should have a contracted for or committed to determination. When we have received additional information from the District, it will be forwarded to your office.

Attachments

RKRodewald:jm

cc:

A. A. Harlow - OKC
Janet McLennan - PG
T. M. Noguchi - PK
Shirley Melton - PLA
Official File - OKN

POWER SUPPLY AGREEMENT

THIS AGREEMENT is made and entered into this 25th day of November, 1974, by and between:

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, hereinafter referred to as "the District,"

and

AMERICAN POTATO COMPANY, a corporation, hereinafter referred to as "the Customer."

Recitals:

1. The Customer operates facilities for the processing of agricultural products in the vicinity of McDonald Siding in Grant County, Washington;
2. Said facilities are now being altered and will be operated so as to require the delivery of large additional amounts of electric energy for use in operation of such facilities;
3. The District distributes electric energy within Grant County and operates an electric utility system therein; and
4. The parties desire to detail the terms and conditions of sale and delivery of electrical energy by the District to the Customer.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties agree as follows:

I.

DEFINITIONS

The following definition of terms shall apply throughout this agreement:

(a) Firm Power: The term "Firm Power" when used herein shall mean electrical power and energy which the District guarantees to be continuously available at the Point of Delivery at all times, except only during

those times when the District is prevented from making power and energy so available due to Uncontrollable Forces.

(b) Point of Delivery: The term "Point of Delivery" when used herein shall mean the point where the electrical power and energy is delivered into the Customer's facilities and shall be at the load side of the circuit switchgear to be supplied and installed by the District on a Customer-furnished concrete pad located at a mutually acceptable site on Customer's premises.

(c) Uncontrollable Forces: The term "Uncontrollable Forces" as used herein shall mean any cause beyond the control of the District or of the Customer, as the case may be, and which by the exercise of due diligence such party is unable to prevent or overcome, including but not limited to an act of God, fire, flood, explosion, strike, sabotage, an act of the public enemy, civil or military authority, including Court orders, injunctions, orders of governmental agencies with proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment or inability to obtain or ship original or replacement electrical equipment because of effect of similar causes on suppliers or carriers.

II.

DELIVERY OF POWER

Beginning at the date of initial delivery (as hereinafter described), and thereafter during the period this agreement is in effect, the District shall continuously make available to the Customer at the Point of Delivery up to 21,000 kilowatts of Firm Power at 7620/13200Y volts for electrode boiler service and at 277/480Y volts for general plant service. An additional 4000 kilowatts of Firm Power will be made available by the District to the Customer upon request, as soon as installation of additional on-site District-facilities as may be necessary to deliver such additional Firm Power, can be completed, tested, and placed in operation.

Customer agrees that the power and energy to be made available hereunder by the District for electrode boiler service will be used as the primary energy for operating its boilers and that other fuels will be used only supplementally for boiler operation. It is the intention and agreement of the parties that the energy to be supplied hereunder shall be used to carry the base load for boiler operation and is not to be used for peaking purposes and/or to supplement other sources of energy.

Sources of energy other than that to be supplied by the District hereunder shall be used for boiler operation only during times when electrical service is unavailable or when Customer's equipment outages for repairs require the use of such other sources of energy.

III.

INITIAL DELIVERY

The initial delivery of the electrical power and energy herein sold and purchased will commence when the electrical equipment to be furnished and installed by the District and required to make delivery of the power and energy is so installed and operative, but not later than October 1, 1975; provided, however, that the District shall not be responsible or liable for failure to so deliver electric power and energy on or before the aforementioned date, if such failure is due to Uncontrollable Forces, or if the District cannot obtain original equipment, because of manufacturer's delivery schedules, in time to install, test and place the same in operation prior to October 1, 1975.

IV.

RATES AND PAYMENTS

The Customer will pay for the electrical power and energy to be delivered hereunder at the prices and rates and under the terms and conditions set forth in Schedule 7 of the District's Rules and Regulations now in effect or as hereafter amended, provided any amendment thereof shall be strictly in accordance with RCW 54.24.080. Provided, further, that the Customer agrees that, except as specifically provided herein, its annual payment to the District for power and energy made available hereunder shall not be less than \$300,000.00. In the event the payments for power and energy delivered in any twelve month period (beginning on the initial date of delivery and each anniversary thereof) shall be less than said minimum, Customer shall pay the deficiency within sixty (60) days after the end of the twelve month period. The annual minimum shall be reduced by \$1,000.00 for each full day (24 hours) when:

(a) Customer's facilities are inoperable because of Uncontrollable Forces, or

(b) The District fails to make available the power and energy at the Point of Delivery.

No adjustment in the annual minimum shall be made because of inoperability of facilities or power unavailability lasting less than 24 consecutive hours.

In the event that during the term of this agreement, Customer qualifies under a rate schedule other than that specified herein (now in effect or hereafter adopted) of the District, the application of which would reduce the Customer's cost for the power and energy to be supplied hereunder, the Customer may by notice in writing to the District elect to be billed under such other rate schedule and this Paragraph IV "Rates and Payments" shall be forthwith amended to provide for delivery under the prices and rates set forth in such other schedule.

V.

FURNISHING AND INSTALLATION OF EQUIPMENT

In order to effect delivery of the power and energy to be delivered hereunder:

A. The District will furnish and install:

(1) 115 kV transmission system facilities and related substation equipment required to bring this quantity of power to the Customer's property;

(2) 13.2 kV underground conductor and terminations for the feeders from the District-installed substation to the circuit switchgear at a mutually agreed upon location near the Customer's existing plant main electrical center.

(3) The circuit switchgear.

(4) Primary metering at the District's substation.

(5) The conversion of feed to the existing electrical substation so that it is served from the new circuit switchgear.

B. The Customer will provide:

(1) A transmission line easement to accommodate the 115 kV transmission line over and across the Customer's property.

(2) A parcel of land approximately 200 x 200 feet for use by the District as a substation site, together with necessary easement for ingress and egress to said site, said site to be at a site mutually acceptable to the parties. Title to the parcel of property will be conveyed to the District by good and sufficient Warranty Deed and ingress and egress will be provided by a non-exclusive easement.

(3) All trenching, backfill, conduit, concrete encasements, and vaults for the feeders from the substation to the circuit switchgear.

(4) A concrete pad constructed to District specifications at a mutually acceptable site upon which is to be installed the circuit switchgear by the District.

(5) All trenching, backfill, conduit, conductor and terminations from the switchgear to the Customer's boiler load.

(6) All trenching, backfill, and conduit necessary to shift the electrical feed to the existing electrical substation over to the switchgear to be installed hereunder.

Equipment supplied or installed by the District hereunder shall remain the property of the District, and the equipment installed or supplied by the Customer shall remain the property of the Customer.

VI.

METER TESTING

The District will cause the metering equipment mentioned in this contract to be tested at least once every two years, and, if requested to do so by Customer, will cause additional tests and inspections of such metering equipment to be made, the expense of which will be paid by Customer, unless such tests or inspections show such metering equipment varied by more than 2% from the measurement made by the standard meter used in such test. The District will give Customer reasonable notice of the time when any such tests and inspections are to be made and Customer may have representatives present at each such test or inspection.

If any meters by which power hereunder is measured fails to register or if any meter is determined by tests to be inaccurate by more than 2%, appropriate adjustment will be made.

VII.

TERM OF AGREEMENT

This agreement shall be effective from the date hereof until discontinuance of service is requested by the Customer by notice in writing to the District six (6) months prior to the date service is to be

terminated. In the event the Customer elects to terminate the service, the Customer shall pay to the District liquidated damages in the amount of \$380,000.00 reduced by \$19,000.00 for each year that service has been made available hereunder;

VIII.

REPLACEMENT OF FACILITIES AND RESTORATION OF SERVICES

In the event of destruction or damage to the Customer's facilities by Uncontrollable Forces rendering Customer's facilities inoperable, making it impossible for Customer to accept delivery of power, the Customer will be excused from performance of this contract only during that period of time reasonably necessary to rebuild or repair said facilities and return them to an operable state. After such reasonable time has elapsed, failure to take delivery of power shall not be excused. In the event District's facilities or its ability to deliver power hereunder are interrupted or curtailed because of Uncontrollable Forces, the District will use all reasonable means to expeditiously repair or replace facilities to again deliver power to the Customer as soon as practicable and reasonable after the cessation of the Uncontrollable Forces.

IX.

MAINTENANCE OUTAGES

In the event it is necessary to suspend temporarily the delivery of electrical service for the purpose of making repairs or improvements to its system, the District shall have the right to suspend temporarily, but in all of such cases when practicable advance notice will be given to the Customer, and repairs or improvements that can be scheduled will be scheduled at such times as to cause the least interference with the Customer's operation and preferably during those periods of the year when the Customer's plant is not fully operative. All such repairs and improvements will be prosecuted with diligence and completed as soon as is reasonably practicable.

X.

LIABILITY

The Customer will save harmless the District from any liability, loss or expense arising out of or growing out of injury to persons, including

injury resulting in death or to property occurring on Customer's premises and resulting from any act or omission of the Customer, its officers, agents or employees. The District will save harmless the Customer from any liability, loss or expense arising out of or growing out of injury to persons, including injury resulting in death or to property which may occur on the District's premises or facilities and resulting from any act or omission of District, its officers, agents or employees.

XI.

NATURE OF AGREEMENT

This agreement shall be binding not only upon the parties hereto, but upon their heirs, assigns and successors as well. If at any time the terms thereof are not strictly adhered to or enforced, they will not thereby be deemed waived or modified, but will at all subsequent times be deemed in full force and effect.

XII.

POWER CONTRACT NO. 120-003

The Power Contract No. 120-003, dated July 21, 1965, between the parties hereto is hereby rescinded effective with the date of initial delivery under this contract.

IN WITNESS WHEREOF, the parties have executed this agreement the date first above written.

PUBLIC UTILITY DISTRICT NO. 2
OF GRANT COUNTY

By (b)(6)
Manager

AMERICAN POTATO COMPANY

By (b)(6)
Executive Vice President

ATTEST:

By _____
(Title)

CERTIFICATE

I, R. S. FISHER, do hereby certify as follows:

I am the Secretary of AMERICAN POTATO COMPANY, a California corporation.

The attached is a true and correct copy of a resolution duly adopted by the Board of Directors of AMERICAN POTATO COMPANY at a meeting duly called and held at its office in San Francisco, California on October 16, 1974 at which meeting a quorum of the Board of Directors was at all times present and acting. Such resolution has not been altered, amended or repealed.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of this corporation this 1st day of November, 1974.

(b)(6)

R. S. FISHER, Secretary
AMERICAN POTATO COMPANY

AMERICAN POTATO COMPANY

BOARD OF DIRECTORS MEETING - October 16, 1974

RESOLUTION - LONG TERM CONTRACT WITH GRANT COUNTY PUBLIC
UTILITY DISTRICT NO. 2

RESOLVED, that Milton F. Eberhard, Executive Vice President, is authorized to enter into a long-term contract with Grant County Public Utility District No. 2 to supply electrical power for one or more boilers in the Moses Lake, Washington, plant, provided that the contract contained a liquidated damages provision that will permit termination by the Company in a reasonable period of time.

ASARCO



NORTHERN LIGHTS, Inc.

Wm. T. Nordeen, General Manager

263-5141

P.O. Box 310

Sandpoint, Idaho 83864

July 23, 1980

*file
ASARCO
Legal*

COPY

Mr. A. A. Harlow, Area Power Mgr.
Bonneville Power Administration
Room 561, U.S. Court House
West 920 Riverside Avenue
Spokane, Washington 99201

Dear Art:

Enclosed are three (3) executed copies of proposed Trust Agreement, Contract No. DE-MS-79-80BP90141, providing for the ASARCO tap.

I am also enclosing three (3) certified copies of our Board resolution No. 228 authorizing the execution of the agreement and our check No. 31889 in the amount of \$150,000.

Please contact me if you have any questions.

Sincerely,

NORTHERN LIGHTS, INC.

Wm. T. Nordeen,
General Manager

WTN:blp

Enclosures

R E S O L U T I O N N O. 228

RE: TRUST AGREEMENT WITH BONNEVILLE POWER ADMINISTRATION

ASARCO TAP

WHEREAS, The Bonneville Power Administration has submitted a Trust Agreement, Contract No. DE-MS-79-80BP90141, providing for the design, modification and installation of facilities at the Troy Substation to serve the ASARCO Tap; and

WHEREAS, The Contract appears to be in the best interests of Northern Lights, Inc.;

NOW, THEREFORE, BE IT RESOLVED That the Board of Directors of Northern Lights, Inc., in regular session this 23rd day of June 1980, hereby acknowledges and accepts the provisions, terms and conditions of this Trust Agreement and authorizes its President and Secretary to execute the same for and on behalf of the Cooperative.

NORTHERN LIGHTS, INCORPORATED

(b)(6)

Arthur L. Jasman, President

ATTEST:

(b)(6)

Ardley P. Burt, Secretary-Treasurer

I, ARDLEY P. BURT, do hereby certify that the attached copy of Board of Directors' Resolution No. 228 re: TRUST AGREEMENT WITH BONNEVILLE POWER ADMINISTRATION-ASARCO TAP passed this 23rd day of June, 1980, is a true and correct copy of the Resolution of Northern Lights, Incorporated.

(b)(6)

Ardley P. Burt, Secretary

Dated June 23, 1980

5-29-80

GENERAL TRUST AND O & M AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

NORTHERN LIGHTS, INC.

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This GENERAL TRUST AND O & M AGREEMENT, executed _____, 19__,
by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by
and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and NORTHERN
LIGHTS, INC. (Cooperative), a corporation of the State of Idaho,

W I T N E S S E T H :

WHEREAS the parties hereto, on June 4, 1975, executed a power sales
contract, designated as Contract No. 14-03-59197 (which, as amended or
replaced, is hereinafter referred to as "Power Sales Contract") which provides
for the sale to the Cooperative of its firm power requirements by Bonneville;
and

WHEREAS the Cooperative from time to time requests Bonneville to design,
construct, and install facilities of the Cooperative which are interconnected
with the Federal Transmission System; and

WHEREAS the parties hereto desire to provide for such design and
construction upon the approval of Bonneville when the parties determine that
such design and construction are mutually beneficial; and

WHEREAS, from time to time, the parties wish to provide for Bonneville to
operate and maintain Cooperative-owned facilities; and

WHEREAS Bonneville is authorized pursuant to law to dispose of electric
power and energy generated at various Federal hydroelectric projects in the
Pacific Northwest, or acquired from other resources, to construct and operate
transmission facilities, to provide transmission and other services, and to
enter into agreements to carry out such authority;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Term of Agreement. This agreement shall be effective at 2400 hours on the date of execution and shall continue in effect until terminated by either party upon 60 days' written notice to the other. All liabilities accrued hereunder shall be and are hereby preserved until satisfied.

2. Exhibits. Exhibit A (Provisions Required by Statute or Executive Order), Exhibit B (Installation of Facilities), and Exhibit C, (Operation and Maintenance of Cooperative-Owned Facilities) are hereby made a part of this agreement. In Exhibit A, the Cooperative shall be the "Contractor" and all references to "the Administrator" are changed to "Bonneville."

3. Trust Deposit. The Cooperative hereby agrees to deposit with Bonneville an amount equal to the estimated total cost to Bonneville of performing the work specified in each table of Exhibit B. For each table of Exhibit B, the amount deposited shall be a Trust Deposit. Such amount shall be held in trust by Bonneville to defray the cost of performing the duties pursuant to section 4 which are to be done at the Cooperative's expense and specified in each such table. The Cooperative shall make payments of the estimated cost, as provided in the appropriate table to Exhibit B, in amounts and at the times requested by Bonneville. If at any time thereafter Bonneville estimates that such amounts are insufficient to pay the Cooperative's share of the cost of completing performance of such duties, the Cooperative shall advance to Bonneville, when Bonneville requests and in such installments as may be specified by Bonneville, such additional moneys as Bonneville estimates will be required for such completion.

At any time before completion of the duties specified in each table to Exhibit B, the Cooperative may elect to have the salvable equipment installed pursuant to such table removed and returned to the owner. In this event, Bonneville will cease all work pursuant to such table and proceed with such

removal and restoration of the facilities altered hereunder. The Cooperative will advance to Bonneville, when Bonneville so requests and in such installments as Bonneville may specify, any additional moneys Bonneville estimates will be required for such work. Any uncommitted funds remaining in the Trust Deposit on the effective date of the Cooperative's election to remove and salvage, shall be applied to Bonneville's cost of such removal.

The moneys so received by Bonneville together with all moneys, if any, advanced to it in trust under any other provisions of this agreement shall be placed in a trust account in the Bonneville Power Administration Fund in the United States Treasury subject to withdrawal for payment of Bonneville's cost of performing its duties pursuant to this agreement.

4. Duties of Bonneville.

(a) Bonneville shall perform the duties specified for it in each table of Exhibit B.

(b) All work done at the Cooperative's expense hereunder will be performed in whole or in part by force account, by contract, or by both, in the same manner and subject to the same limitations as if all funds being expended therefor were Government funds.

5. Duties of the Cooperative.

(a) The Cooperative shall perform the duties specified for it in each table of Exhibit B.

(b) The Cooperative may perform such duties in whole or in part by force account, by contract, or by both.

6. Extension of Time. Completion dates specified for a party in each table of Exhibit B may be extended for a time equivalent to such delays, if any, as are caused by events which such party could not reasonably avoid by the exercise of reasonable diligence and foresight.

7. Ownership of Facilities and Equipment.

(a) Ownership of facilities and equipment shall be as specified in each table of Exhibit B.

(b) The Cooperative shall identify its equipment installed in Government substations under each table of Exhibit B by permanently affixing thereto suitable markers plainly stating that the property so identified is owned by the Cooperative.

8. Additions to Exhibit B.

(a) Bonneville shall prepare, for execution by the parties hereto, an additional table to Exhibit B each time the parties agree that additional work is to be performed hereunder. Such table shall specify the facilities to be installed, the work to be performed by each party, ownership of facilities and equipment, and the amount of the Trust Deposit.

(b) Upon execution by the parties, new tables to Exhibit B shall be attached to and deemed to be a part of this agreement and shall be effective on the date specified therein.

9. Operation, Maintenance, and Removal of Cooperative-Owned Facilities, and Payment Therefor.

(a) Bonneville, at the Cooperative's expense, shall:

(1) operate and maintain the facilities of the Cooperative which are described in Exhibit C in the same manner in which Bonneville operates and maintains similar facilities of the Government, and the Cooperative shall, for such maintenance and upon election by Bonneville, either

- (i) provide all replacement parts at the Cooperative's expense;
- (ii) reimburse Bonneville for parts Bonneville may provide; or
- (iii) replace such parts in kind at Cooperative expense; and

(2) operate and maintain the Government's power system control facilities which are necessary to integrate the Cooperative's facilities

with the Government's control system, and, from time to time when Bonneville determines it is necessary, modify or replace such Government power system control facilities.

(b) In the event of a major failure of any of the Cooperative's facilities specified herein, the parties shall use every reasonable effort in good faith to negotiate and execute a mutually acceptable agreement providing for the replacement, repair, or removal of such equipment at the Cooperative's expense.

(c) At the end of each month during the applicable period specified in Exhibit C, the Cooperative shall pay Bonneville one-twelfth the annual amounts specified in Exhibit C for the duties specified in subsection (a) above. If Bonneville determines that the charges specified in Exhibit C must be adjusted to conform to Bonneville's cost of operating and maintaining like facilities, Bonneville may, upon 30 days' written notice to Cooperative, revise such charges. A revised Exhibit C incorporating such revised charges shall be prepared by Bonneville and made a part of this agreement effective as of the date specified in such notice. Except for the cost of the replacement parts pursuant to subsection (a) above, and major failure described in subsection (b) above, such monthly payment shall constitute payment in full for the cost of the operation and maintenance during each month. The Cooperative shall reimburse Bonneville in accordance with applicable provisions of section 7.1 of the General Rate Schedule Provisions, which are an exhibit to the Power Sales Contract. Payments made by the Cooperative under this subsection shall not be part of the Trust Deposit.

(d) If requested by the Cooperative, or if Bonneville determines it is necessary, Bonneville shall, at the Cooperative's expense, remove and return to the Cooperative at the Government's substation where such facilities are located, the salvable facilities which are owned by the Cooperative as

described in Exhibit C. After such removal, Bonneville may, at the Cooperative's expense, return the Government's facilities altered under the terms of this agreement to the configuration (1) existing before such agreement was executed, or (2) as mutually agreed by the parties. Any payment made by the Cooperative under this subsection shall not be part of the Trust Deposit.

(e) The Cooperative agrees to bear the cost of modifying or replacing any of the Cooperative's facilities specified in Exhibit C if and when Bonneville notifies the Cooperative that such procedure is necessary to make the operation of such facilities compatible with the operation of Government equipment. Bonneville shall provide reasonable notice consistent with the availability of equipment and budgetary planning to the Cooperative that a change in the Cooperative's facilities is necessary. Any such modification or replacement of equipment will be required only (1) when Bonneville, in keeping with prudent utility practice, replaces or modifies similar equipment owned by the Government at the same station, (2) as a part of a programmed project involving a significant portion of the Government's system, or (3) by mutual agreement of the parties.

(f) Exhibit C may be revised, as mutually agreed by the parties, to add or delete facilities.

10. Accounting.

(a) Within a reasonable time after completion of the work specified in each table of Exhibit B for which a deposit in trust has been made under the terms hereof, Bonneville shall make a full accounting in regard to such work to the Cooperative showing the receipts credited to, appropriate salvage values credited to, and the costs charged against, the Trust Deposit. Bonneville shall remit to the Cooperative any unexpended balance of the Trust Deposit within a reasonable time after accounting is made as herein provided.

(b) If at any time Bonneville requests the Cooperative to advance additional moneys pursuant to section 3 for work specified in a table of Exhibit B, Bonneville shall, within a reasonable time after the Cooperative so requests, make a full accounting to the Cooperative showing the receipts credited to, appropriate salvage values credited to, and the costs charged against, the Trust Deposit. Bonneville shall, at the same time, submit a statement to the Cooperative showing in detail Bonneville's estimate of the additional moneys required to pay the cost of completing performance of Bonneville's responsibilities specified in section 4.

(c) The cost of performing the work and furnishing the materials mentioned in section 4, as such work and materials relate to a table of Exhibit B, shall be proper charges against the Trust Deposit, and shall be determined by charging the cost elements exclusive of interest in the same manner as if Government funds were being expended, including among other items, labor, leave obligations, contributions, employee benefits, equipment use, tool and stores expense, expense of transportation of any materials or equipment which is not included as stores expense and overhead reasonably allocable thereto.

11. Approval of Agreement. This agreement shall not be binding on the parties if it is not hereafter approved by the Rural Electrification Administration and any other entity from whom the Cooperative borrows under an indenture which requires the lender's approval. The Cooperative shall notify Bonneville of any such entity prior to execution of this agreement by Bonneville. If so approved it shall be effective at the time stated in section 1 of this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in

several counterparts.

UNITED STATES OF AMERICA
Department of Energy

By _____
Bonneville Power Administrator

NORTHERN LIGHTS, INC.

By (b)(6) _____
Title President

ATTEST:

By (b)(6) _____
Title Secretary-Treasurer

0350A

1. Contract Work Hours and Safety Standards.

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) Overtime requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers, mechanics, apprentices, trainees, watchmen, and guards shall require or permit any laborer, mechanic, apprentice, trainee, watchman, or guard in any workweek in which he is employed on such work to work in excess of eight hours in any calendar day or in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer, mechanic, apprentice, trainee, watchman, or guard receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, whichever is the greater number of overtime hours.

(b) Violation; liability for unpaid wages; liquidation of damages. In the event of any violation of the provisions of subsection (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer, mechanic, apprentice, trainee, watchman, or guard employed in violation of the provisions of subsection (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of his standard workweek of 40 hours without payment of the overtime wages required by subsection (a).

(c) Withholding for unpaid wages and liquidated damages. The Administrator may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of subsection (b) above.

(d) Subcontracts. The Contractor shall insert subsections (a) through (d) of this section in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(e) Records. The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for three years from the completion of the contract.

2. Convict Labor. In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965, (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973.

3. Equal Employment Opportunity. (The following clause is applicable unless this contract is exempt under the rules, regulations, and relevant orders of the Secretary of Labor (41 CFR, ch. 60).)

During the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Administrator setting forth the provisions of this Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Administrator, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order

No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

4. Interest of Member of Congress. No member of or delegate to Congress, or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

INSTALLATION OF FACILITIES

Provide a 115 kV tap to Pacific Power & Light Company's (Pacific's) Troy-Libby 115 kV transmission line in the vicinity of the Government's Troy substation. Build a new 115 kV span through Troy substation. Install a new 115 kV terminus in Troy substation for Pacific's 115 kV line including a 115 kV load break disconnect switch to replace Pacific's existing disconnect switch. In addition, a 115 kV disconnect switch with a motor operator and accessory items will be provided and installed in the Troy substation terminus of the ASARCO tap.

1. Amount of Trust Deposit: The Trust Deposit shall be \$150,000.

2. Duties of Bonneville. Bonneville, at the expense of the Cooperative and as soon as reasonably practicable after the date of execution, shall provide all the necessary labor, equipment and materials, and provide a tap on the Troy-Libby 115 kV transmission line in the vicinity of Troy substation; and

(a) construct approximately 870 feet of a 115 kV line to reroute Pacific's Troy-Libby line into Troy substation;

(b) remove Pacific's existing disconnect switch, return it to Pacific, and install a load break disconnect switch;

(c) install a disconnect switch with a motor operator and accessory items in Troy substation for the ASARCO tap;

(d) modify existing 115 kV metering at Troy substation, including, but not limited to, replacing current transformers and adding temporary 115 kV metering for Pacific, and

(e) jointly with the Cooperative, test and energize the 115 kV tap facilities installed in this section 2.

3. Duties of the Cooperative. The Cooperative, at its expense, and as soon as reasonably practicable after the date of execution, shall provide all the necessary labor, equipment and materials, and

(a) construct the approximate 17 miles of 115 kV line from the Troy substation tap to the Cooperative's ASARCO point of delivery; and

(b) jointly with Bonneville, test and energize the 115 kV tap facilities.

4. Ownership. Title to and ownership of the facilities installed in section 2 shall be and remain in the Government. Title to and ownership of the facilities installed in section 3 shall be and remain in the Cooperative.

5. Operation and Maintenance of Facilities and Payment Therefor. The Cooperative, at its expense, shall operate and maintain the facilities installed in section 3.

EXHIBIT C
Table 1 - Page 1 of 1
Contract No. DE-MS79-80BP90141
Northern Lights, Inc.
Effective at 2400 hours on the date
of execution, and upon receipt of Trust
Deposit

OPERATION AND MAINTENANCE OF COOPERATIVE-OWNED FACILITIES

Facilities:

None

PCI-0350A



Department of Energy
Bonneville Power Administration
Spokane Area Office
Room 561, U.S. Court House,
West 920 Riverside Avenue
Spokane, Washington 99201

In reply refer to: OKC

June 20, 1980

Mr. William T. Nordeen
General Manager
Northern Lights, Inc.
P. O. Box 310
Sandpoint, Idaho 83864

Dear Bill:

Enclosed for consideration by your Board members are five copies of proposed Trust Agreement, Contract No. DE-MS-79-808P90141, providing for the ASARCO tap.

If your Board finds this agreement satisfactory, please have sufficient copies signed (name and title) to provide one for Bonneville and as many more as Northern Lights desires for its files.

All signed copies, including a certified copy of the resolution by your Board approving the contract, and a check in the amount of \$150,000 should be returned to this office. The signed copies will be sent to REA for approval, after which we will forward your copies to you. The date of execution on page 2 will be filled in by the Administrator.

Sincerely,

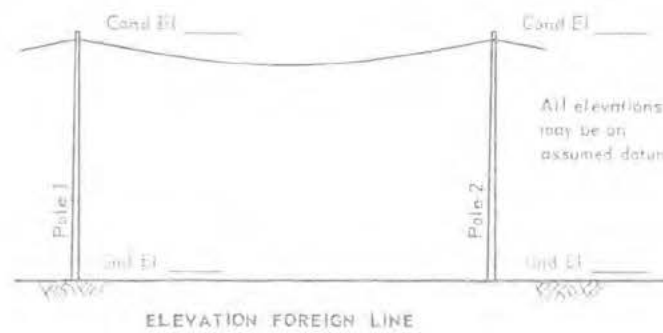
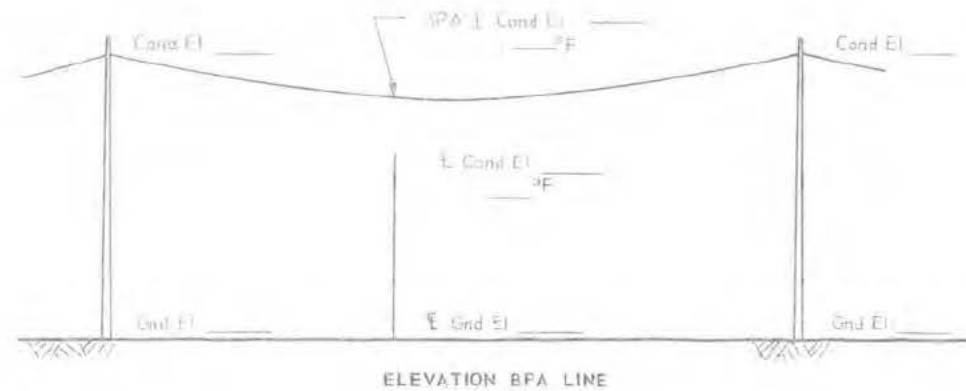
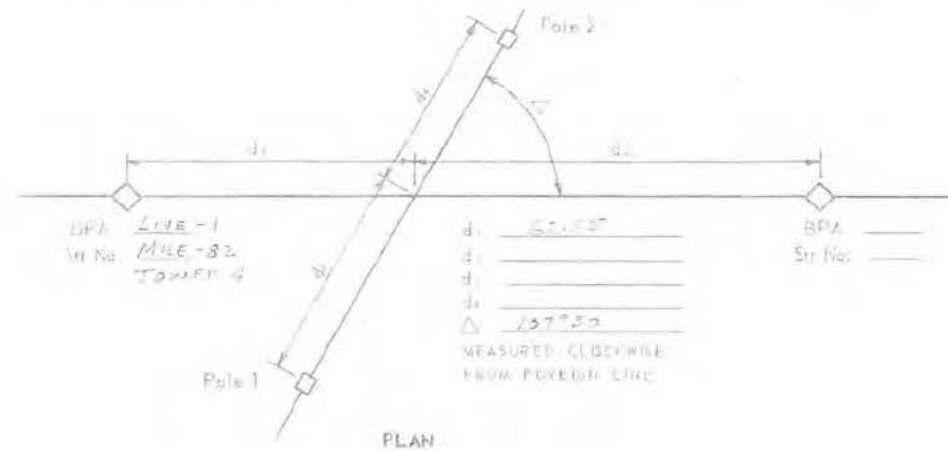
(b)(6)

A. A. Harlow
Area Power Manager

Enclosures

LINE _____

NOTES: If foreign line crosses near to BPA line use additional sheets. For roadways, pipe line and other facilities give pertinent data on drawing or sketch.



All elevations
may be on
assumed datum

POLT 3

POLES

LEADER

UNIDENTIFIED

GLASS POLE

POLY 3

ASARCO

not
sent

Troy Project
J. P. Bingham
Project Manager

October 16, 1979

1-2000
10/16

Mr. William T. Nordeen
General Manager
NORTHERN LIGHTS, INC.
P. O. Box 310
Sandpoint, Idaho 83864

Dear Bill:

Herewith is the agreement between ASARCO and NORTHERN LIGHTS, INC. for construction of \pm 17 miles of 115 KV power line. The agreement is signed on behalf of ASARCO. Please sign and return three (3) copies to this office.

You will note the second paragraph of Article 6 page 3 and paragraph 6 of Article 19 on page 7 have been amended to include wording omitted due to typing errors. Also on page 3 paragraph 2 "50% of full load" has been changed to "50% or more of rated mining production." Rated production is 8500 tpd which is a known quantity at this time. Please initial these changes.

(b) (6)

J. P. Bingham
Project Manager

JPB/jbr

c.c. F. D. Owsley

enc.

This agreement made the 11th day of October, 1979 by and between Northern Lights, Inc., whose address is Sandpoint, Idaho 83864 (hereinafter called "Northern") and ASARCO Incorporated, a corporation of the state of New Jersey, whose address is 120 Broadway, New York, N.Y. 10005, and the Troy Mine, Mt. Vernon, Montana (hereinafter called "Asarco").

WITNESSETH:

ARTICLE 1. SCOPE OF THE WORK:

Northern shall furnish the preliminary design, secure the required construction permits, provide final detailed design engineering, specifications, etc. and provide construction services as required to build a \pm 17 mile, 115 KV Transmission line from the BPA Troy substation to the Troy Mine at Mt. Vernon.

Transmission of power from the BPA Troy substation will require upgrading about 11 miles of existing distribution line and construction of about 7 miles of new line cross country from Highway 56 (previously 202) to Asarco's Mt. Vernon substation. To provide construction power for development of the Troy Project, Northern agrees to build the 7 mile section of 115 KV transmission line from Highway 56 to Asarco's Mt. Vernon substation and transmit 13.2 KV power from Northern's existing line servicing the Bull Lake Valley.

The line design is to be based on REA standards for 115 KV construction, and adapted as required to provide reliable service under local conditions. Asarco shall have the right to review and approve the design before construction and to inspect the actual construction and any special testing required by law.

If, during or after construction of the 7 miles of transmission line from Highway 56 to the mine, Asarco elects not to go ahead with the

entire project, or upon the termination of the life or the use of the mine by Asarco, Northern will remove the line and facilities and restore the right-of-way as required by permits from any Federal, State, or local agencies.

ARTICLE 2. TIME OF COMPLETION:

The work to be performed under this agreement was commenced in January, 1979. The 7 miles of new 115 KV Transmission line shall be completed as soon as possible with the target date of December 31, 1979, assuming all easements, permits, rights-of-way, and clearing are obtained and completed on or prior to October 1, 1979, to provide necessary construction power required by Asarco to enable field construction of its Troy Project. Northern shall not be responsible for completing said 7 miles of new 115 KV transmission line if work is interrupted because of weather, acts of God, union disputes, or other occurrences not within the control of Northern Lights. The balance of the work is to be scheduled and performed by mutual agreement.

ARTICLE 3. EASEMENTS:

All easements from St. Regis on the 7 mile section of line being constructed pursuant to this contract shall be obtained and paid for by Asarco. Said easements shall have Northern named as grantee and be subject to Northern's approval prior to their being obtained. Northern shall procure all necessary additional easements along the existing distribution line and any costs in conjunction therewith shall be reimbursed by Asarco.

ARTICLE 4. MAINTENANCE:

Northern hereby agrees to provide, with all costs for its account provided damage is not caused by Asarco or its agents, such repair and

maintenance on Northern's lines as may be required in a prompt and efficient manner to assure maximum continuity of service.

ARTICLE 5. POWER AGREEMENT:

In consideration of payments hereunder, Northern hereby agrees to provide Asarco with contractual capacity in the transmission line equal to the total load of Asarco as defined in a power contract to be executed between Northern and Asarco. Northern can only provide that electric energy and capacity in the future that is supplied to Northern by the Bonneville Power Administration and any other present and future sources of power to Northern.

ARTICLE 6. REIMBURSEMENT:

In consideration of the performance of this agreement, Asarco agrees to reimburse Northern for all expenses incurred by Northern in the performance of the work as set forth in Article 1. Northern is to provide copies of invoices and any other substantiating documentation reasonably requested by Asarco to validate each request by Northern for reimbursement by Asarco of expenses incurred.

Northern is to receive no other payment or remuneration for services rendered hereunder with the exception that title to the work defined hereunder shall remain in the name of Northern. In consideration of Asarco's payments hereunder, Northern agrees such total payments shall be returned to Asarco without interest in the form of a monthly credit of 6 1/4% of the power bill each month over the period commencing at the start of Asarco's full operation of their mine, ^{mill} pumps and other uses. *WST*

WST No credit will be made except when Asarco is operating at 50% ~~of full~~ ^{of} or more ~~rated~~ ^{rated} *WST*
WST ^{ining production during} ~~lead throughout~~ the billing period. When Asarco has recovered total construction costs, the monthly credits will cease. Such total expenses are estimated to be \$1,500,000.00 and shall not exceed such figure

without the prior written approval of Asarco; such written approval shall not be unreasonably withheld.

ARTICLE 7. PROGRESS PAYMENTS:

Asarco shall make payments required by this agreement as follows:

As early as possible after the first day of each calendar month, Northern shall present to Asarco a statement of all reimbursable costs incurred during the preceding month. This statement shall be accompanied by copies of supporting invoices together with any other information reasonably requested by Asarco to verify the accuracy of the statement. Within ten (10) days after receipt of such statement, Asarco shall pay to Northern the sum shown on such monthly statement as herein provided.

ARTICLE 8. COMPLIANCE WITH LAWS AND ORDINANCES:

Northern and Asarco shall give all notices and comply with all laws, ordinances, rules and regulations, bearing on the conduct of the work as drawn and specified. If either party performs any work knowing it to be contrary to any such law, ordinance, rule or regulation, and without notice to the other party, the party violating said law, ordinance, rule or regulation, shall bear all cost arising therefrom.

ARTICLE 9. CONTRACTORS:

Northern shall require its Contractors to sign a standard REA Construction Contract. Northern shall provide Asarco with copies of all executed contracts between Northern and its Contractors and/or suppliers.

ARTICLE 10. INSURANCE CERTIFICATE:

Prior to commencement of this work Northern shall file with Asarco completed certificates of insurance from Contractors.

ARTICLE 11. INSPECTION OF WORK:

Asarco and its representatives shall at all times have access to the work being performed pursuant to this agreement. Asarco may make

examination of such work, and if so requested, the work must be uncovered by Northern's Contractor. If such work is found to be in accordance with the agreement, Asarco shall pay the cost of examination and replacement. If such work is not in accordance with the agreement, Northern's Contractor shall pay such costs.

ARTICLE 12. COORDINATION OF WORK:

The parties shall conduct the work so as to cause a minimum of interference with the other Party's construction operation. Where interference with a Party's operations becomes necessary, notification shall be made as soon as practical, but not less than seventy-two (72) hours in advance, after said interference is known to be necessary.

ARTICLE 13. RECORDS AND ACCOUNTS, INSPECTION AND AUDIT:

Northern shall keep at its offices, records and books of account showing the actual cost of all items of freight, cartage, labor, materials, equipment and subcontracts and all other expenditures of whatever nature which enter into the Cost of the Work. All books, records, and papers of Northern relating to the Cost of the Work shall be kept in accordance with the uniform Federal System of Accounts as specified by the Rural Electrification Administration and shall be available for inspection and audit by Asarco during Northern's business hours, and shall be preserved as required by said System of Accounts, but in any event not less than five years after the completion of this agreement.

ARTICLE 14. TITLE TO SURPLUS MATERIALS AND EQUIPMENT:

In the event of any surplus supplies and/or equipment remaining at the completion of the work, Northern agrees at Asarco's option, to either sell such surplus with all revenues, less selling, handling, and other costs, for Asarco's account or deliver surplus to Asarco's mine

site for disposition of Asarco's choice. Should Northern so elect, it may purchase such surplus at prices to be mutually acceptable to both parties.

ARTICLE 15. LIENS:

The final payment shall not become due until Northern, if required, shall deliver to Asarco a complete release of all liens arising on account of labor, materials, machinery or equipment in respect of which such payment is to be made, or receipt in full in lieu thereof and, if required in either case, an affidavit that so far as Northern has knowledge or information releases or receipts include all the labor and materials for which a lien could be filed.

ARTICLE 16. TERMINATION:

Asarco may at any time terminate Northern's services under the agreement for any reason whatsoever by giving Northern not less than thirty (30) days written notice of termination setting forth the effective date of termination. In the event of such termination, Asarco shall pay to Northern (a) it's reimbursable costs for services performed prior to the effective date of such termination, less payments previously paid by Asarco on account thereof, (b) all other reasonable costs and expenses, including but not limited to any obligations to Northern's contractors under the standard REA contract and obligations of Northern under the requirements of any Federal, State, or other governmental agency's, rules and regulations, which Northern may incur as a direct or indirect result of such termination, and such other costs and expenses as may be approved by Asarco. Payments to be made by Asarco under this Article shall be due and payable within fifteen (15) days after Asarco's receipt of Northern's invoices therefore.

Northern may stop and/or terminate this agreement upon Asarco's not

complying with the terms and conditions of this agreement and shall be entitled to reimbursement pursuant to the above paragraph.

ARTICLE 17. HOLD HARMLESS CLAUSE:

Each party hereto shall save harmless and indemnify the other party from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of each of the parties, arising out of its own negligence or the negligence of its Contractors, and/or Subcontractors which is in any way caused by or connected with, or grows out of the execution and performance of this agreement by each of the parties, their Contractors or Subcontractors; provided however, that each party shall not be required to indemnify the other party against any loss caused solely by the negligence or willful fault of that party or its employees. Each party accepts all risk of injury or damage and all responsibility for any claim or damages whatsoever resulting from the use, misuse, or failure of the equipment used by the said party even though such equipment be furnished or loaned by the other party.

ARTICLE 18. APPLICABLE LAW:

This agreement shall be construed and enforced in accordance with the laws of the State of Idaho.

ARTICLE 19. SUCCESSION AND APPROVAL:

a. This agreement shall be binding upon and enure to the benefit of the successors, assigns or legal representatives of the respective parties hereto.

b. It is agreed that in the event of proceedings at law or in equity being instituted by either party for the recovery of any sum due hereunder or for the enforcement of this agreement, then and in that event the prevailing party shall be entitled to recover in addition to the sums then due hereunder all costs and expenses of such proceedings,

md

including a reasonable attorney's fee.

ARTICLE 20. ENTIRETY CLAUSE:

This agreement constitutes the entire agreement between the parties, and except as may be specifically set forth herein no changes can be made herein except by an agreement in writing duly executed by the parties or their duly authorized agents.

ARTICLE 21. ASSIGNMENT:

The parties shall not assign nor sublet this agreement in whole or part, nor shall they assign any monies due or to become due them hereunder without the prior written consent of the other party, such consent shall not be unreasonably withheld.

ARTICLE 22. ARBITRATION:

All disputes which arise hereunder shall be submitted to and determined by arbitration. Demand for arbitration shall be filed in writing by either party with the other within a reasonable time after cause thereof has arisen and in no case later than the time for final payment. No one shall act as an arbitrator who is in any way financially interested in this agreement or is or has been connected or interested in the business affairs of either Asarco or Northern. The award of the arbitrator shall be in writing and shall be binding on both parties. Except as and to the extent otherwise provided by the Idaho State Law: no party may have recourse to legal proceedings (other than to enforce this arbitration Article) unless and until an arbitration award has been made; the award of the arbitrator shall not be open to objections on account of the form of the proceeding or the award; and there shall be one arbitrator who shall be chosen by the American Arbitration Association, whose arbitration rules shall be followed.

ARTICLE 23. SURETY BOND:

Asarco reserves the option to request any and all Subcontractors performing work under this agreement to furnish a surety bond guaranteeing and conditioned for the full, complete and faithful performance of the work and for the payment of claims for labor performed or materials furnished in connection herewith all in accordance with the terms of the bonds. The premium for the bonds will be paid by Asarco.

ARTICLE 24. CAPTIONS AND PARAGRAPHS:

The captions to the paragraphs of this agreement are for convenience only and shall not be deemed to enlarge, diminish, explain or in any manner affect the meaning of such paragraphs.

IN WITNESS WHEREOF - the parties have executed this agreement the day and year first above written.

NORTHERN LIGHTS, INCORPORATED

ASARCO INCORPORATED

By: (b) (6)
Wm. T. Nordeen

By: (b) (6)
William A. Bennis

Title: General Manager

Title: Vice President-Purchasing

CARNATION



OKN

February 23, 1983

Mr. John L. McHahan, Manager
Grant County PUD No. 2
P. O. Box 878
Ephrata, Washington 98823

Dear John:

We have reviewed the information supplied in Larry Peterson's October 1, 1982, letter concerning service to the Carnation Main and Granule plants. Based on that information, it does not appear that either load needs to be addressed in the New Large Single Load Determinations Exhibit of the Power Sales Contract. Furthermore, in accordance with Section 3a of the contract, the two Carnation plants will be considered separate industries with respect to new large single load determinations.

If you have any questions, please feel free to contact our office.

Sincerely,

Ronald K. Rodewald
District Manager

RKRodewald:blp(WP0105A)

cc:
T. D. Miller - APG
F. D. Rettenmund - O
A. A. Harlow - OKC
Janet McLennan - PG
T. M. Nohuchi - PK
Official File - OKN

DATE : JAN 21 1983

TO : PKI

UNITED STATES GOVERNMENT

Memorandum

TO : Edward W. Sienkiewicz, Assistant Administrator
for Power and Resources Management - P

FROM : Thomas M. Noguchi, Director
Division of Customer Service - PK

SUBJECT: Request by Grant County PUD (Grant) that BPA Make a Determination Whether Two
Carnation Plants Grant Serves are Separate Facilities

On October 1, 1982, Grant made a request through BPA's Wenatchee District Office that BPA make a determination whether two Carnation plants Grant serves are separate facilities. This is a determination that BPA has agreed to make jointly with the utility subject to Section 8(a) of the Grant's power sales contract.

The supporting documentation shows that Carnation's main plant has been served by Grant since January 20, 1971, and produces french fried potatoes and shredded hash browns. Carnation's second plant is a granule plant. It has been served by Grant since July 1, 1972, and its product is powdered potatoes. The two plants were constructed 1-1/2 years apart and are served under separate contracts and by electrically separate facilities (see attached documentation).

Based on the fact that the plants were built separately and are served under separate contracts it is Staff's recommendation that these Carnation loads be designated as separate facilities.

Attachments

CONCUR:

DATE:

KMoxness:kt (WP-PKI-2652b)

cc:

E. Sienkiewicz - P
J. Jones - P
J. McLennan - PG
T. Miller - AP
T. Noguchi - PK

D. J. Anderson - PKI
~~R. Rodewald - OK~~
G. Tupper - O
F. Rettenmund - O
Official File - PKI

WENATCHEE D.O.	
RECEIVED	
FEB 1 1983	
1	MAILER R2
2	ENGINEER &
COMB	
SEC.	
FILE	

October 21, 1982

OKM

David J. Anderson, Chief
Contract Negotiation Branch - PKI

Ronald K. Rodewald
Wenatchee District Manager - OKM

Grant County PUD New Large Single Load Interpretations

Attached is a copy of Manager Larry Peterson's incoming October 1, 1982, letter and a copy of a letter that I propose to return. Mr. Peterson seeks confirmation that we would consider the two Carnation plants as separate loads in making any new large single load determinations. The plants were constructed approximately one and a half years apart, produce different products, and are served by electrically separate facilities and contracts.

If we need to provide any additional information, please give me a call.

Attachments

RKRodewald:blp

CC:

A. A. Harlow - OKC w/attachments
F. Rettemund - O w/attachments
Janet McLennan - PB w/attachments
T. H. Hoguchi - PK w/attachments
Shirley Melton - PLA w/attachments
Official File - OKM

→ Kip Moxness

OKN

October 21, 1982

Mr. Larry D. Peterson, Manager
Grant County PUD No. 2
P. O. Box 878
Ephrata, Washington 98823

Dear Larry:

We have reviewed your October 1, 1982, letter concerning service to the Carnation Main and Granule Plants. Based on that information, it does not appear that either load needs to be addressed in the new power sales contract exhibits. The two Carnation plants will be considered separate industries with respect to new large single load determinations.

If you have any questions, please contact our office.

Sincerely,

Ronald K. Rodewald
District Manager



PUBLIC UTILITY DISTRICT OF GRANT COUNTY

P.O. BOX 878 • EPHRATA, WASHINGTON 98823 • 509/754-3541

October 1, 1982

Mr. Ronald Rodewald, Manager
U. S. Department of Energy
Bonneville Power Administration
P. O. Box 741
Wenatchee, WA 98801

Dear Ron:

During our discussion of September 22, 1982, you suggested that it would be appropriate to get a formal finding that the two plants owned by Carnation which are customers of the District are separate industries with respect to new large single load determinations.

The Carnation Main Plant has been served since January 20, 1971. The original contract demand was 3.5 megawatts and in accordance with a new contract signed May 17, 1982, it is expected to ultimately grow to 21 megawatts, but at a rate of less than 10 average MW per year. Its products are french fried potatoes and shredded hash browns.

The Carnation Granule Plant has been served since July 1, 1972. The present contract demand is 2 megawatts, and current discussions with Carnation project that load to ultimately grow to 17 megawatts, but at a rate of less than 10 average MW per year. Its product is powdered potatoes.

It is possible that the load growth of the two plants could exceed 10 average MW in one year if added together.

These two plants are and always have been billed by the District as separate customers and are served by separate facilities of the District. A one-line diagram of the service to the two plants is enclosed.

Your confirmation that these plants will be considered as separate industries with respect to new large single load determination is requested.

Very truly yours,

(b)(6)

Larry D. Peterson
Manager

LDP:s
enc.

RECEIVED NO.	
10/4/82	
1. MANAGER	RZ
2. ENGINEER	BT
3. COMM.	
4. SEC.	
5. FILE	

CITY OF HEYBURN

1330 21 st. Street
Heyburn, Idaho 83336
208-679-2222 - PHONE
208-679-3333 - FAX
WWW.UNITELECTRIC.ORG - WEB
UEC@UNITELECTRIC.ORG - EMAIL

UNITED ELECTRIC CO-OP, INC.

Fax

To: Red A. From: Richard R.
Fax: 208 534 8799 Pages: 2
Phone: _____ Date: 4/5/02
Re: _____ CC: _____
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

Red,

We had no map I made this one sitting at my desk
I did have a couple of co-workers look it over.
If you need something more than this, please
contact me. I will be sending KWH use to
you in an hour or so!

Richard R.

Confidentiality Notice: This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address via the US Postal Service. Thank you.

"Owned By Those We Serve"



Simplot Industrial Loads, KWH Use

2002	Main Plant	Ethanol Plant	Freezer	Total
Jan	5993513	277210	680671	6951394
Feb	4781425	242771	672674	5696870
Total	10774938	519981	1353345	12648264
2001				
Jan	6084000	230400	724800	7039200
Feb	5500800	299700	620400	6420900
Mar	5760000	292500	662400	6714900
Apr	5724000	282600	673200	6679800
May	5796000	308700	753600	6858300
Jun	6336000	309600	740400	7386000
Jul	6703200	302400	818400	7824000
Aug	4334400	180000	804000	5318400
Sep	5493600	238500	694800	6426900
Oct	4848082	246885	726095	5821062
Nov	5413460	281151	670151	6364762
Dec	4494608	240235	718854	5453697
Total	66488150	3212671	8607100	78307921
2000				
Jan	5673600	294300	726000	6693900
Feb	5832000	316800	627600	6776400
Mar	6379200	334800	692400	7406400
Apr	5450400	279000	711600	6441000
May	6480000	347400	874800	7702200
Jun	5659200	312300	781200	6752700
Jul	1216800	31500	662400	1910700
Aug	6501600	248400	895200	7645200
Sep	5702400	237600	717600	6657800
Oct	6465600	285300	810000	7560900
Nov	5263200	259200	751200	6273600
Dec	4989600	360000	708000	6057600
Total	65613600	3306600	8958000	77878200
1999				
Jan	5695200	275400	681600	6652200
Feb	5961600	287100	598800	6847500
Mar	6940800	339300	780000	8060100
Apr	5760000	268200	722400	6750600
May	5997600	314100	680400	6992100
Jun	5529600	293400	781200	6604200
Jul	5270400	249300	736800	6256500
Aug	5104800	189900	820800	6115500
Sep	6134400	277200	802800	7214400
Oct	6048000	302400	795600	7146000
Nov	5868000	308700	758400	6935100
Dec	4449600	259200	668400	5377200
Total	68760000	3364200	8827200	80951400

Anderson, Robert - PSW

From: Aho, Rodney - PSE
Sent: Wednesday, April 03, 2002 11:34 AM
To: 'Joe Miller'
Cc: Anderson, Robert - PSW; 'dmking@simplot.com'
Subject: RE: JRSCoFacility visit

Thanks, Joe. Robert Anderson and I expect to arrive at the plant approx. 11 a.m. We're driving over from Idaho Falls in the morning.

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

From: Joe Miller [mailto:joe@mcdevitt-miller.com]
Sent: Wednesday, April 03, 2002 9:47 AM
To: Rodney Aho
Subject: Fw: JRSCoFacility visit

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

From: Joe Miller
To: Rodney Aho
Cc: Darius King
Sent: Wednesday, April 03, 2002 10:42 AM
Subject: JRSCoFacility visit

Rod--

If, in the course of your facility visit tomorrow, you need to speak with someone from Simplot regarding facility operations etc., your contact would be Mr. Daris King who is the financial officer. His office is in the administration building; his phone is 677-7160.

Joe Miller
McDevitt & Miller
208.343.7500

4/3/2002

27760042

Not Data / Simple

	Market	Flat	UnCRAC'd					Tot CRAC	Net	MWh's	PF	Revenue	Market Revenue	Adder	Market and Adder	3.80	2nd Q2	MKT	CRAC'd	Net	
			PF	LBCRAC	FBCRAC	SSCRAC															
Apr-02	720	14.58	12.82	1.42			18.20	3.64	6.912	\$	125.820	\$	100.888				2nd Q2	19.89	26.90		
May-02	744	12.35	12.02	1.42			17.07	3.72	7.142	\$	121.946	\$	95.363				1st Q3	25.05	30.04	4.99	
Jun-02	720	14.25	15.15	1.42			21.51	7.28	6.912	\$	149.855	\$	95.496				2nd Q3	24.66	29.35	4.69	
Jul-02	744	21.49	21.25	1.42			30.18	8.68	7.142	\$	215.528	\$	153.523				1st Q4	27.29	30.78	3.50	
Aug-02	744	29.37	28.57	1.42			40.98	11.20	7.142	\$	288.724	\$	209.758				2nd Q4	25.50	29.85	4.35	
Sep-02	720	26.29	23.60	1.42			33.89	7.60	6.912	\$	234.224	\$	181.590				1st Q5	29.06	30.49	2.43	
Oct-02	744	24.87	18.20	1.38	1.1145		24.91	0.04	7.142	\$	177.916	\$	177.861	\$	27.141	\$	204.002	2nd Q5	26.15	29.81	3.65
Nov-02	720	24.29	22.80	1.38	1.1145		36.16	10.68	6.912	\$	243.057	\$	167.895	\$	26.266	\$	194.150	1st Q6	28.74	31.00	2.26
Dec-02	744	26.49	22.08	1.38	1.1145		35.35	8.85	7.142	\$	252.486	\$	189.235	\$	27.141	\$	216.376	2nd Q6	26.79	30.54	3.75
Jan-03	744	26.88	19.95	1.38	1.1145		30.69	3.80	7.142	\$	219.172	\$	162.019	\$	27.141	\$	219.160				
Feb-03	872	25.07	18.70	1.38	1.1145		28.86	3.78	6.451	\$	196.163	\$	161.741	\$	24.515	\$	186.255				
Mar-03	744	22.77	16.45	1.38	1.1145		25.30	2.53	7.142	\$	180.704	\$	162.662	\$	27.141	\$	186.804				
Apr-03	720	18.80	12.82	1.38	1.1145		19.86	1.06	6.912	\$	137.264	\$	129.917	\$	26.266	\$	158.182				
May-03	744	16.22	12.02	1.38	1.1145		18.63	2.40	7.142	\$	133.036	\$	115.881	\$	27.141	\$	143.003				
Jun-02	720	18.59	15.15	1.38	1.1145		23.46	4.87	6.912	\$	162.185	\$	128.508	\$	26.266	\$	154.774				
Jul-03	744	29.44	21.25	1.38	1.1145		32.92	9.48	7.142	\$	235.132	\$	198.061	\$	27.141	\$	216.003				
Aug-03	744	34.48	28.57	1.38	1.1145		44.25	9.77	7.142	\$	318.675	\$	240.302	\$	27.141	\$	273.443				
Sep-02	720	33.44	23.86	1.38	1.1143		38.97	3.53	6.912	\$	285.526	\$	231.111	\$	26.266	\$	257.377				
Oct-03	744	23.96	18.20	1.28	1.1192	1.10	25.52	1.55	7.142	\$	182.293	\$	171.240	\$	27.141	\$	198.392				
Nov-03	720	27.81	22.89	1.28	1.1192	1.10	36.03	9.22	6.912	\$	249.034	\$	192.217	\$	26.266	\$	218.493				
Dec-03	744	31.48	22.98	1.28	1.1192	1.10	39.22	4.74	7.142	\$	256.695	\$	224.852	\$	27.141	\$	251.993				
Jan-04	744	29.61	19.95	1.28	1.1192	1.10	31.44	2.83	7.142	\$	224.462	\$	204.347	\$	27.141	\$	231.486				
Feb-04	872	26.82	18.70	1.28	1.1192	1.10	29.57	2.74	6.451	\$	180.731	\$	173.043	\$	24.515	\$	197.558				
Mar-04	744	24.98	16.45	1.28	1.1192	1.10	25.92	0.94	7.142	\$	165.148	\$	178.420	\$	27.141	\$	205.502				
Apr-04	720	19.42	12.82	1.28	1.1192	1.10	20.20	0.78	6.912	\$	130.820	\$	134.215	\$	26.266	\$	180.480				
May-04	744	16.56	12.02	1.28	1.1192	1.10	18.95	2.35	7.142	\$	135.320	\$	119.286	\$	27.141	\$	145.427				
Jun-04	720	19.54	15.15	1.28	1.1192	1.10	23.87	4.33	6.912	\$	164.979	\$	135.034	\$	26.266	\$	181.299				
Jul-04	744	27.32	21.25	1.28	1.1192	1.10	33.49	6.17	7.142	\$	239.181	\$	195.107	\$	27.141	\$	222.249				
Aug-04	744	33.63	28.57	1.28	1.1192	1.10	45.02	9.38	7.142	\$	321.510	\$	254.487	\$	27.141	\$	381.608				
Sep-04	720	34.54	23.86	1.28	1.1192	1.10	37.61	3.07	6.912	\$	259.929	\$	238.736	\$	26.266	\$	385.001				
Oct-04	744	24.87	18.20	1.27	1.1174	1.10	25.28	0.61	7.142	\$	180.575	\$	176.197	\$	27.141	\$	203.338				
Nov-04	720	28.84	22.80	1.27	1.1174	1.10	35.69	6.65	6.912	\$	248.681	\$	199.374	\$	26.266	\$	225.640				
Dec-04	744	32.62	22.98	1.27	1.1174	1.10	35.88	3.38	7.142	\$	256.261	\$	232.262	\$	27.141	\$	256.404				
Jan-05	744	29.16	19.95	1.27	1.1174	1.10	31.14	1.98	7.142	\$	222.450	\$	209.433	\$	27.141	\$	235.574				
Feb-05	872	27.57	18.70	1.27	1.1174	1.10	29.29	1.71	6.451	\$	188.937	\$	177.880	\$	24.515	\$	202.385				
Mar-05	744	25.59	16.45	1.27	1.1174	1.10	25.68	0.59	7.142	\$	183.406	\$	182.770	\$	27.141	\$	206.811				
Apr-05	720	19.89	12.82	1.26	1.1174	1.10	20.17	0.28	6.912	\$	139.403	\$	137.489	\$	26.266	\$	183.755				
May-05	744	16.97	12.02	1.26	1.1174	1.10	18.92	1.95	7.142	\$	135.111	\$	121.172	\$	27.141	\$	148.313				
Jun-05	720	20.01	15.15	1.26	1.1174	1.10	23.63	3.62	6.912	\$	164.714	\$	138.335	\$	26.266	\$	184.601				
Jul-05	744	27.72	21.25	1.26	1.1174	1.10	33.43	5.71	7.142	\$	238.796	\$	198.020	\$	27.141	\$	225.181				
Aug-05	744	35.94	28.57	1.26	1.1174	1.10	44.94	8.01	7.142	\$	321.801	\$	292.811	\$	27.141	\$	380.952				
Sep-05	720	35.38	23.86	1.26	1.1174	1.10	37.54	2.16	6.912	\$	259.511	\$	244.559	\$	26.266	\$	270.821				
Oct-05	744	23.27	18.20	1.27	1.1360	1.10	25.70	0.43	7.142	\$	183.584	\$	180.490	\$	27.141	\$	207.831				
Nov-05	720	23.55	22.80	1.27	1.1360	1.10	36.28	6.74	6.912	\$	250.750	\$	204.251	\$	26.266	\$	250.497				
Dec-05	744	33.31	22.98	1.27	1.1360	1.10	36.48	3.16	7.142	\$	260.527	\$	237.929	\$	27.141	\$	265.054				
Jan-06	744	29.89	19.95	1.27	1.1360	1.10	31.66	1.76	7.142	\$	228.153	\$	213.466	\$	27.141	\$	240.657				
Feb-06	872	28.24	18.70	1.27	1.1360	1.10	29.77	1.54	6.451	\$	192.082	\$	182.174	\$	24.515	\$	206.688				
Mar-06	744	26.21	16.45	1.27	1.1360	1.10	26.11	(0.10)	7.142	\$	180.459	\$	187.180	\$	27.141	\$	214.321				
Apr-06	720	23.20	12.82	1.29	1.1360	1.10	20.60	0.46	6.912	\$	142.831	\$	139.543	\$	26.266	\$	185.909				
May-06	744	17.58	12.02	1.29	1.1360	1.10	19.38	1.80	7.142	\$	138.433	\$	125.580	\$	27.141	\$	152.721				
Jun-06	720	20.50	15.15	1.29	1.1360	1.10	24.42	3.92	6.912	\$	168.704	\$	141.067	\$	26.266	\$	167.932				
Jul-06	744	23.39	21.25	1.29	1.1360	1.10	34.20	5.96	7.142	\$	244.605	\$	232.797	\$	27.141	\$	229.938				
Aug-06	744	37.83	28.57	1.29	1.1360	1.10	45.05	8.22	7.142	\$	328.894	\$	270.169	\$	27.141	\$	397.310				
Sep-06	720	38.24	23.85	1.29	1.1360	1.10	38.47	2.23	6.912	\$	285.892	\$	250.457	\$	26.266	\$	276.723				
Average		26.53	19.24	1.31	1.12	1.10	30.23	3.70		\$	7,874,607	\$	6,853,218	\$	892,642	\$	7,875,860				

Simple CRAC

CRAC signature

13 Feb 02

kWh	Hrs/Mth	2001	2000	1999	Average
Jan	744	7,491,820	7,133,740	7,103,170	7,242,910
Feb	672	6,784,630	7,172,530	7,236,660	7,064,607
Mar	744	7,047,620	7,735,290	8,417,660	7,733,523
Apr	719	6,988,760	6,720,360	7,095,250	6,934,790
May	744	7,219,730	8,031,410	7,274,800	7,508,647
Jun	720	7,722,040	6,963,890	6,898,050	7,194,660
Jul	744	8,087,090	2,019,710	6,471,450	5,526,083
Aug	744	5,506,540	7,847,000	6,307,540	6,553,693
Sep	720	6,597,620	6,871,040	7,434,450	6,967,703
Oct	745	6,151,242	7,979,890	7,533,030	7,221,387
Nov	720	6,758,102	6,723,240	7,402,660	6,961,334
Dec	744	5,807,607	6,448,410	5,801,990	6,019,336
Total	8,760	82,162,801	81,646,510	84,976,710	82,928,674

aMW For NLSL Determination	Hrs/Mth	2001	2000	1999	Average
Jan	744	10.1	9.6	9.5	9.7
Feb	672	10.1	10.7	10.8	10.5
Mar	744	9.5	10.4	11.3	10.4
Apr	719	9.7	9.3	9.9	9.6
May	744	9.7	10.8	9.8	10.1
Jun	720	10.7	9.7	9.6	10.0
Jul	744	10.9	2.7	8.7	7.4
Aug	744	7.4	10.5	8.5	8.8
Sep	720	9.2	9.5	10.3	9.7
Oct	745	8.3	10.7	10.1	9.7
Nov	720	9.4	9.3	10.3	9.7
Dec	744	7.8	8.7	7.8	8.1
Total	8,760	9.4	9.3	9.7	9.5

aMW	Average For Flat Block	Max Block	Min Block	Max Diff	Min Diff
Jan	10.0	10.0	10.0	0.0	0.0
Feb	11.0	11.0	10.0	0.0	1.0
Mar	10.0	11.0	10.0	1.0	0.0
Apr	10.0	10.0	9.0	0.0	1.0
May	10.0	11.0	10.0	1.0	0.0
Jun	10.0	11.0	10.0	1.0	0.0
Jul	7.0	11.0	3.0	4.0	4.0
Aug	9.0	11.0	7.0	2.0	2.0
Sep	10.0	10.0	9.0	0.0	1.0
Oct	10.0	11.0	8.0	1.0	2.0
Nov	10.0	10.0	9.0	0.0	1.0
Dec	8.0	9.0	8.0	1.0	0.0
Total	9.0	10.0	9.0	1.0	0.0



April 24, 2002

Allen Burns, Vice President
Requirements Marketing
BPA - Routing PS/6
Box 3621
Portland, OR 97208-3621

Re: City Heyburn – CF/CT Exemption to New Large Single Load

Dear Mr. Burns:

The Power Sales Contract between City of Heyburn and Bonneville Power Administration provides in essence that an increase in load of more than 10 average megawatts in a 12 month period at one location to one of Heyburn's customers would be deemed to be a "New Large Single Load" (NLSL). I understand that a load that was "contracted for or committed to" (CF/CT) as of 1979 acts as a floor in determining the base from which the 10 average megawatts is calculated.

The City of Heyburn has only one industrial customer, the J.R. Simplot Company, which operates a potato processing plant, an ethanol plant and some large freezers. The City has been serving the Simplot company's facilities since the early 1960's.

The City is with this letter requesting Bonneville Power Administration to undertake the verification or determination that the City of Heyburn was serving the J.R. Simplot potato processing plant in 1979 and what the load was.

Our City Attorney, Steven Tuft, has already sent a letter dated April 5, 2002 to Robert A. Anderson making this request, but I was advised that the request needs to be made to you. A copy of the letter is enclosed. Along with the letter, Mr. Tuft sent the City's copies of the BPA Form 110's it submitted to Bonneville from January 1975 through September 1, 1979. Attached to the forms sent to Mr. Anderson were the spreadsheets used by the City to make the calculations for the Form 110's which specifically show in kilowatt hours what the load was to the Simplot plant.

Also, I believe there are numerous Bonneville records which will verify the relationship between the City and the Simplot company in Heyburn. For example the Riverton Substation (sold last year to Heyburn) was constructed by Bonneville largely to service the Simplot load at the main processing plant.

Post-It® brand fax transmittal memo 7671		# of pages * 3
To	From	
Co.	Co.	
Dept.	Phone #	
Fax #	Fax #	

Allen Burns, Vice President
April 24, 2002
Page 2

Also enclosed are various other City records and an index which should document the existence and size of the load as of September 1, 1979.

Please acknowledge this request and advise me as to the following:

1. Whether or not the submitted materials will be sufficient to establish the CF/CT base to calculate NLSL.
2. The time frame you estimate it will take to make the determination.

Thank you.

Sincerely,
THE CITY OF HEYBURN

(b) (6)

Cleo K. Cheney,
Mayor

cc: Robert A. Anderson, PSW-6
Rod Aho
Tom Wagenhoffer
Thomas M. Grim
Steven A. Tuft
Larry Pierce

14. Copy of a letter from Heyburn "To Whom It May Concern" dated May 24, 1958, regarding the new Simplot plant and seeking new resources in order to be able to service the load.
15. Chart created by Heyburn in 1984-5 to summarize KWH sales by customer account from 1976 to 1984. Probably created to assist in responding to discovery requests in the WPPSS Bondholder litigation (MDL-551)
16. Charted created by Heyburn in 1984-5 showing KWH sales commercial and industrial accounts. It was created in order to answer Interrogatory No. 1 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
17. Charted created by Heyburn in 1984-5 showing KWH sales by customer class. It was created in order to answer Interrogatory Nos. 2, 3 and 4 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
18. Charted created by Heyburn in 1984-5 showing KWH sales commercial and industrial customer accounts. It was created in order to answer Interrogatory Nos. 92 and 93 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
19. Charted created by Heyburn in 1984-5 showing summary of KWH sales by customer class. It was created in order to answer Interrogatory No. 94 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
20. BPA Form 890 showing load data by customer class for 1975 through 1979 and 1984.
21. Letter dated June 6, 1969 from Don Hill at Heyburn to Hugo Dalsoglio at Simplot regarding power factor correction in the billings to Simplot.
22. Various reports by Heyburn's Electric Department Manager, Larry Burbank, outlining policy, customer service and customer relations matters between Heyburn and the J.R. Simplot Company (1971 annual report; January 1972; September 1975; October 1975; January 1976; 1976 annual summary; August 1976; September 1976; October 1976; September 1978; and, December 1978.
23. Heyburn's Electrical Rate Ordinances: Ordinance No. 158 adopted April 8, 1964; Ordinance No. 175 adopted April 10, 1968; Ordinance No. 178 adopted October 9, 1968; Ordinance No. 256 adopted February 13, 1980.

TAB
1

LOAD FORECAST

Utility HeyburnSerial
Calendar-Year

	1980 1976-77	1981 1977-78	1982 1978-79	1983	1984
<u>Average Number of Customers</u>					
Residential	816	868	854		
Commercial	54	54	55		
Industrial	1	1	1		
Irrigation	2	2	2		
Other	43	50	50		
Sales for Resale	0	0	0		
Total	916	975	992		
<u>Energy Requirements (kWh)</u>					
<u>Sales:</u>					
Residential	13,325,802	14,365,532	16,336,951		
Commercial	3,179,890	3,458,930	3,745,190		
Industrial	56,292,000	50,138,400	51,122,400		
Irrigation	9,710	8,010	9,270		
Other	656,621	545,317	917,706		
Sales for Resale	0	0	0		
Total	73,464,023	69,516,189	72,131,517		
Losses (kWh)	1,154,036	768,811	1,477,403		
Total Energy Requirements (Including Losses) (kWh)	74,618,059	69,285,000	73,608,920		
Peak Demand (kilowatts)	12320	12760	13080		
Annual Debt Service on Existing Debt	\$	\$	\$	\$	\$
Future Capital Additions	\$	\$	\$	\$	\$

TAB
2

ITEM 2

CITY OF HEYBURN

<u>1976</u>	<u>NET PURCHASE</u>	<u>USE</u>	<u>LINE LOSS</u>	<u>PEAK DEMAND</u>
January	6081000	6329573	(248573)	10740
February	6670000	5999006	670994	11820
March	6315000	6227051	87949	11680
April	5431000	5620075	(189075)	10820
May	5892000	5841597	50403	10830
June	5998000	5929466	68534	11090
July	5107000	4932175	174825	11120
August	4629000	4573821	55179	10730
September	6427000	6263150	163850	10860
October	6612000	6359706	252294	11460
November	6319000	6120219	198781	11660
December	5773000	5726833	46167	11920
<u>1977</u>				
January	6924000	6748673	175327	12320
February	6385000	6403664	(18664)	11980
March	6589000	6588710	290	11940

ITEM 3

PROJECTED

G. R. SIMPLOT CO.

<u>1977</u>	USE KWH	Demand
January	4442400	8496
February	4293600	8712
March	4509600	8928
April	4236000	8952
May	4816800	9456
June	5035200	9590
July	4144800	9744
August	3775200	10434
September	5354400	10020
October	5277600	9812
November	4665600	9757
December	3792000	8879
<u>1978</u>		
January	4533600	8971
February	4269600	9378
March	4843200	9237

ITEM 3

CITY OF HEYBURN

1977	Average M.W.	Average MWH
April	8.2	5.986
May	7.3	5.392
June	7.2	5.256
July	6.7	4.891
August	6.7	4.891
September	8.1	5.913
October	8.3	6.059
November	8.5	6.205
December	8.6	6.278

Load Estimate

9/74

BPA 1-30-76

TAB
3

LOAD FORECAST

Utility City of Heyburn

<u>Calendar Year</u>	<u>Utility Load (1) (Including Losses)(2) (Megawatt-Hours)</u>	<u>Utility Peak Demand * (Kilowatts)</u>
1979		16100
1980		16900
1981		17600
1982		18500
1983		19400
1984		20400
1985		21300
1986		22400
1987		23500
1988		24600
1989		25800
1990		27000
1991		28400
1992		29800

- (1) - Please show sales for resale separately, if applicable.
 (2) - Losses for distribution system only.

The above forecast represents the forecast currently used for planning purposes

* Peak Demand figures
 are from BPA load
 forecast (9/74) and
 losses are already
 taken into account.

Signed (b) (6)
 Title Enggr. for City of Heyburn
Electric Dept

TAB
4

1969
Power Factor
From B.P.A. To The City
OF Heyburn, AND From Heybur.
to J. R. Simplot, Co.

JAN-1969	.94 P.F.	Adjusted For	\$79.80
FEB-1969	.93 P.F.	" "	\$160.55
MAR-1969	.93 P.F.	" "	\$156.75
APR-1969	.93 P.F.	" "	\$152.95
MAY-1969	.		

	5400/4160 KV City To Simplot	7200/12470 KV
JAN 1969	83.7 = .84 P.F.	.74 P.F.
FEB - 1969	83.3 = .83 P.F.	.74 P.F.
MARCH-1969	.83 P.F.	74.3 = .74 P.F.
APR - 1969	.83 P.F.	.74 P.F.
MAY - 1969	.84 P.F.	.74 P.F.

	PF Adjusted would cost	95 x KW D ÷ by 81%
JAN-1969	.84 P.F. = \$849.00	.74 P.F. = \$190.0
FEB-1969	.83 P.F. = \$951.00	.74 P.F. = \$190.0
MAR-1969	.83 P.F. = \$937.00	.74 P.F. = \$190.0
APR-1969	.83 P.F. = \$951.00	.74 P.F. = \$190.0
MAY-1969	.84 P.F. = \$874.00	.74 P.F. = \$190.0

	By BPA Adjusting 1% Per 1% below .95%	
JAN 1969	.84 PF \$712.80	.74 PF \$141.12
FEB 1969	.83 PF \$789.12	.74 PF \$141.12
MAR 1969	.83 PF \$777.60	.74 PF \$141.12
APR 1969	.83 PF \$789.12	.74 PF \$141.12
MAY 1969	.84 PF \$733.92	.74 PF \$141.12

\$4508.16

TAB
5

For 1965 Dollars Billed Simplot
\$141,070.36

The Total Bill was \$156,394.93 we give
Them a 10% discount if paid by 10th
So the total we received a total of
\$141,070.36 10% off was 15,324.57

1966 Dollars Billed Simplot

Total = \$209,672.57 - 10% \$20,967.25

Total Bill \$188,705.32 paid To Heyburn

	1965	Demand	Energy
1966 JAN 3	which December Bill \$14,903.71	4800	2,044,800
Feb-1	\$17,432.72	5024	2,179,200
Mar-1	17,992.24	5088	2,326,400
Apr-1	18,676.00	4992	2,640,000
MAY-1	18,563.60	5024	2,576,000
June-1	18,904.48	5184	2,572,800
July-1	13,855.52	4160	1,587,200
Aug-1	11,756.98	3629	1,254,400
Sept-1	15,248.64	4480	1,830,400
Oct-3	19,717.28	5223	2,828,060
Nov-1	19,353.03	5284	2,653,430
Dec-1	19,751.57	5540	2,582,400
Dec-30	18,420.51	5283	2,327,000

209,672.57

-10% 20,967.25

\$188,705.32 Billed Simplot in 1966

BPA Idaho Falls, Idaho
Box 2558

TAB
6

GENERAL

A. Name of Company and Subsidiaries

CITY OF HEYBURN, IDAHOMUNICIPAL ELECTRIC DISTRIBUTION

B. Territory Served

GENERALLY THE CORPORATE CITY LIMITS

C. Customers - Give approximate number of customers by classifications:

1. Domestic 6652. Mercantile 533. Industrial 24. Municipal 44

D. Estimated Gross Revenue - Current year plus two preceding years:

1975 (\$508,554.77) 1974 (\$399,897.13) 1973 (\$414,989.71)

E. List any customer accounting for more than 5% of average output:

FOOD PROCESSING DIVISION - J.R. SIMPLOT CO.

CAPACITY

A. Total generating capacity NO GENERATION

B. Peak Demand

1. Maximum peak last year 10,200 KW2. Estimated peak this year 11,000 KWC. Capacity of largest generating unit N/A TO CITY SYSTEM

D. How many days of operation at 80% or more of capacity:

1. Last year NONE2. Estimate current year NONE

FACILITIES

A. What percentage of total generating capacity is fueled by:

1. Water power N/A TO CITY SYSTEM2. Coal N/A

4. Atomic energy N/A
5. Other N/A

- B. High voltage transmission:
1. Number of miles NO TRANSMISSION
2. Miles in densely populated areas
3. Miles in forested areas

IV INTER-TIES

- A. Does the company participate in a regional grid or power pool?

ONLY AS A BONNEVILLE POWER ADMIN. CUSTOMER

- B. Was the company a net importer or exporter of pooled power last year?

YES - AS A CUSTOMER OF BPA

- C. Are spinning reserves maintained? N/A TO CITY SYSTEM

1. What is average percentage of spinning reserve to total output?

N/A TO CITY SYSTEM

V INTERRUPTIONS OR BLACK-OUTS

- A. List any major interruptions during last three years including cause, number of customers affected and length of outage:

DEC 73 ADVERSE WIND & SNOW CONDITIONS

3HR OUTAGE ON TOTAL SYSTEM

(SEE BACK OF PAGE)

VI CLAIMS

- A. List all claims for bodily injury and property damage in excess of \$25,000, during the last five years:

NO CLAIMS IN EXCESS OF \$500⁰⁰

VII CONSTRUCTION - MAINTENANCE

- A. List major new facilities to be added this year

NO MAJOR FACILITIES IN 1976 PLANNED

MAJOR ADDITION PLANNED 1980-83

V INTERRUPTIONS

*N 74 CRT IN SUBSTATION CONTACTED HIGH
VOLTAGE EQUIPMENT CAUSED ONE HOUR OUTAGE
ON TOTAL SYSTEM*

*OCT 75 VANDALISM WITH HIGH POWERED RIFLE
CAUSED ONE HOUR OUTAGE AFFECTING APPROX
200 CUSTOMERS*

C. Is there a comprehensive plan for replacement of aging facilities including distribution lines? YES ON AN INSPECTION

AND LOAD GROWTH BASIS

D. Are above ground distribution lines being buried?

NOT AT THE PRESENT TIME - ONLY NEW CONST.

E. Are up-to-date system maps maintained? YES

1. Do they include dates of replacements and major repairs?

NOT PRESENTLY - WILL IN NEAR FUTURE

2. Are main shut-off and regulating controls indicated?

YES

TAB
7

28 January 1975

Mr. Martin Darksema
Area Manager
Bonnaville Power Administration
P. O. Box 2558
Idaho Falls, Idaho

Dear Martin:

Within the next five years additional substation transformer capacity will be needed to serve the City of Heyburn's load.

We are considering two alternative plans for the additional transformation:

Plan A — Install a 12/20 MVA, 138-12.5Y/7.2KV transformer at Heyburn Substation. (Because of interrupting capability limitations the transformer cannot be operated in parallel on the load side with the existing transformer.)

Construct a 477 MCM ACSR (two conductors per phase) 7.2/12.5KV distribution circuit to the City's switching station.

Plan B — Construct a 138KV transmission line to the City's switching station. (0.8 to 1.3 miles depending on the route.)

Construct a 138-12.5Y/7.2KV substation adjacent to the City's switching station with one 12/20 MVA transformer initially and provision for a second 12/20 MVA transformer in the future.

- 1- Power is presently obtained from Bonneville Power Administration, future requirements will be met through the Washington Public Power Supply System probably marketed through BPA.
2. a. Bonneville Power wheels our energy on Idaho Power Co transmission lines. B. no interest C. no interest at the present time (D. ^{and E.} This will depend on BPA and Idaho Power Co wheeling agreements. We have not as a municipality corresponded with the applicants.
3. We are members of WPPSS with BPA as a marketing agent on net billing agreements for future nuclear reactors. The only benefit is to assure future power supplies.
4. Thus far as a municipal power supplier we have not competed for any customers inside or outside our service area (city limits)
5. We are competitive on these items.
6. Thus far the applicants have not inhibited our plans
7. n/a
8. Idaho Power Co and Bonneville Power Admin are the major owners of transmission lines in southern Idaho. The future growth and requirements of this area may be inhibited unless Idaho Power Co increases line capacity into this area in the future.
9. not at the present time

Prepared by:

Larry Burbank
City of Heyburn Electrical Supt.

Answers are needed to the following questions to evaluate the alternative plans:

In Plan A will BPA permit the City to provide the transformer in BPA's substation? If so, what surcharge will apply?

In Plan B will BPA construct the 138KV line and provide a point of delivery at the City's switching station? If so, what surcharge will apply?

Your answers to these questions and any other pertinent information you might forward will be appreciated.

Cordially,

CITY OF HEYBURN

Larry C. Burbank
Electric Superintendent

LB:ld

cc: E. Robert Mooney
CH2M-Hill
Corvallis, Oregon

ATTACHMENT

1. How does your system presently obtain its bulk power supply; how does it expect to obtain future additions to bulk power supply?

2. Please describe any interest you may have in bulk power supply coordination with the applicants including (a) interconnection and emergency power exchanges, (b) joint ownership with the applicants of the proposed nuclear unit, (c) unit power purchases from the proposed nuclear unit, (d) use of the applicants' transmission facilities for purposes of coordination of your electric operations with the applicants and/or their electric systems, and (e) participation in nearby power pool operations. Have you requested the applicants to consider any of these matters? Describe in detail, with documentation (copies of letters, memoranda, etc.) if available, the response of the applicants.

3. Are you a member of any power pool or G&T cooperative? If so, describe your responsibilities and benefits.

4. Is your system in competition with the applicants or with other electric systems? If so, please describe the nature and extent of that competition; If possible please describe some specific instances of competition which have occurred.

5. Are you competitive with the applicants in terms of cost of power and power supply reliability? If not, indicate whether any actions or policies by the applicants have limited your competitive ability in these respects.

6. If your system presently purchases power at wholesale from applicants, does your system have alternatives for bulk power supply expansion to meet future load growth? If so, what are these alternatives? If not, indicate whether any actions or policies by the applicants have inhibited the development and implementation of such bulk power supply alternatives.

7. If you are a wholesale customer of the applicants, are there any specific features of your present wholesale rates and related contract or tariff provisions which you consider as unduly restrictive or anticompetitive?

8. Do the applicants control all or most of the high voltage transmission in your area? Is their ownership or control of transmission a limiting factor in your obtaining bulk power from alternative sources or in coordinating planned expansion of your generating capacity with other electric entities? If so, please explain.

9. Have you any other facts which you believe would have a bearing on the competitive effects of a grant of the license to the applicants which we should consider before rendering our advice?

Formerly AT-117

FORM ATR-117
7-2-74

nni

TAB
8

City Of Heyburn

HEYBURN, IDAHO 83336

Member Of Idaho Municipal League

May 4, 1982

Mr. Dave Pettit
J. R. Simplot Co.
Food Processing Division
P. O. Box 676
Heyburn, Idaho 83336

Dear Dave;

In response to your inquiry concerning power factor correction on the 12.5KV industrial load served out of the City's Riverton Substation, I submit the following for discussion and possible future negotiations of an agreement.

The City of Heyburn Electrical Department would operate and maintain a 1200KVAR capacitor bank to improve the Simplot Co. 12.5KV industrial service power factor for a monthly charge of \$180.00. The period of agreement would terminate when it became necessary to replace or increase the size of the installation.

The City and your company would inform the respective insurance carriers of the proposed agreement.

If I can be of further help in this matter, please call.

Yours truly,

CITY OF HEYBURN

Larry Burbank

LB:ld

TAB
9

**J. R. Simplot Company**

*Rec'd after
letter to Derbama
was mailed*

FOOD DIVISION

December 3, 1975

Mr. Larry Burbank
City of Heyburn
Heyburn, Idaho

Dear Mr. Burbank:

Re Electrical Loads, Heyburn, Idaho.

The letter of May 5, 1975 in which I projected electrical requirements at our Heyburn plant is still the best I have to date.

That projection will probably extend through 1978 without any major increases. By that I mean the requirements through 1976 will serve us without any major increases through 1978.

You have asked for a projection from 1979 through 1982. The heaviest loads that might be anticipated would be due to steam generation by electrode boilers. This would be governed by the economics and availability basically. If these two conditions proved to be favorable (which present indications do not show) some replacement or expansion of steam generation would be considered. The range would be somewhere near 30 and 40 MW.

Yours truly,

(b) (6)

Gerald Sullivan
Engineering Coordinator

GS/cs

cc: Hugo DalSoglio
Paul Hansen
Spencer Bryant
Jack Beckwith
Ross Corless

Enc. Letter of 5/7/75

TAB
10

FOOD DIVISION

December 29, 1975

Mr. Larry Burbank
City of Heyburn
Heyburn, Idaho 83336

Dear Larry:

At the Heyburn Plant we expect to add 3000 HP of process equipment within the next five (5) years. When and if it becomes economically feasible we will consider electrode boilers, which would be approximately forty (40) megawatts.

Sincerely,

(b) (6)

Dave Pettit

Electrical Designer

J. R. Simplot Company

DP/mp

*Called Gerry Sullivan 5 May 1978
Additional load delayed to 1980*

TAB
11

City Of Heyburn
HEYBURN, IDAHO 83336
Member Of Idaho Municipal League

October 9, 1973

KWH consumed August 1972 thru July 1973

J. R. Simplot Co. - Food Processing Division

Aug. - 2,944,800	Feb. - 4,375,200
Sep. - 4,512,000	Mar. - 4,490,400
Oct. - 4,941,600	Apr. - 4,207,200
Nov. - 4,101,600	May. - 4,029,600
Dec. - 3,585,600	Jun. - 2,966,400
Jan. - 3,811,200	Jul. - 3,391,200

J. R. Simplot Co. - Sewer Pump

Oct. - 76,800
Nov. - 77,520
Dec. - 83,760
Jan. - 78,720
Mar. - 75,840

CITY OF HEYBURN

Larry Burbank
Electrical Superintendent

ld

TAB
12

SIMPLOT FOOD PROCESSING - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	8104	7680	8674	8971	9052	7184
February	7592	7500	8717	9378		7776
March	7897	7344	8812	9253	9357	9090
April	8060	7044	8912	9451	8806	9368
May	8640	7520	9451	9870	7800	9475
June	8160	7872	9580	9827	9335	
July	7560	8086	9761	9677	9800	
August	7008	8250	10432	10019	10537	
September	7382	8064	10037	9678	9217	
October	8112	7824	10500	9698	10013	
November	9592	8304	10727	10335	9020	
December	7968	8026	10771	9077	8856	

SIMPLOT FIRE PROTECTION - DEMAND

Month	1974	1975	1976	1977	1978	1979
January				0	231	217
February				0	215	215
March				3	232	217
April				240	229	228
May				20	220	266
June				223	229	
July				154	237	
August				107	240	
September				226	266	
October				213	246	
November				251	232	
December				302	295	

SIMPLOT RIVER PUMP - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	480	102	107	134	138	162
February	401	102	100	136	150	151
March	480	103	107	134	154	169
April	480	102	106	141	134	162
May	480	107	108	144	131	146
June	480	104	112	144	147	
July	149	101	104	144	159	
August	120	114	121	141	152	
September	19	110	128	147	159	
October	104	96	134	141	166	
November	104	102	128	141	175	
December	105	114	130	138	168	

SIMPLOT CARPENTER SHOP - DEMAND

Month	1974	1975	1976	1977	1978	1979
January		18	16	24	22	28/20
February	16	18	17	25	22	20/20
March	15	17	16	22	24	21/20
April	15	18	19	20	21	21/20
May	15	17	16	21	21	21/36
June	13	17	19	17	16	
July	7	15	10	14	14	
August		11	11	18	16	
September	14	17	10	20	19	
October	10	10	24	19	21	
November	12	15	21	21	23	
December	24	11	20	22	25	

SIMPLOT GREENHOUSE - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	25	25	19	23	18	25
February	25	25	21	20	18	25
March	25	24	22	16	17	24
April	21	13	22	15	14	18
May	20	22	18	4	14	8
June	16	23	20	4	10	
July	13	11	9	4	8	
August		4	11	5	8	
September	5	4	18	5	4	
October	5	9	20	5	4	
November	20	22	21	17	18	
December	24	24	20	16	25	

SIMPLOT AUTOMOTIVE SHOP - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	35	43	38	42	38	45
February	36	42	41	42	34	40
March	34	42	35	41	35	41
April	34	39	37	34	24	34
May	34	34	35	32	33	37
June	32	34	33	32	25	
July	38	33	37	31	39	
August	38	36	37	31	35	
September	37	34	34	30	30	
October	34	33	34	31	31	
November	34	34	39	35	39	
December	35	39	38	41	42	

TAB
13

City Of Heyburn

HEYBURN, IDAHO 83336

Member Of Idaho Municipal League

September 24, 1974

Mr. Jack Beckwith
Electrical Engineer
J. R. Simplot Co.
P. O. Box 1059
Caldwell, Idaho

Dear Jack:

In response to your recent telephone call regarding present and future power availability of 4160 volts provided by the City of Heyburn, I submit the following:

Your request for connection of 450 HP is approved immediately.

The additional estimated 1600 HP for connection in early spring 1975 is tentatively approved.

Capacity of the 4160 volt transformer bank will gradually increase as residential loads are converted to 12,470 volts and removed from this bank. Plans presently call for the 8.1 MW capacity (summer rating) to be available in 1975. Full capacity may be available by summer 1975 if conversion progresses faster than anticipated.

Presently the feeder to your main plant switch yard is limited because of 500 MCM copper single conductor. We need to coordinate plans for reconductoring with paralleled 477 MCM ACSR to coincide with your yearly shut down for maintenance or at any other opportune time as you deem feasible.

Thanks again for your cooperation.

Yours truly,

CITY OF HEYBURN

(b) (6)

Larry Burbank
Electric Superintendent
P. O. Box 147
Heyburn, Idaho

LB:ld

TAB
14

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May 24, 1958

TO WHOM IT MAY CONCERN:

The Village of Heyburn is located on the north and east bank of Snake River in Minidoka County, Idaho. Its north boundary is two miles from east to west, and east boundary one mile north to south.

The land on the bank of Snake River is high and sandy, furnishing an ideal site for industrial plants. Plenty of water and drainage along with unused railroad trackage, makes it a desirable location. Enclosed is a map of the Village of Heyburn showing proposed new plants in red, and a map showing the North Side Pumping Division, which is a veteran homestead project.

The development of the Veteran Homestead Project north of the Village, and private land on the south, has caused industry to locate in Heyburn.

The Village of Heyburn has owned its own electrical distribution system since 1921. Electrical energy is furnished under contract by the Bureau of Reclamation. The following chart shows the steady increase of demand in the last three years:

	<u>1955</u>	<u>1956</u>	<u>1957</u>
<u>February</u>	428	456	570
<u>September</u>	224	352	400

At the present time, the Village of Heyburn has applications on file for electrical energy as shown in the following chart:

XXXXXX
 XXXXXXXXXXXX
 XXXXXXXXXXXX
 XXXXXXXXXXXX

XXXXXXXXXXXX
 XXXXXXXXX
 XXXXXXXXX
 XXXXXXXXX

Page 2.

Name	Time of Construction	KW hr Applied for	Present Load	Total KW hrs
J. R. Simplot	Under Construction	600	125	725
Western Grain, Inc.	1958	150	---	150
Western Grain, Inc.	1959	100	---	100
Pacific Supply Co-Op)	One unit built "1" 1958	60	50	110
Leonard Johnson	1958 or 1959	50	--	50
Shillington Apts)	Purchased from U. S. Gov't. 1958	25	--	25

The J. R. Simplot Company is breaking ground this week. From what they tell us, it will be the largest potato starch plant in the world; which is in connection with potato packaging.

This Company alone has asked for as much electrical power as the entire Village of Heyburn is now using.

A new power line, of adequate capacity, has already been built directly into the Simplot Plant.

The normal growth, additional appliances, will amount to 30 KW hrs per year. Also, the Village is being increased by about 30 to 36 new homes per year, which means an additional 100 KW hrs per year.

The following is a conservative estimate of our electrical power needs in the next three years, as prepared by our Electrical Engineer and Village Engineer, and supported by applications already mentioned:

January 1958 -	600KW hrs
September 1958 -	900 KW hrs
January 1959 -	1,500 KW hrs
September 1959 -	1,875 KW hrs
January 1960	2,500 KW hrs

At the present time, our contract with the Bureau of Reclamation calls for 440 KW hrs, May through October, and 640 KW hrs November through April.

XXXXXX
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Page 3

The Bureau of Reclamation tells us they can not furnish the additional electricty that we need.

In view of the above facts, we urgently request immediate construction by the Bureau of Reclamation of the Burns Creek Multi-Purpose Dam.

-
Leo J. Handy
Chairman of Board,
Village of Heyburn

Enclosures:
Map, Village of Heyburn
Map, North Side Pumping Division,
Minidoka Project, Rupert, Idaho

LJH/mw

TAB
15

Company	Address	1976 Cal Year KWH Sales	1977 Cal Year KWH Sales	1978 Cal Year KWH Sales	1978-1979 Fiscal Year KWH Sales	1979-1980 Fiscal Year KWH Sales	1980-1981 Fiscal Year KWH Sales	1981-1982 Fiscal Year KWH Sales	1982-1983 Fiscal Year KWH Sales	1983-1984 Fiscal Year KWH Sales	Account Number	Rate Multiplier	Notes
Western Chem Supply	North Street	10200	8640	9400	9560	7560	7960	7560	10200	73080	250-3 254	X40	721
Western Land Co.	Marine Blvd	258720	208040	138320	247040	251600	183760	144520	200800	1633000	250-3 254	X40	732
Western Land Co.	Gold Coast Highway	64960	51360	40160	48480	48200	51980	46360	55360	407360	250-3 254	X40	741
Western Land Co.	New Street	7200	6480	8240	6960	6720	8000	7040	15800	66440	250-3 254	X40	746
Western Land Co.	Marine Blvd	37640	23240	2900	58520	46480	47920	61040	70000	347440	250-3 254	X40	747
Mini-Corona Corp Co.	Highway	56560	57680	45280	61440	66040	60960	60320	59000	473880	250-3 254	X40	754
Samplot Co.	Fire Protection	608000	789600	954000	988200	1131600	1159200	1155600	6826800	250-3 254	X1200		870
Samplot Co.	Food Processing	37017600	37891200	25737600	32956800	29759200	28656000	35635200	37204900	264847900	250-3 254	X400	871
Samplot Co.	Food Processing	11996880	12929600	10797200	13223200	13216000	11601600	6943200	82208880	250-3 254	X2400		876
Samplot Co.	Food Processing	4008000	4540800	3592400	4461600	4713600	6511200	3210000	4253500	34184100	250-3 254	X400	877
Samplot Co.	Green House	74180	52520	50180	55080	46460	44100	50420	37090	414700	250-3 254	X10	878
Samplot Co.	Carpenter Shop	43080	55340	45760	65470	107200	92160	100280	118080	631370	250-3 254	X40	879
Samplot Co.	Automotive Shop	208400	203080	165760	205680	202000	218000	247520	217440	1666880	250-3 254	X80	880
Samplot Co.	Beach Bungalows	724000	463200	729720	873360	748480	371200	541717	947902	5900377	250-3 254	X120	881
Harvey Food Center	Highway	183400	183440	156300	244560	290240	268160	269840	277640	1873580	250-3 254	X40	882
McQuinn Associates	Highway	12030	10400	24090	49080	35600	44160	46920	40840	263120	250-3 254	X40	883
Bank of America	Highway	119140	76000	67200	58060	55280	51580	53300	40860	512500	250-3 254	X20	884
San Diego School	Highway	117160	113080	88920	107560	112960	114320	116960	129360	909320	250-3 254	X40	885
San Market	Highway	114130	132820	118620	141410	132490	125490	38800	11000	814780	250-3 254	X10	886
Yinck Inc.	Highway	22150	22620	17340	26170	27770	38200	51120	50160	257530	250-3 254	X80	887
Lita	Highway	40380	38240	24360	31960	27320	38000	40320	36680	277160	250-3 254	X40	888

TAB
16

Investigatory #1

* More Market was counted as a Church Fiscal Year 1982-1983
* moved to Church District and started Aug 1984

City changed to Fiscal Year

12 largest entities	Customer address	Customer Category	1975 Calendar Year KWH	1976 Calendar Year KWH	1977 Calendar Year KWH	1978 12 months Calendar Year KWH	1978-1979 Fiscal Year KWH	1979-1980 Fiscal Year KWH	1980-1981 Fiscal Year KWH	1981-1982 Fiscal Year KWH	1982-1983 Fiscal Year KWH	1983-1984 Fiscal Year KWH	1984-1985 Fiscal Year KWH
1	Samplot Co. Fuel Pumping Plant	Industrial	33076800	37017600	37891200	25737600	32956800	29750400	28656000	35635200	37204800	43324800	43538400
2	Samplot Co. Fuel Pumping Plant	Industrial	976800	11996880	13929600	10797600	13723200	13216800	11601600	6943200	changed to district	→	→
3	Samplot Co. Cold Storage	Industrial	10821600	4008000	4540200	3590400	4461600	4213600	6011200	2100300	4258500	4257900	4881900
4	Samplot Co. Fuel Station	Commercial	New Service	New Service	648000	789000	954000	988800	1131600	1159200	1155600	1078800	1166400
5	Samplot Co. River Pump	"	616000	724000	963200	729920	873960	748480	371200	541717	947302	1075422	1115222
6	Samplot Co. Fuel Station 1413 J Street	"	180280	183400	183400	156300	244360	290240	268960	269400	277440	285680	288440
7	Samplot Co. Antenna Shop	"	212800	208400	202080	165360	205680	202000	218000	242500	217440	226560	243200
8	Whitcomb Co. Manufacturing	"	13000	25820	203040	138320	247840	251600	183960	144500	200300	125160	117920
9	Grade School 17410 J Street	"	111120	117160	113080	88320	107560	112960	114320	116960	129360	129760	138000
10	* More Market 18410 J Street	"	127780	114150	132820	118620	141410	132490	125490	38800	11000	10600	14640
11	Samplot Co. Computer Shop	Commercial	45540	47080	55340	45760	65470	102200	92100	100200	118080	146600	121440
12	* Samplot Co. Oilfield Production	Industrial	New Service	→	→	→	→	→	→	→	→	1 Month 28,800	2,904,300
13	Thompson Co. Inc. Oilfield Production	Commercial	New Service	→	→	→	→	→	→	→	→	2nd 268,560	39,5200

7A3,7

Antingyuan #2*3*4

YEAR Calendar Fiscal	Total Kilowatt Sales	Total Revenue From Sale of Electricity	Number of Customers Residential	Number of Customers Industrial	Kilowatt Sales Residential	Revenue From Sales Residential	Kilowatt Sales Industrial	Revenue From Sales Industrial	Kilowatt Sales Commercial	Revenue From Sales Commercial	Kilowatt Sales Governmental	Revenue From Sales Governmental	Kilowatt Sales Other	Revenue From Sales Other
Cal 1968	40960200	282778.96	1	430	60	3	2600	58.07	4243000	56816.08	1501430	17981.09	33170760	207347.72
Cal 1969	53423000	348382.53	1	443	64	3	2840	81.22	4503000	50045.30	1467050	17671.23	46130270	280022.28
Cal 1970	56901261	380471.25	1	499	64	3	1890	58.85	5080780	54843.00	1496206	18150.60	4832700	306921.80
Cal 1971	58129980	358609.99	1	567	66	2	2480	61.51	6330360	63252.13	1544822	17668.29	46191300	277162.57
Cal 1972	59310000	386217.84	1	592	72	2	3570	111.88	7451380	73466.63	1633380	18454.56	48994960	293705.27
Cal 1973	60985000	403074.58	1	632	62	2	1380	83.22	8249380	82770.67	1630630	19385.59	49134240	300231.54
Cal 1974	57034000	394403.010	1	655	60	2	340	75.01	9044800	87737.67	160090	18711.89	44524380	287103.01
Cal 1975	60303000	402189.44	1	709	53	1	6890	150.15	10725.89	123227.28	2741690	27542.40	45055200	340285.61
Cal 1976	71234000	591286.66	1	800	53	1	10150	172.34	12375.86	142758.71	2572050	30567.65	54343200	416673.46
Jan 4, 1977 - Apr 30, 1977	55917000	454153.13	2	443	54	1	9640	131.72	9829.22	123619.87	2436710	28402.76	42556800	301051.13
Cal 1977-1978	69285000	613770.27	1	877	55	1	8010	152.45	1436582	165722.17	3458930	40234.83	50138400	405524.33
Cal 1978-1979	73608200	618991.69	1	887	50	1	9270	100.26	16336751	185702.88	3745090	45035.32	51122400	386429.23
Cal 1979-1980	69224000	742952.18	3	944	49	1	13710	252.32	15180.870	182424.01	3338200	50320.19	43108800	508148.61
Cal 1980-1981	69835000	856511.05	4	963	51	3	109880	2536.16	16313380	223935.00	336570	55883.94	46768800	572228.95
Cal 1981-1982	73363700	1327233.02	5	961	56	2	95140	2885.82	17164200	382696.19	3826880	73392.40	45091360	847134.11
Cal 1982-1983	66661605	2351061.75	5	954	57	2	107460	3985.72	19013690	632693.85	4534002	184215.27	44950880	1527647.96
Cal 1983-1984	72231270	2229702.59	4	958	61	2	96020	4253.89	16516540	574244.20	4743261	125627.65	47609100	1433074.12
Cal 1984-1985	76642250	2334395.49	5	952	66	3	122660	4230.57	16250480	593292.83	4822677	176115.65	51324600	1557580.21

TA13
18

18

Interrogatory No. 92, and No. 93

City changed to
Knox, Tenn.

* These 770's were converted into a record and are now considered as miscellaneous documents

* First interest in Bank was taken out of Knoxville in 1982

Customer Name	Customer Address	1976 Calendar Year KWH Sales	1977 Calendar Year KWH Sales	1978 10 months Calendar Year KWH Sales	1978-1979 Fiscal Year KWH Sales	1979-1980 Fiscal Year KWH Sales	1980-1981 Fiscal Year KWH Sales	1981-1982 Fiscal Year KWH Sales	1982-1983 Fiscal Year KWH Sales	Total Customer KWH Sales For 1976 thru 1983
1 Western Bell Co. Hwy 30 - Nashville		10,200	8,640	9,400	9,560	7,560	7,960	7,360	10,200	73,080
2 Western Bell Co. Hwy 30 - Nashville		258,720	208,040	138,320	247,040	251,600	183,960	144,520	200,800	1,633,000 *
3 Western Bell Co. Hwy 30 - Nashville		64,960	51,760	40,160	48,480	48,800	51,880	46,360	55,360	407,360
4 Western Bell Co. Hwy 30 - Nashville 4 months		7,200	6,480	8,240	6,960	6,720	8,000	7,040	15,800	66,440
5 Western Bell Co. Hwy 30 - Nashville		37,640	23,240	2,400	58,520	46,680	47,920	61,040	70,000	347,440
6 Western Bell Co. Hwy 30 - Nashville		56,560	57,680	45,280	61,440	66,640	66,860	60,320	59,000	473,880
7 J.R. Simplot Co. Fruit Station	New Britain 2 months	648,000	789,600	954,000	988,200	1,131,600	1,159,200	1,155,600	682,680	6,826,800 *
8 J.R. Simplot Co. Fruit Station		37,017,600	37,891,200	25,737,600	32,956,800	29,750,400	28,656,000	35,635,200	37,204,800	264,849,700 *
9 J.R. Simplot Co. Fruit Station		11,996,880	13,929,600	10,797,600	13,723,200	13,216,800	11,601,600	6,943,200	82,208,880	82,208,880 *
10 J.R. Simplot Co. Fruit Station		4,008,800	4,540,800	3,590,400	4,461,600	4,713,600	6,511,200	2,100,000	4,253,500	34,184,100 *
11 J.R. Simplot Co. Fruit Station		74,180	52,520	50,850	55,080	46,460	44,100	50,420	39,090	412,700
12 J.R. Simplot Co. Fruit Station		47,080	55,340	45,760	65,470	107,200	92,160	100,280	118,080	631,370 *
13 J.R. Simplot Co. Fruit Station		208,400	202,080	165,760	205,680	202,000	218,000	247,520	217,440	1,666,880 *
14 J.R. Simplot Co. Fruit Station		724,000	963,200	729,920	873,960	748,480	371,200	541,717	947,762	5,900,379 *
15 Harris, Fruit Station 16/3 Fruit		183,400	183,440	156,300	244,560	290,340	268,160	269,840	277,640	1,873,580 *
16 McBride, Fruit Station 800 Fruit		12,030	10,400	24,040	49,080	35,600	11,460	116,920	40,840	263,220
17 Fruit Station 184 and Fruit *		119,140	76,000	61,280	55,060	55,280	51,580	53,300	40,860	512,500
18 New Trade School 178 and Fruit		117,160	113,080	88,920	107,560	112,960	114,320	116,960	129,360	900,320 *
19 Main Market 184 and Fruit *		114,150	137,320	118,620	141,410	132,490	125,490	38,800	11,000	814,780 *
20 Fruit Station 1021 Fruit		22,150	22,620	17,940	26,170	29,770	38,200	51,120	50,160	257,530
21 Washburn 1710 Fruit		40,280	38,040	24,560	31,960	27,320	38,000	40,320	36,680	277,160

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TAB
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PROVISIONAL LOAD DATA

UTILITY CITY OF HEYBURN
 POINT OF DELIVERY HEYBURN SUBSTATION

AVERAGE NO. OF CUSTOMERS	1975	1976	1977	1978	1979	1984
Sm. Commercial	63	66	69	72	74	88
Commercial (Lrg.)	4	5	5	5	6	8
Yard Lights	2	2	2	2	2	2
Yard Lights	1	1	1	1	1	1
Yard Lights	1	1	1	1	1	1
Yard Lights	30	32	34	36	38	48
Yard Lights	20	22	24	26	28	38
TOTAL	811	849	886	923	960	1,146
KWH PER CUSTOMER	14,000	14,400	14,800	15,200	15,600	17,600
Sm. Commercial	26,820	27,580	28,400	29,170	30,000	33,980
Commercial (Lrg.)	42,500	43,400	44,200	45,000	45,830	49,750
IRRIGATION	--	--	--	--	--	--
STREET LIGHTING	--	--	--	--	--	--
PUBLIC AUTHORITY	9,700	10,090	10,500	10,890	11,290	13,290
Yard Lights	800	800	800	800	800	800
ENERGY SALES MWH	9,660	10,370	11,100	11,860	12,640	16,900
Sm. Commercial	1,690	1,820	1,960	2,100	2,220	2,990
Commercial (Lrg.)	170	217	221	225	275	398
LARGE RESIDENT	52,750	53,000	54,000	70,880	72,000	89,850
IRRIGATION	3	3	3	3	3	3
STREET LIGHTING	276	288	300	312	324	384
PUBLIC AUTHORITY	291	323	357	392	429	638
Yard Lights	16	18	19	21	22	30
TOTAL	64,856	66,039	67,960	85,793	87,913	111,193
PERCENT LOSS	2.2	2.2	2.2	2.2	2.2	2.2
ENERGY REQUIREMENT	66,300	67,500	69,500	87,700	89,900	113,700
ANNUAL LOAD FACTOR	62.2	62.2	62.2	62.2	62.2	62.2
ANNUAL PEAK DEMAND KW	12,170	12,390	12,750	16,090	16,500	20,870
MONTH OF YEAR PEAK 1/	--	--	--	--	--	--
JANUARY PEAK 1A	11,500	12,170	12,390	12,750	16,090	19,900
AUGUST PEAK 1A 1/	12,170	12,390	12,750	16,090	16,500	20,870
DECEMBER PEAK 1A 1/	12,170	12,390	12,750	16,090	16,500	20,870

*1/ Anticipates summer and winter peak loads

will be about the same, with Simplot's
 refrigeration during summer months off-
 setting winter heat loads.

DATE 9-74

INITIAL VCL

BPA 980
 May 1984

TAB
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City Of Heyburn

Heyburn, Idaho 83336

MEMBER OF IDAHO MUNICIPAL LEAGUE
June 6, 1969

J.R. Simplot Co.
Food Processing Division
Heyburn, Idaho
Mr. Hugo DalSoglio
Assistant Manager

Dear Hugo:

One of the provisions of the City of Heyburns Electrical rates Code, Chapter 9, states that the average KW supplied during the month adjusted for the power factor shall be the demand determination. Where the industrial user's power factor is less than ninety-five percent (95%) lagging as determined by measurement under actual load conditions, the City may adjust the KW measured to determine the demand by multiplying the measured KW by ninety five (95) and dividing by the actual power factor.

Up to date the City has not been applying this to the J.R. Simplot Co. bill, but with the loading now of the City system to the Simplot plant, I think we had better take a good look at the power factor problem. The higher the power factor is towards 100%, or unity, the more power we can put over the existing lines, transformers and equipment. Also the better the voltages and operations.

If we have to start to adjust the Simplot bill for low power factor, this is what it will cost the Simplot Company:

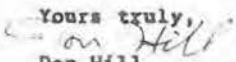
For the month of Jan. 1969	it would have been \$849.00
For the month of Feb. 1969	it would have been \$951.00
For the month of Mar. 1969	it would have been \$937.00
For the month of Apr. 1969	it would have been \$951.00
For the month of May 1969	it would have been \$874.00
Total for the 5 months	\$4562.00.

The Bonneville Power Administration has been adjusting their bill to the City of Heyburn for low power factor from the first of Jan. 1969. As we have corrected our own power factor, it is up to 93%, so the penalty is not too bad for us in dollars and cents. But from now on we will need to have as high a power factor as we can get so as to insure our electrical users the best possible service.

As the power supplier of the J.R. Simplot Co. plant in the City of Heyburn, we would like to give you notice that starting with the October 1st 1969 billing, the City of Heyburn will adjust the KW demand for power factor.

I hope that you can get the needed power factor correction installed on your plant system before this date as the power correction will do the City more good than the penalty.

If you have any questions please call me.

Yours truly,

Don Hill
City of Heyburn

cc: Ross Corless
cc: City of Heyburn

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ELECTRICAL REPORT FOR NOVEMBER - 1971 by Larry Surbank

METER SCHOOL AT SALT LAKE THE 11th & 12th OF NOVEMBER WAS SPONSORED BY SARGENT METER CO. & FOLE LINE DISTRIBUTING CO. THE SCHOOL PROVIDED A GOOD BASIC APPROACH TO MATHEMATICS REQUIRED IN METERING, METERING APPLICATIONS BOTH SINGLE PHASE & THREE PHASE, PRODUCT INFORMATION, & AN EXCELLENT DEMONSTRATION ON SAFETY INCLUDING WHAT HAPPENS WHEN METERS ARE PLUGGED IN ON FAULT CURRENTS.

WE ARE CURRENT ON NEW CONNECTIONS. ONE NEW NIGHT LIGHT CONTRACT HAS BEEN ADDED. ONE CONTRACT LIGHT WAS SOLD TO OWNER, & ONE NEW LIGHT WAS INSTALLED & SOLD.

CONTRACT PROPOSALS ARE AVAILABLE FROM R.W. BECK & ASSOCIATES & CH2M. IT IS RECOMMENDED THAT OUR ATTORNEY REVIEW THEM DURING COUNCIL MEETING.

ALL MATERIAL WITH A FEW MINOR EXCEPTIONS HAS ARRIVED FOR OUR RELIABILITY LOOP AT CITY SUBSTATION. WE SHOULD HAVE THE UNDERGROUND IN SERVICE SHORTLY. THEN WE WILL BE ABLE TO PROCEED WITH REMOVAL OF THE OVERHEAD FEEDER INTO THE SUBSTATION.

CONTEMPLATION OF AN INCREASED LOAD AT SIMPLOTS AUTOMOTIVE SHOP HAS POSED PROBLEMS AS TO LINE CONSTRUCTION TO SERVICE INCREASING LOAD. THIS INCREASE SHOULD BE PUT ON 12.5 KV IF AT ALL FEASIBLE. ART & I ARE STILL PROBING POSSIBLE ROUTES OF PRIMARY LINE.

CAPACITORS ON SIMPLOT FEEDER WERE TAKEN OUT OF SERVICE FRIDAY THE 24th & RETURNED TO SERVICE MONDAY THE 29th TO STABILIZE THE VOLTAGE TO RESIDENTIAL USERS OVER THANKSGIVING WEEKEND. A STUDY IS UNDERWAY TO DETERMINE IF THE VOLTAGE VARIANCE IS CRITICAL ENOUGH TO WARRANT AUTOMATIC CAPACITOR SWITCHING.

THE SERVICE FOR THE SEWER LIFT STATION ON "U" STREET IS COMPLETE. SERVICE FOR THE STONE ADDITION & NEAR CHRISTENSENS HAS BEEN ENGINEERED. THESE NEW SERVICES ARE THREE PHASE & REQUIRE ADDITIONAL TRANSFORMERS & WIRING.

SNAKE RIVER POWER ASSOCIATION MEETING DEC. 3rd AT POCATELLO, IDAHO, WITH CHAIRMAN EARL ROSE & LARRY SURBANK IN ATTENDANCE, CONVENED AT 1:00 P.M.

YUAN FALLS - GUFFER PROJECT - RECLAMATION PROJECT ON MOUNTAIN HOME DESERT CALLED "SOUTHWEST EDWARDS PROJECT" WITH APPROX. 9300 MEGAWATTS PEAKING POWER AVAILABLE. AT THE PRESENT TIME THIS PROJECT IS UNDER CONSIDERATION BY IDAHO WATER RESOURCES BOARD & AN INTERIM COMMITTEE OF THE LEGISLATURE. THIS PROJECT WILL REQUIRE FULL LEGISLATIVE APPROVAL. IDAHO POWER & THE STATE ARE NEGOTIATING CONTRACTS AT THIS TIME. NO FEDERAL LICENSE HAS BEEN ISSUED. R.W. BECK HAS MADE AN ANALYSIS OF THIS PROJECT FOR THE ASSOCIATION.

RAFT RIVER GEO THERMAL STUDY - THERE IS A FW FILING WITH STATE WATER COMMISSION FOR AN EXPLORATORY PERMIT. KEITH HIGGINSON & STAFF ARE STUDYING FURTHER FILING REQUIREMENTS. LOCAL LAND OWNERS HAVE FILED PROTEST REGARDING CROSSING THEIR LAND. THEY HAVE PROPOSED LETTING RAFT RIVER USE IRRIGATION WATER FROM THEIR WELL IF IT IS RETURNED TO THEM AFTER GOING THROUGH HEAT EXCHANGER. ALL OF THIS WATER FOR 1/8 ROYALTY OF POWER SALES. THERE HAVE BEEN SEVERAL LARGE CORPORATIONS MAKING CONTACTS IN EFFORT TO GET A PIECE OF THE ACTION. THEIR IDENT, PURPOSE & AFFILIATION WAS

END OF THE

Jan meeting

WE HAVE CONNECTED FOUR MODULAR HOMES THIS PAST MONTH, THIS LEAVES ONE THAT HAS NOT BEEN SET ON THE FOUNDATION. FOUR OTHERS CONNECTED WERE BUILT BY LOCAL CONTRACTORS.

THE OUTAGES PRIOR TO THE REGULATOR OUTAGE HAVE BEEN CORRECTED BY INSTALLING NEW 100 AMP CUTOUTS ON "S" STREET BETWEEN 26TH AND 21ST, AND ON 20TH BETWEEN "K" AND "J" STREET. THE OLD CUTOUTS WERE OF 50 AMP CAPACITY WHILE THE LOAD THEY WERE CARRYING WAS IN EXCESS OF 50 AMPS. THE NEW CUTOUTS ARE 12.5 KV RATING, WERE MADE MORE ACCESSIBLE AND THE FUSE SIZE IS INDICATED ON THE POLE, THIS WILL SPEED UP FUSE REPLACEMENT TIME IN THE FUTURE. WE WON'T HAVE TO REMOVE THE FUSEHOLDER TO SEE WHAT SIZE THE FUSE IS AT THAT PARTICULAR POLE.

THE LIFT STATION FOR THE ROYAL MANOR ADDITION IS IN SERVICE. A NEW STREET LIGHT WAS INSTALLED AT THIS LOCATION ALSO. ANOTHER PHASE WIRE WAS STRUNG TO THE LIFT STATION FOR THE STONE ADDITION AND A STREET LIGHT WAS ALSO INSTALLED FOR THIS LIFT STATION. CONNECTION FOR THIS LIFT IS WAITING ON HARTWELL'S ELECTRICIAN.

JOE AND GEORGE HAVE PAINTED THE LINE TRUCK AND IT LOOKS REAL GOOD. AT THIS SAME TIME ART INSTALLED A BACK-UP LIGHT ON THE HI-RANGER AND SOME LIGHTS INSIDE THE STORAGE BINS, THIS WILL REALLY INCREASE OUR EFFICIENCY AFTER DARK. A LARGE MAP OF THE CITY WAS OBTAINED FROM SOUTHERN IDAHO SURVEYS, IT WILL BE USED TO MAP THE UTILITIES IN THE CITY. THE METER ROOM HAS BEEN REMODELED AND ADDITIONAL STORAGE AREA ADDED.

A NEW LUCALOX FIXTURE HAS BEEN ORDERED FOR THE CORNER OF RIVER ROAD AND "Y" STREET. IT IS A 240 WATT FIXTURE AND WILL BE METERED. ALSO A METER HAS BEEN INSTALLED ON A 400 WATT MERCURY VAPOR FIXTURE. THE LUCALOX FIXTURE OF THIS SIZE WILL MATCH THE LARGER MERCURY VAPOR IN CANDLEPOWER OUTPUT WHILE CONSUMING CONSIDERABLY LESS "KWH". AFTER METER READINGS ARE AVAILABLE A COMPARISON CAN BE PRESENTED TO THE COUNCIL ON POWER COSTS. OUR PRESENT TRANSFORMER STOCK IS PRETTY GOOD AND AS WAS APPARENT TO MANY THE PRICES HAVE RISEN ON THIS ITEM, SINCE "PHASE II" WENT INTO EFFECT. ALL OF THE MATERIALS FOR THE RELIABILITY LOOP TO OUR SWITCH TOWER HAVE BEEN DELIVERED. ALL WE NEED NOW IS A BREAK IN THE WEATHER TO COMPLETE THE TERMINATIONS ON THE UNDERGROUND CABLE. ONE SECTIONALIZER HAS BEEN DELIVERED AND HAS BEEN INSTALLED ON THE UNDERGROUND CABLE IN THE McALLISTER ADDITION. THE TIME FOR INSTALLATION WAS FIFTEEN MINUTES.

CH2M ADVISES THAT THERE WILL BE NO FURTHER CHARGES ON THE REPORT. ALSO THERE WILL BE NO CHARGE FOR THE CONSULTATION ON THE RESULTANT PROBLEMS ON THE REGULATOR OUTAGE. MR. MOOREY WAS ADVISED THAT ANY CONTRACT APPROVAL HAS BEEN TABLED UNTIL AFTER THE FINAL REPORT IS PRESENTED TO THE COUNCIL. FINAL CHOICE OF CONSULTING FIRM HAS NOT BEEN MADE AT THIS TIME.

OUTAGE OCCURRED 31 DECEMBER 1971 AT 1:10 P.M. WE WERE OFF FOR 11 MINUTES. THE OUTAGE OPENED THE MAIN BREAKER FEEDING SIMPLOT'S MAIN PLANT AND THEY WERE OFF FOR 16 MINUTES. MUCH SEARCHING AND PRICING WAS DONE TRYING TO LOCATE A NEW SINGLE UNIT REGULATOR FOR BONNEVILLE SUBSTATION. AFTER LEARNING OF THE NATURE OF THE PRICES IN THE 2000-2500 KVA RANGE, THE APPROACH OF REGULATING INDIVIDUAL FEEDERS WAS SERIOUSLY CONSIDERED AND IS CURRENTLY BEING SCRUTINIZED VERY CAREFULLY. I HAVE CONFERRED WITH AREA UTILITY PEOPLE AND ENGINEERS AND THEY CONCUR WITH THE CONCEPT OF INDIVIDUAL FEEDER REGULATION AT OUR SUBSTATION. SEVERAL INDIVIDUAL REGULATORS WOULD HAVE MOBILITY, WHEREAS A SINGLE UNIT WOULD WEIGH IN THE NEIGHBORHOOD OF 25 TONS AND WOULD HAVE TO BE MAINTAINED AND REPAIRED ON SITE.

ALL THREE REGULATORS ARE RATED AT 438 AMPS PER LEG AT 10% ABOVE OR BELOW REQUIRED VOLTAGE LEVEL. THE TEMPERATURE (AIR) ON THE DAY OF THE OUTAGE RAISED THAT RATING TO APPROXIMATELY 500 AMPS BECAUSE OF THE COOLING. OUR TOTAL LOAD AND FARMERS ELECTRIC LOAD PUT US NEAR THIS LEVEL. UNTIL WE GET A REPORT ON THE MALFUNCTION CAUSE WE ARE FIGURING IT WAS A ~~MECHANICAL~~ MECHANICAL FAILURE RATHER THAN STRICTLY OVERLOAD. CH2M INDICATED THAT THEIR RECORDS SHOWED THAT THE PERCENTAGE OF REGULATION HAD BEEN SET FOR 5% ABOVE AND BELOW REQUIRED LEVEL. THIS WOULD HAVE GIVEN US 370 AMP CAPACITY PLUS 10% FOR THE COLD TEMPERATURE. VISUAL INSPECTION SHOWED AN ACTUAL 10% ABOVE AND 7% BELOW. I HAD CONTACTED BPA TO ARRANGE TO CHECK THE REGULATORS ON THE AFTERNOON OF THE FAILURE.

WHILE WE WERE AT BONNEVILLE SUBSTATION AFTER THE OUTAGE, THE INDICATING AMMETERS SHOWED A LARGE FLUCTUATION IN LOAD ON ONE PHASE OF FARMERS ELECTRIC. THIS COULD HAVE BEEN A CONTRIBUTING FACTOR, BECAUSE IT WAS THE PHASE ON WHICH THE REGULATOR FAILED THIS TIME AND THE TIME PREVIOUSLY. ALL THREE REGULATORS WERE REMOVED AT A MINIMUM OF COST. THEY WERE SHIPPED TO SALT LAKE 7 JANUARY 1972. BPA ASSISTED IN LOADING THEM ON THE WESTINGHOUSE REPAIR SERVICE TRUCK THAT IS IN THIS AREA TWICE A WEEK. A WRITTEN REPORT HAS BEEN REQUIRED ON THE CAUSE OF THE FAILURE AND SO STATED ON OUR VOUCHER. A LETTER WILL ALSO BE SENT TO WESTINGHOUSE REPAIR SERVICE REMINDING THEM THAT ALL THREE REGULATORS WERE IN THEIR SHOP AND PRONOUNCED GOOD AND RETURNED TO @ SERVICE. ALSO WE WILL REQUEST THAT WESTINGHOUSE'S ENGINEER (JOE DEVINE) BE HERE TO PUT THE REGULATORS BACK IN SERVICE AFTER REPAIRS HAVE BEEN MADE. AND TO SET THE REGULATORS AT THE PERCENTAGE THAT WILL GIVE US THE GREATER CAPACITY. OUR INTENTIONS NOW ARE TO INSTALL THE REGULATORS IN THE CIRCUIT BETWEEN THE SWITCH TOWER AND THE SUBSTATION TRANSFORMERS. THIS WILL REGULATE EVERYTHING WITH THE EXCEPTION OF: SIMPLOT'S FREEZER, NEW ADDITION TO THE MAIN PLANT, PLANT'S SEWER PUMPING STATION, PACIFIC COOP'S COMMERCIAL SERVICES, AND APPROXIMATELY 40 RESIDENCES. WITH THE REDUCTIONS MENTIONED ABOVE AND FARMERS OFF THE REGULATORS, PLUS BLOCKING THE REGULATION PERCENTAGE TO GAIN MORE CAPACITY WILL GIVE US SOME ROOM FOR GROWTH. THE REPAIRS WILL REQUIRE 40 DAYS MINIMUM, DURING THIS TIME WE WILL HAVE RECORDED ENOUGH VOLTAGE DATA TO MAKE A DECISION ON FUTURE REGULATION.

QUOTES AND AVAILABILITY ARE ON FILE FROM WESTINGHOUSE, GENERAL ELECTRIC, AND ALLIS CHALMERS. ALLIS CHALMERS HAD THE LOWEST QUOTE AND THE QUICKEST DELIVERY AT THE TIME OF INQUIRY...***GENERAL ELECTRIC HAD THREE 416.3 KVA SINGLE PHASE UNITS COMING OFF THE PRODUCTION LINE AROUND JANUARY 15TH ON A FIRST COME FIRST SERVED BASIS.

333 REGULATOR UNITS AS OF 23 DECEMBER 1971:

WESTINGHOUSE	\$4995.00	14 WEEKS DELIVERY
GENERAL ELECTRIC	\$4570.00	9 WEEKS DELIVERY
ALLIS CHALMERS	\$4515.00	IN STOCK (PORTLAND)

416.5 KVA REGULATORS

WESTINGHOUSE	\$5895.00	14 WEEKS DELIVERY
GENERAL ELECTRIC	\$5731.00	*** IN PRODUCTION
ALLIS CHALMERS	\$5336.00	IN STOCK (PORTLAND)

(GENERAL ELECTRIC HAS A CHARGE OF \$180.00 FOR FIELD ENGINEER SERVICE.
WESTINGHOUSE AND ALLIS CHALMERS PROVIDE FREE SERVICE.)

A 2500 KVA unit would cost in the vicinity of \$63,000.00.

REGULATION PROBLEM

1. WILL WE REGULATE OUR COMPLETE SYSTEM THROUGH ONE LARGE REGULATOR AT BPA SUBSTATION OR WILL WE REGULATE INDIVIDUAL FEEDERS WITH SINGLE PHASE UNITS IN OUR SUBSTATION?
2. WILL WE TAP UNDERGROUND CABLE AT THE MANHOLES (HORDO'S, MCGILL'S, AND BLACK'S) OR USE THIS CIRCUIT STRICTLY AS AN UNTAPPED FEEDER TO THE SWITCH TOWER IN OUR SUBSTATION?

***** SUGGESTIONS *****

1. OUR LARGEST LOAD IS SIMPLOT'S AND ALTHOUGH THIS LOAD WILL CAUSE OUR WHOLE SYSTEM TO SWING, IT WILL REQUIRE MORE REGULATION THAN OUR OTHER LOAD. HOWEVER UNTIL THE CITY PROPER IS CONVERTED TO 12.5 KV, ALL OF OUR LOAD AT 4.16 KV WILL BE REGULATED IF WE INSTALL THE REGULATORS AS BEFORE MENTIONED (BETWEEN THE SWITCH TOWER AND THE TRANSFORMER BANK).
2. THE CAPACITY OF THE UNDERGROUND FEEDER IS 600 AMPS PER PHASE AND WILL BE EXCEEDED BY 1982 ACCORDING TO BPA FORECASTS. IN THE LONG RUN WE SHOULD PLAN ON TAPPING THE CABLE AS LONG AS WE PROVIDE LOOP CIRCUITS TO ALLOW BYPASSING A CABLE FAULT OUTAGE. IF WE GO THIS METHOD, WE SHOULD BRING FOR REBUILDING THE OVERHEAD FEEDER DOWN THE RAILROAD AND ONE OTHER HIGH CAPACITY FEEDER BY SOME OTHER ROUTE TO THE SWITCH TOWER. THERE IS TALK OF A SUBSTATION NEAR THE PONDEROSA IN THE FUTURE AND WE MAY BE ABLE TO GET A FEED OUT OF THIS STATION.
3. IF IT DOES NOT MATERIALIZE THAT BPA BUILDS A NEW SUBSTATION THERE, WE SHOULD MAKE CIRCUIT REARRANGEMENTS OUTSIDE OF KEYBURN-BPA SUB OR REQUEST ANOTHER FEEDER POSITION INSIDE THE SUB.
4. MAKE A LONG RANGE VOLTAGE STUDY (CHART RECORDINGS) BEFORE INVESTING IN NEW REGULATORS. THIS STUDY WILL ALSO DETERMINE IF THERE IS A NEED FOR AUTOMATIC CAPACITOR SWITCHING WHEN SIMPLOT'S DROP THEIR LOAD ON THE 4.16 KV DURING A SHUT DOWN. THIS WILL AFFECT THE @ 4.16 KV ONLY.
5. IN BUDGETING FOR THE COMING YEAR OR TWO, CONVERSION TO 12.5 KV AND CONSTRUCTION SHOULD BE OF PRIME IMPORTANCE. I WOULD SUGGEST THAT WE CONSIDER HIRING ANOTHER LINEMAN, PREFERABLY ONE WITH EXPERIENCE, HOWEVER IN CONSIDERATION OF OUR PAY SCALE IT APPEARS THAT AN APPRENTICE WOULD BE THE WAY TO GO.

6. AS FAR AS ENGINEERING SERVICES I SUGGEST WE TAKE ADVANTAGE OF FREE & SERVICES THAT ARE AVAILABLE FROM OUR SUPPLIERS. I HAVE INDICATED IN THE PAST THAT THERE ARE MANY EXPERIENCED AND QUALIFIED UTILITY PEOPLE WE CAN CALL ON FOR COUNSEL.

7. SYSTEM RELIABILITY SHOULD ALWAYS BE OUR FIRST CONCERN. WE MUST MAINTAIN QUALITY SERVICE, INCLUDING GOOD VOLTAGE LEVEL. THESE ITEMS ARE OF PRIMARY IMPORTANCE IN VIEW OF THE PROPOSED RATE INCREASE BY BONEVILLE POWER ADMINISTRATION. SYSTEM AND EQUIPMENT STATUS CANNOT BE TAKEN BY WORD OF MOUTH OR PRESENT AND MUST BE CHECKED OUT. NEW STATUS RECORDS WILL REQUIRE MORE TIME BEING SPENT ON MAINTENANCE. THIS HOWEVER WILL RESULT IN FEWER OUTAGES AND MONEY SAVINGS.

records

MY APOLOGIES FOR SUCH A LONG REPORT. I DO THINK IT NECESSARY THAT SOME ONE BE MADE AWARE OF AS MANY FACTS AS ARE AVAILABLE AT THIS TIME.

ELECTRICAL DEPARTMENT REPORT FOR SEPTEMBER 1975

Sixteen permanent services were connected in September, fifteen were for underground residential and one was a three-phase overhead service for the Simplot Co. Temporary service for eight new residential units was also connected in September.

Overhead line was constructed in the alley between 18th and 19th from O Street to P Street to serve eight homes, one is presently under construction. Provisions were also made for eight homes between 14th and 15th from C Street to D Street, one is near completion.

The Imperial Estates subdivision is completed, with the exception of five homes that are still under construction. These five will be served overhead. All of the remaining area is totally underground primary and secondary power cables, feeder and drop cables for telephone and television were installed in a joint trench. Street lighting was also provided by underground lines.

Pole relocations were made at 17th and S Street for new residential additions and correction of alley right-of-way between 17th and 18th from O to S Streets. Poles in this alley were set approximately in the center of the alley by Rural Electric Company several years ago.

An outage of approximately one hour affecting the Simplot Co. freezer complex and starch plant was caused by the failure of an elbow connector on an underground cable. An outage was also caused by a construction company vehicle colliding with

a pad mounted transformer, the loss was completely covered by their insurance carrier. This latter outage concerned three residential units.

Meter reading is still being done by Raymond Burch and as long as the weather is favorable for construction work he will continue to do our meter reading. Because he is able to concentrate on just reading meters, without being called off for other problems, his time is considerably less than that required by other electric department personnel.

Maintenance work on street lighting, and sewer lift stations was done on an as-needed basis.

Bob Mooney of CH2M stopped by during his visit to Burley and Unity, and requested we set up a meeting late in October with BPA and CH2M to further evaluate delivery of 138KV to the City.

Bob Despain was in Everett, Washington for a week attending an underground distribution school on all phases of underground from initial installation through mapping and locating faults. A request for acquiring a fault finder and cable locator will be included in the budget for 1976.

An incident involving a meter reconnection by Carol Yearick/ or person unknown was referred to our attorney and a letter of intent to prosecute should it occur again was prepared by our legal counsel. A separate bill was submitted to Ms. Yearick for disconnect charges.

As the year draws to a close I would ask you to evaluate the possibility of additional manpower for the electrical department. When one man is absent because of vacation, schooling,

sick leave, etc. the work progress slows considerable. Also administrative and planning requirements need to be covered more concertedly than at present. If construction next year resumes at the present rate we will definitely need additional help. Your views are requested.

Larry Burbank
Electric Superintendent

ELECTRIC DEPARTMENT REPORT FOR OCTOBER 1975

Nine new residential connections were made in October and four temporary services for construction were made also.

Additional three phase line was extended into and through the Circle Triangle addition from S across T Street and this area was converted to higher voltage. Also Mac's Market and adjacent homes were converted to 12.5KV.

The City Electrical Code has been revised to reflect changes in wording required by changes in the National Electrical Code and name changes of State organizations. Also the possibility of requiring access for reading meters is being researched. After our legal counsel reviews the code changes, action will be required by ordinance to change the existing code.

Additional areas have been prepared for conversion to 12.5KV by installing dual voltage transformers. We definitely need to continue with conversion efforts as much as weather will allow. Our target date for total conversion to 12.5KV is summer 1976.

Bob Mooney of CH2M/Hill was here on 30 October to further explore taking delivery at 138KV. Bill Miller of BPA Idaho Falls District office and Wes Fields of Walla Walla Area Office were also present. BPA has requested additional load forecast data before okaying delivery at 138KV. The Engineering Coordinator from J. R. Simplot Company was contacted and asked to up date their construction schedule and also to project their anticipated construction beyond 1978. No decisions have been reached at this time.

An outage occurred on 23 October at 7:30 P.M. in the vicinity of 20th and S Street. Absolute evidence as to the actual cause was never found. We found a bullet hole in a street light that lined

up with a phase wire and we did find a wire with an impression that resembled a projectile mark. To further complicate matters, the vacuum circuit breaker protecting the circuit involved did not operate. The main breaker at Bonneville Substation just saw the fault as an added load and consequently all four wires burned down. The outage would have been of a shorter duration had the breaker operated properly. A defective battery charger circuit and phase trip circuit were found and repaired. Spare circuit boards are now in stock for future repairs.

Another breaker position serving the J. R. Simplot Co. was energized late in October. The east side of town will also be served from this breaker after conversion to 12.5KV.

There will be a BPA customer meeting on 20 November 1975 at the Ramada Inn please see attached letter.

I am still concerned about our work load. Authoritative sources are predicting an upswing in construction for 1976. This will definitely affect our completion of total conversion to 12.5KV. We also need to spend more time on substation maintenance, meter testing, equipment testing and maintenance, line and transformer maintenance, etc. There is sufficient money available in the department to add another man, qualified or apprentice. Your opinions are requested as to whether we hire another full time man or continue with our same work force and continue to work overtime hours as much as feasible. If we continue as we presently are doing, may we supplement by hiring part time help during the summer?

Here are some items for your consideration on the 1976 budget:

Replacement of the HiRanger manlift as early in 1976 as possible.
A complete new unit (truck, bed, and HiRanger unit).

Fault locator and test equipment for underground high voltage cables. The nearest locator rental available is in Portland.

A rubber glove tester (high voltage). As we convert more line to higher voltage (12.5KV) safety requirements become more stringent.

Additional meter test training. A specialist is available for on-site training with our equipment.

Mapping equipment to up-date and maintain a system map.

Additional radio communications units.

Professional engineering services on an as-needed-basis.

An automatic door opener for the electric shop vehicle door.

Continued purchase of time certificates for future system needs.

Additional manpower and/or overtime labor expenses.

Materials and equipment for routine system operation and growth.

Larry Burbank
Electric Superintendent

There were three new all-electric services connected in January. One service was changed to all-electric and three temporary services for construction were connected.

Blocks 197, 204, 207 and 212 were changed to the higher voltage. Line maintenance was performed prior to changing voltages. This included the Primrose Lane area, the Hide-Out Bar area, H Street from 7th to 14th Street.

A meeting prior to December Council Meeting was held. Bob Mooney discussed future system expansion and load forecasting. A rough draft of load forecast should be available for your review and comments prior to submitting the results to BPA. In my opinion we need to confirm our intentions to supply our industrial customer load and submit a corresponding load forecast to BPA in the very near future.

See the copy of the letter from the City of Burley as to their intentions of serving the area west of Z Street.

Meter testing, repair, adjustment, and replacement was done in January. As time permits during bad weather conditions we will test and rotate every meter that has been in service over two years. This will increase our revenues and at the same time give us a chance to inspect the meter installations for proper connections.

Trees were also trimmed and removed this month.

A power factor check was made by BPA, at their substation on our circuits, at our request. The test results were forwarded

to CH2M for evaluation. Equipment for power factor correction is on hand and can be installed immediately upon receipt of advise from our engineering consultant, if deemed necessary.

As the weather warms up we will continue with conversion to higher voltage. Our goal is for complete conversion during 1976. All indications show an increase in residential construction this year, hopefully we will be able to keep up and accomplish total conversion also.

The electric code ordinance has been revised to replace the existing chapter in its entirety and will require adoption by ordinance.

Larry Burbank
Electric Superintendent

ELECTRIC SUMMARY FOR 1976

Fifty-eight new services were connected in 1976, of these, eight were underground. One 500HP industrial service was connected. Eight homes were changed to all-electric. Thirty-four temporary services were provided for construction.

A metering mistake was discovered at Western Seed Co., during a routine metering up-date, that has resulted in a \$2400.00 increase in revenue per year.

Power factor penalties in the amount of \$3700.00 was collected from the J. R. Simplot Co. for 1976.

Conversion to 12.5KV was completed in 1976. The last 2400 volt transformer was removed in mid-December.

The City system was interconnected with Farmer's Electric for 17 hours during an outage caused by equipment failure. Without the interconnection an extended outage would have been suffered by our neighbors on Farmer's, Dee-15 and Empire.

We participated in restoring service to customers of Fall River Electric in the Wilford area east and south of St. Anthony during the week immediately following the Teton Dam flood. Our efforts were greatly appreciated. We were reimbursed.

The insulating oil, in the 2500 KVA transformers that serve the 4160 volt delivery point for the Simplot Company, was tested for dielectric strength and contamination. Gas chromatography tests indicated a minor insulation deterioration caused by overheating. Relocation, by adding more spacing between the transformers, will correct this situation.

There were seven outages in 1976. Only one was a complete system outage which lasted about six minutes. The outage was a

result of a lightning stroke which destroyed a BPA 138KV disconnect switch. The city crew helped replace the damaged switchgear a few days later. The other outages were on small feeders that affected few customers for short periods of time, ranging from 20 minutes to an hour and one-half. Icing, high winds and faulty equipment accounted for 5 outages. The causes on the other two were unknown.

The arrival of a new Hi Ranger unit in 1976 proved very useful and enlightening. When it was used with the old unit, many previously hazardous and time consuming jobs were easily and safely accomplished. In view of the increased safety and productivity obtained with two units, I would request consideration of budgeting for another unit to replace the older unit in two or three years. Now that we are completely converted to 12.5KV, it is absolutely unsafe to touch energized conductors while working from a pole. Many utilities and states do not allow contact, while wearing rubber gloves, with anything above 5000 volts (5KV).

No commitments or answers were received from BPA concerning the 138KV transmission line connecting Heyburn, Burley and Unity substations. I personally do not expect any action from BPA until well after the new political appointments are confirmed and the leader transition completed. Funds for construction should be budgeted for 1977. No expenditures are necessary until agreement approval and commitment are in hand.

The rough draft and ground work on a territorial agreement with Rural Electric Company was done in 1976. This involves a policy decision that could be binding and could override any future legislation in favor of city expansion. No firm action was taken. My recommendation is to let Rural's Board initiate any action and to just sit on it for now.

We are now represented in the negotiations with the Public Power Council and BPA because of your decision to participate in the Small Preference Agency Group. This is the first time the small users have had an organized input and voice in planning. BPA served notice that hydro-generation would be insufficient in 1983. Signing up for participation in Washington Public Power Supply System nuclear plants was our only hope to alleviate future shortages. Delays because of many and varied reasons have left us with a grim picture as far as power supplies in the near future. There is definitely a need to establish a voluntary curtailment program and your permission to proceed is hereby requested. Your permission to establish and on-going conservation program is also requested. The conservation program should include promotion of increased insulation and also to set levels of required insulation for new buildings and resale of older buildings. Conservation could be promoted through education in the school systems by initiating the "Energy and Man's Environment" program. The EME program is already funded and available. No relief is in sight until the nuclear plants come on-line.

Larry Burbank
Electric Superintendent

LB:ld

ELECTRIC DEPARTMENT REPORT FOR AUGUST 1976

Three overhead services, one underground, and four temporary services were connected for residential use. Capacity was increased (transformers and new service installed) for the Simplot river pumping station.

The complete three phase line and transformers were removed that served Conida Warehouse. The building and all equipment was dismantled and removed. Power usage at this installation did not pay for construction costs and salvage costs. We need to consider a method to insure pay out on services requiring extensive construction and equipment.

Blocks 4, 27, 28, 29, 32, 33, 62, 63, 64, 65 and 69 of the State Addition were changed over to the higher primary voltage. This completely unloads any city service from the 2400/4160 volt transformers. Simplot Co. is now the only customer on this bank of transformers. A small stepdown transformer bank 12.5/4.16KV on the alley between 17th and 18th at P Street serves the few remaining city loads at 4160 volts.

Line reconductoring was done from S Street east to Q Street in the alley between 15th and 16th and then south to the sewage disposal plant. The residential services in this area was converted to 12.5KV.

Substation maintenance was done to bring the load side voltage on the 4160 volt transformers back to standards. Tap changers were reset during an eight minute outage, cooling fans were serviced and fittings tightened. An overhead bypass circuit to this bank was energized to allow maintenance on

the underground serving the 4160 volt transformers. New current transformers for metering were also installed. Additional power factor metering was installed on the circuit to the Simplot Freezer and fresh storage areas.

The lighting on the bridge was changed during the period the state crews were repairing the bridge deck.

A minor outage affecting a small area of the west side occurred on 2 August 1976 during working hours, after patrolling the lines no cause found. Another outage occurred on 22 August 1976 at approximately 7:30 P.M. when lightning struck the Bonneville Power switch structures causing extensive damage to a three gang 138 KV switch. The city crew assisted BPA and a factory maintenance engineer in removing the damaged gear and installing the new switches. The outage lasted less than 5 minutes.

Mayor Hurst and Larry Burbank attended a meeting at Richland, Washington with Washington Public Power Supply System participants and voted on committee designations. The council needs to designate by motion and authorize one committee member to represent our share. I strongly recommend we endorse Alan Jones. Mr. Jones is the manager of a ^{municipal} ~~Public Utility~~ ~~District~~ and very much aware of Municipal utilities needs and operation. A tour of the WPPSS plants under construction was very interesting and informative.

Councilmen J. R. Brown and Earl Rose attended a meeting with CH2M engineers Bob Mooney and Mike Elliott and BPA personnel from the Idaho Falls District concerning the proposed

138 KV line for Heyburn, Burley and Unity Light & Power. No good answers or responses were obtained. Bob Mooney will continue to pursue the request at Walla Walla with area management.

Lightning apparently caused damage to the air conditioning system in the main office. The meter was also damaged and had to be replaced.

The new Hi Ranger will be ready possibly sometime the latter part of September. It was delivered from the Hi Ranger factory to Pingree's over Labor Day weekend. The utility body will be installed in Salt Lake City, painted and then delivered to us in Heyburn.

Larry Burbank
Electric Superintendent

ELECTRIC DEPARTMENT REPORT SEPTEMBER 1976

Seven overhead permanent services, one underground permanent service, six temporary services and five services which were converted to all-electric were connected in September.

Lightning damage required repairing the air conditioning refrigeration compressor unit that cools the main office building.

New high voltage metering equipment was connected during a short outage on Labor Day. A reliability by-pass circuit and isolation switches were installed and are now in service on the underground circuit serving the J. R. Simplot Co. 2400/4160 volt connection.

Underground primary and secondary services were extended for 15th Street Drive. Tree Trimming and street light maintenance was also done.

Additional negotiations and personal contacts were made with Elmer Heiner and Harold Hunter. Mr. Heiner preferred to remain on Rural Electric Co. service. This decision pretty much set the "B" Canal as a boundary. I also contacted the AIC legal counsel on electric legislation concerning the proposed territorial agreement with Rural Electric Co. Mr. Pete Wilson, AIC Counsel, said an agreement could only strengthen the cities positions. Final description of the area and agreement on a franchise percentage payable to the General Fund, in the event that future city growth extends into area served by Rural Electric, are forthcoming for council action.

The new Hi-Ranger unit was delivered on the 9th of October. Negotiations with BPA are still pending on delivery of 138KV.

Larry Burbank
Electric Superintendent

ELECTRIC DEPARTMENT REPORT FOR OCTOBER 1976

One overhead and two underground permanent services, two temporary services and one change over to oil electric were connected. Plus a new 12.5KV delivery point was connected for the Simpson Co. fire protection water storage tank. The connected horsepower is approximately 500 at this location. This required reconductoring with 4/0 aluminum and a primary voltage metering installation. A tie line west from H Street on 14th Street to Western Seed Co. was constructed to allow reconductoring without any service interruptions.

The four large transformers that serve Simpson Co. at 2400/4160 volts had samples of oil removed and tested. The oil is in good condition. A gas Chromatography test will also be made to determine the condition of the windings and internal connections.

Street lighting near Western Seed Co. was re-arranged to attempt prevention of collision with poles by DWI citizens. The previous lighting at Ortho Fertilizer could have possibly caused the appearance that the road did not curve in that area. The high pressure sodium lamps in the street lights are intended to emphasize the curve in the highway.

Two accidents required replacement of two fixtures and one poles.

The new Hi Ranger was delivered and all accessories were received. The unit operates very satisfactorily and greatly contributes to safety in working energized lines.

It is apparent that further information and discussion are necessary concerning the territorial agreement with Rural Electric Co. If necessary I would request that the press be excused and

some decision be made at council meeting. At the same time would you please give me some opinions on whether or not to proceed with the acquisition of Reed Jensen, John Morrison, Clyde Sillin (Peterson property) and Mike Badger as city electric customers.

A copy of the draft letter to BPA is presented for your study. CH2M is requesting comments from BPA before sending a formal letter. I should have some cost estimates on the line construction in time for council meeting on 10 November.

*Estimates on construction by CH2M -
H. H. Elliott - post insulators 1 angle 1 tower
for material purchased by city \$83000.00*

Larry Burbank
Electric Superintendent

*He contracted \$183000.00 material & labor
Towers and footings \$56000.00
transfer of distribution \$17000.00*

approximately \$75000.00 per mile

3 overhead services
1 underground services
2 temporary services

Line construction for 480 volt 3 phase service to Simplot

Carpenter shop and paint shop.

Line Construction from alley between 16th and 17th at C Street, north to alley between 17th and 18th and then east in alley to A Street. Energize line and transfer existing services to new line.

Replace secondary cables between 14th and 15th in alley between A & B Street. Line was damaged by a shed fire.

Maintenance:

Street Lights
Security Lights
Sewer Lift Station
750mcm underground cable - dig in
Cable location for H&K Construction
Office heating & Cooling system.

Vehicles:

Paint and install material and tool bins on new bucket truck, install spot light, wire reel holder, bucket entrance ladder, rotating beacon, etc.

Information on contracts, agreement, negotiations etc. with BPA to Steve Tuft for Portland law suit.

Attended customer information meeting at Idaho Falls to hear explanation of proposed BPA rate increase. It is very important that we prepare and present specific comments at the meeting on 7 November 1978 in Idaho Falls. This will be an evening event.

Requested a meeting with all parties concerned with 138KV transmission line as soon as possible. This should be held prior to final decision on method of calling for bids.

Larry Burbank.

ELECTRIC REPORT FOR DECEMBER 1978

Services Connected:

- 1 underground
- 2 overhead
- 1 temporary

Line maintenance and re-arrangement at Simplot River Pump
and Full Circle during Simplot's shutdown for Christmas.

Vehicle maintenance - repair hydraulic lines, pole grabber
and install winch line.

Maintenance:

- Sewer Lift Station
- Meter Test Equipment
- Street Light
- Switchgear - Christmas Lights
- Tree Trimming

Install Christmas Lights and decorations

Test and repair watthour meters

Install outlets in police office

Wire separate outlet for computer

Remove antenna (TV) to clear high voltage hazard at
Danny Boswell's

Residential and commercial meter reading

Attend House hearing (Dingel Committee)
present testimony on regional power legislation

Assist BPA in switching to avert an outage for maintenance
work at BPA substation

Safety film on Pole top rescue and resuscitation

Outage 28 December from S Street east to Z Street
approximately 20 customers off for 20 minutes

Outage 30 December 1 customer - replace transformer.

The Mayor, Art and Larry attended a meeting with Elliott and
Mooney of CH2M, City of Burley, Unity Power & Light and BPA to

discuss the 138 KV transmission line. All permits have been obtained, BPA has answered our major questions and we should be able to call for bids in January or February.

There is a meeting the 16th and ¹⁷~~16~~th of January in Portland concerning how we will be impacted by the National Energy Act.

Larry Burbank

TAB
23

AN ORDINANCE OF THE VILLAGE OF HEYBURN, IDAHO, ESTABLISHING RATES FOR THE SALE OF ELECTRICAL ENERGY FOR RESIDENTIAL USERS, COMMERCIAL USERS, AND INDUSTRIAL USERS; DEFINING RESIDENTIAL USERS, COMMERCIAL USERS, AND INDUSTRIAL USERS; PROVIDING FOR DISCOUNT OF CERTAIN ELECTRICAL RATES; PROVIDING FOR MINIMUM CHARGES; PROVIDING FOR SERVICE CONTRACTS UNDER CERTAIN CONDITIONS; PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

BE IT ORDAINED BY THE CHAIRMAN OF THE BOARD OF TRUSTEES AND THE MEMBERS OF THE BOARD OF TRUSTEES OF THE VILLAGE OF HEYBURN, IDAHO:

SECTION I. DEFINITIONS:

A. A Residential User as used in this ordinance is defined as any user of electrical energy in a single, private dwelling, and any individual, family apartments or trailer houses, or any other place of abode in the service area of the Village of Heyburn, who uses electrical service for general domestic use.

B. A Commercial User as used in this ordinance is defined as any person, corporation, firm or place of business that uses electrical energy within the service area of the Village of Heyburn who demands and receives three-phase power at his or its premises, and who uses from 0 to 499 KW Demand.

C. An Industrial User as used in this ordinance is defined as any person, corporation, firm or place of business that uses electrical energy within the service area of the Village of Heyburn who demands and receives three-phase power

at his or its premises, and who uses 500 KW Demand or more.

SECTION II. ELECTRICAL RATES:

A. A Residential User who is connected to the Village of Heyburn Electrical Service Lines shall pay a minimum of \$1.40 per month whether or not the said Residential User shall use electricity. A Residential User shall be considered to be connected to the Village of Heyburn electrical service lines even though he fails to have a separate meter and connects his electric service lines to another Residential User who has a meter which meters electrical energy coming from the Village of Heyburn electrical system. The rate for the electrical energy used by the said residential users, and each of them, shall be as follows:

The first 50 KWH	@ 5.5¢ per KWH
The next 50 KWH	@ 3.5¢ per KWH
The next 500 KWH	@ 1½¢ per KWH
All over 600 KWH	@ .9¢ per KWH.

The rates above stated shall apply to each residential user within the said Village, and in the event that more than one residential user is being supplied electricity by the Village of Heyburn through one meter, then and in that event, the rate above shall be increased by the number of residential users using through one meter, and this applies to the minimum charge, also. For example, if one residential user is receiving electrical energy from the Village of Heyburn which is metered, and another residential user connects into the electric lines of the said residential user having a meter, but fails to have a meter of his own, then the charging rate for the electricity going

through the said meter shall be as follows, to-wit:

The first 100 KWH	@	5.5¢ per KWH
The next 100 KWH	@	3.5¢ per KWH
The next 1000 KWH	@	1½¢ per KWH
All over 1200 KWH	@	.9¢ per KWH.

The schedule above set out shall not be applicable to electrical service supplied to dwellings where a portion of the dwelling is used regularly for the conduct of commercial activities or where a portion of the electricity supplied is consumed for purposes other than domestic, except where such portions are metered separately and charged accordingly under the appropriate schedule. When separate circuits are not provided by the user the entire premises shall be qualified as non-residential, and as a commercial and/or industrial user, and charges rendered accordingly.

B. The rate for electricity used by a Commercial User within the Village of Heyburn, Idaho, shall be as follows:

Demand Charge

First 10 KW		No Charge
Each Additional KW	@	\$1.10 per KW

Energy Charge

First 150 KWH	@	\$.04 per KWH
Next 1350 KWH	@	2.5¢ per KWH
Next 13,500 KWH	@	1¢ per KWH
Next 85,000 KWH	@	.9¢ per KWH
Over 100,000 KWH	@	.6¢ per KWH
All energy in excess of 360 KWH - KW of Demand		
@ .3¢ per KWH.		

C. The rate for electricity used by industrial users within the Village of Heyburn, Idaho shall be as follows:

Demand Charge

\$2.50 per KW for the first 10 KW of Demand
1.15 per KW for each additional KW of Demand.

Energy Charge

1.15¢ per KWH for the first 100 KWH per KW of Demand
1.05¢ per KWH for the next 15000 KWH
.7¢ per KWH for the next 25000 KWH
.4¢ per KWH for the next 150 KWH per KW of Demand
.285¢ per KWH for all additional KWH

The average KW supplied during the 15 consecutive minute period of maximum use during the month adjusted for the power factor shall be the demand determination. Where the industrial users' power factor is less than 85% lagging, as determined by measurement under actual load conditions, the Village of Heyburn may adjust the KW measured to determine the demand by multiplying the measured KW by 85 and dividing by the actual power factor. The minimum monthly charge shall be the highest of the following: 1) The demand charge for the current month's maximum demand but not less than \$8.50. 2) An amount sufficient to make the total charge for electrical service for the twelve month's period ending with the current month equal to 9.5 times the maximum demand charge billed for any month during the twelve month period preceding the billing.

The billing demand under this industrial rate shall be the higher of the following: 1) The measured demand for the month, adjusted for power factor; or 2) Seventy percent (70%) of the highest measured demand, after adjusting for power factor, during the preceding eleven months; provided however, that the difference in demand as computed by this section, and the actual demand shall be billed at 75¢ per KW of demand rather than the charges above set out in the demand charge.

D. The rate for the sale and use of electrical energy used for space heating purposes shall be .625¢ per KWH per month.

SECTION III. DISCOUNT:

The Residential Users and Industrial Users of the said electrical energy in the Village of Heyburn shall be entitled to a ten percent (10%) cash discount in the event the said users shall pay the current monthly charge for the electrical energy used on or before the 10th day of the month following the month that the said electrical energy is used in, and provided that no other account for electrical energy furnished by the Village of Heyburn remains unpaid to the said Village from said user. Provided further that in the case of an industrial user only that portion of the bill which is billed for actual KW Demand is to receive a discount, and not that portion of the bill that is billed by reason of Section II, Subparagraph C, 2, above.

SECTION IV. The Village reserves the right to require a prospective electrical energy customer to execute a service contract specifying a higher minimum monthly charge than provided under Section II. of this ordinance when necessary to justify the Village's investment in the service facilities.

SECTION V. All ordinances, resolutions and/or parts of ordinances or resolutions in conflict with the provisions contained herein are hereby repealed.

SECTION VI. This ordinance shall be in full force and effect from and after its passage by the Board of Trustees and approval by the Chairman of the Board of Trustees, and its publication in the Minidoka County News, a newspaper published in the City of Rupert, County of Minidoka, State of Idaho, and

having a general circulation in the village of Heyburn, County of Minidoka, State of Idaho, which is hereby designated as the newspaper of the said Village for the publication of this ordinance.

Passed under the suspension of the statutes and rules and duly enacted as an ordinance of the Village of Heyburn, Idaho, at a regular meeting held on the 8th day of April, 1964.

Approved by the Chairman of the Board of Trustees this 8th day of April, 1964.

(b) (6)

Chairman of the Board of Trustees

ATTEST:

(b) (6)

Village Clerk

1968

ORDINANCE NO. 1700

AN ORDINANCE OF THE CITY OF HEYBURN, IDAHO, ESTABLISHING RATES FOR THE SALE OF ELECTRICAL ENERGY FOR RESIDENTIAL USERS, COMMERCIAL USERS, AND INDUSTRIAL USERS; DEFINING RESIDENTIAL USERS, COMMERCIAL USERS AND INDUSTRIAL USERS; PROVIDING FOR DISCOUNT OF CERTAIN ELECTRICAL RATES; PROVIDING FOR MINIMUM CHARGES; PROVIDING FOR SERVICE CONTRACTS UNDER CERTAIN CONDITIONS; PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE; AND REPEALING ALL ORDINANCES, IN CONFLICT HEREWITH.

BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HEYBURN, IDAHO:

SECTION I. DEFINITIONS:

A. RESIDENTIAL USERS: A Residential User, as used in this ordinance, is defined as any user of electrical energy in a single, private dwelling, and any individual family apartments or trailer houses, or any other place of abode in the service area of the City of Heyburn, who uses electrical service for general domestic use.

B. COMMERCIAL USERS: A Commercial User, as used in this ordinance, is defined as any person, corporation, firm or place of business that uses electrical energy within the service area of the City of Heyburn who demands and receives electrical energy for any purpose other than domestic purposes and who receives from 0 to 99 KW Demand.

C. INDUSTRIAL USERS: An Industrial User, as used in this ordinance, is defined as any person, corporation, firm or

place of business that uses electrical energy within the service area of the City of Heyburn who demands and receives electrical energy at his or its premises, and who receives and uses 100 KW Demand or more.

SECTION II. ELECTRICAL RATES:

A. RESIDENTIAL USERS: A residential user who is connected to the City of Heyburn Electrical Service Lines shall pay a minimum of \$1.40 per month, whether or not the said residential user shall use electricity. A residential user shall be considered to be connected to the City of Heyburn electrical service lines even though he fails to have a separate meter and connects his electric service lines to another residential user who has a meter which meters electrical energy coming from the City of Heyburn electrical system. The rate for the electrical energy used by the said residential users, and each of them, shall be as follows:

The first 100 KWH	@ 4.5¢ per KWH
The next 500 KWH	@ 1.2¢ per KWH
All over 600 KWH	@ .75¢ per KWH

The rates above stated shall apply to each residential user within the said City, and in the event that more than one residential user is being supplied electricity by the City of Heyburn through one meter, then and in that event, the rate above shall be increased by the number of residential users using through one meter, and this applies to the minimum charge, also. For example, if one residential user is receiving electrical energy from the City of Heyburn which is metered, and another residential user connects into the electric lines of the said residential user having a

meter, but fails to have a meter of his own, then the charging rate for the electricity going through said meter shall be as follows, to-wit:

The first	200 KWH	@ 4.5¢ per KWH
The next	1000 KWH	@ 1.2¢ per KWH
All over	1200 KWH	@ .75¢ per KWH

The schedule above set out shall not be applicable to electrical services supplied to dwellings where a portion of the dwelling is used regularly for the conduct of commercial activities or where a portion of the electricity supplied is consumed for purposes other than domestic, except where such portions are metered separately and charged accordingly under the appropriate schedule. When separate circuits are not provided by the user, the entire premises shall be qualified as non-residential, and as a commercial and/or industrial user, and charges rendered accordingly.

B. COMMERCIAL USERS: The rate for electricity used by a Commercial User within the City of Heyburn, Idaho shall be as follows:

A minimum of \$5.00 per month, whether or not said Commercial User shall use electricity:

Demand Charge:

First 10 KW	No Charge
Each Additional KW	@ \$1.00 per KW

Energy Charge:

First	100 KWH	@ 4.5¢ per KWH
Next	900 KWH	@ 1.2¢ per KWH
Next	14,000 KWH	@ .9¢ per KWH

All energy in excess of 15,000 KWH @ .8¢ per KWH

C. INDUSTRIAL USERS: The rate for electricity used by Industrial Users within the City of Heyburn, Idaho, shall be as follows:

Demand Charge:

\$1.00 per KW for each KW of Demand

Energy Charge:

1¢ per KWH for the first 100 KWH per KW of Demand
.8¢ per KWH for the next 40,000 KWH
.4¢ per KWH for the next 150 KWH per KW of Demand
.285¢ per KWH for all KWH used in excess

The average KW supplied during the 15 consecutive minute period of maximum use during the month adjusted for the power factor shall be the demand determination. Where the industrial users' power factor is less than 95% lagging, as determined by measurement under actual load conditions, the City of Heyburn may adjust the KW measured to determine the demand by multiplying the measured KW by 95 and dividing by the actual power factor. The minimum monthly charge shall be the highest of the following: 1) The demand charge for the current month's maximum demand but not less than \$5.00. 2) An amount sufficient to make the total charge for electrical service for the twelve-month period ending with the current month equal to 9.5 times the maximum demand charge billed for any month during the twelve-month period preceding the billing.

The billing demand under this industrial rate shall be the higher of the following: 1) The measured demand for the month, adjusted for power factor; or 2) Seventy percent (70%) of the highest measured demand, after adjusting for power factor, during the preceding eleven months; PROVIDED, HOWEVER, that the difference in demand as computed by this section, and the actual demand shall be billed at 75¢ per KW of Demand rather than the charges above set out in the Demand Charge.

D. SPACE HEATING RATE: The rate for the sale and use of electrical energy used for space heating purposes shall be .625¢ per KWH per month.

SECTION III. DISCOUNT:

The Residential Users of the said electrical energy in the City of Heyburn shall be entitled to a ten percent (10%) cash discount in the event the said users shall pay the current monthly charge for the electrical energy used on or before the 10th day of the month following the month that the said electrical energy is used in, and provided that no other account for electrical energy furnished by the City of Heyburn remains unpaid to the said City from said user. Commercial users and/or Industrial users of said electrical energy in the City of Heyburn shall be entitled to a 10% discount in the event the said users shall pay the current monthly charge for electrical energy used on or before the 15th day of the month following the month that the said electrical energy is used; and provided that no other account for electrical energy furnished by the City of Heyburn remains unpaid by the said user. Provided further, that in the case of an industrial user, only that portion of the bill which is billed for actual KW Demand is to receive a discount, and not that portion of the bill that is billed by reason of Section II, Subparagraph C 2 above.

SECTION IV. The City reserves the right to require a prospective electrical energy customer to execute a service contract specifying a higher minimum monthly charge than provided under Section II of this ordinance when necessary to justify the City's investment in the service facilities.

SECTION V. All ordinances, resolutions and/or parts of ordinances or resolutions in conflict with the provisions contained herein are hereby repealed.

SECTION VI. This ordinance shall be in full force and effect from and after its passage by the City Council and approval by the Mayor, and its publication in the Minidoka County News, a newspaper published in the City of Rupert, County of Minidoka, State of Idaho, and having a general circulation in the City of Heyburn, County of Minidoka, State of Idaho, which is hereby designated as the newspaper of the said City for the publication of this ordinance.

Passed under the suspension of the statutes and rules and duly enacted as an ordinance of the City of Heyburn, Idaho, at a regular meeting held on the 10th day of April, 1968.

APPROVED by the Mayor and the City Council of the City of Heyburn, Idaho, this 10th day of April, 1968.

(b) (6)

Mayor

Attest:

(b) (6)

City Clerk

*

ORDINANCE NO. 17B

AN ORDINANCE OF THE CITY OF HEYBURN, IDAHO, AMENDING ORDINANCE NO. 175 AND ESTABLISHING RATES FOR THE SALE OF ELECTRICAL ENERGY FOR RESIDENTIAL USERS AND PROVIDING FOR THE EFFECTIVE DATE OF SAID ORDINANCE.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HEYBURN, IDAHO:

SECTION I. That Section II A. of Ordinance No. 175 of the City of Heyburn be amended to read as follows:

"SECTION II. ELECTRICAL RATES:

A. RESIDENTIAL USERS: A residential user who is connected to the City of Heyburn Electrical Service Lines shall pay a minimum of \$1.40 per month, whether or not the said residential user shall use electricity. A residential user shall be considered to be connected to the City of Heyburn electrical service lines even though he fails to have a separate meter and connects his electric service lines to another residential user who has a meter which meters electrical energy coming from the City of Heyburn electrical system. The rate for the electrical energy used by the said residential users, and each of them, shall be as follows:

The first 100 KWH	@ 4¢ per KWH
The next 500 KWH	@ 1¢ per KWH
The next 900 KWH	@ .75¢ per KWH
All over 1500 KWH	@ .60¢ per KWH

The rates above stated shall apply to each residential user within the said City, and in the event that more than one residential user

is being supplied electricity by the City of Heyburn through one meter, then and in that event, the rate above shall be increased by the number of residential users using through one meter, and this applies to the minimum charge, also. For example, if one residential user is receiving electrical energy from the City of Heyburn which is metered, and another residential user connects into the electric lines of the said residential user having a meter, but fails to have a meter of his own, then the charging rate for the electricity going through said meter shall be as follows, to-wit:

The first 200 KWH	@ 4¢ per KWH
The next 1000 KWH	@ 1¢ per KWH
The next 1800 KWH	@ .75¢ per KWH
All over 3000 KWH	@ .60¢ per KWH

The schedule above set out shall not be applicable to electrical services supplied to dwellings where a portion of the dwelling is used regularly for the conduct of commercial activities or where a portion of the electricity supplied is consumed for purposes other than domestic, except where such portions are metered separately and charged accordingly under the appropriate schedule. When separate circuits are not provided by the user, the entire premises shall be qualified as non-residential, and as a commercial and/or industrial user, and charges rendered accordingly."

SECTION II. That all the other provisions of Ordinance No. 175 shall remain in full force and effect except as just above amended.

SECTION III. This ordinance shall be in full force and effect from and after its passage by the City Council and approval by the Mayor and its publication in the Minidoka County News, a newspaper published in the City of Rupert, County of Minidoka, State of Idaho and having a general circulation in the City of Heyburn, County of Minidoka, State of Idaho, which is hereby designated as the newspaper of the said City for the publication of this ordinance.

Passed under the suspension of the statutes and rules and duly enacted as an ordinance of the City of Heyburn, Idaho, at a meeting held on the 7th day of October, 1968.

APPROVED by the Mayor and the City Council of the City of Heyburn, Idaho, this 7th day of October, 1968.

(b) (6)

Mayor

Attest:

(b) (6)

City Clerk

*

ORDINANCE NO. 256

AN ORDINANCE OF THE CITY OF HEYBURN, MINIDOKA COUNTY, IDAHO, REPEALING SECTIONS 5-9-2 AND 5-9-3 OF THE CITY CODE, WHICH SECTIONS PROVIDE FOR ELECTRICAL RATES, CHARGES AND DISCOUNTS; AND, ADOPTING IN THEIR PLACE, NEW SECTIONS MODIFYING SUCH RATES, CHARGES AND DISCOUNTS; PROVIDING FOR DECLARATION OF EMERGENCY AND EFFECTIVE DATE.

BE IT ORDAINED by the Mayor and City Council of the City of Heyburn, Minidoka County, Idaho, as follows:

SECTION 1.

Sections 5-9-2 and 5-9-3 of the Heyburn City Code are hereby and herewith repealed in their entirety.

SECTION 2.

In the place of Section 5-9-2 of the Heyburn Code, the following shall be adopted:

5-9-2: Electrical Rates:

A. Residential Rate. A residential user who is connected to the City's electrical service lines shall pay a customer charge of \$3.50 per month whether or not said residential user shall use electricity.

The rate for electrical energy used by said user shall be as follows:

First 500 KWH per month at 1.6 cents per KWH.
Next 500 KWH per month at 1.3 cents per KWH.
Over 1500 KWH per month at 1.05 cents per KWH.

B. Commercial Rate:

A commercial user who is connected to the City's electrical service lines shall pay a customer charge of \$5.00 per month for single phase customers and \$7.50 for three phase customers.

The rate for electrical energy used by the commercial user served by the City shall be as follows:

First 15,000 KWH per month at 1.35 cents per KWH.
Next 50,000 KWH per month at 1.1 cents per KWH.
Over 65,000 KWH per month at .95 cents per KWH.

In addition to the customer and energy charges above specified, there will also be a demand charge for commercial users, which shall be as follows:

First 10 KW of demand per month - no charge.
Over 10 KW per month at \$1.60 per KW.

Demand may, at the City's option, be adjusted for lagging power factor. Adjustment, if made, shall be made by increasing the measured demand for each month by one percent (1%) for each one percent (1%) or major fraction thereof by which the lagging power factor, at which the energy is supplied during such month, is less than ninety-five percent (95%).

C. Industrial Rate:

An industrial user who is connected to the City's electrical service lines shall pay a customer charge of \$100.00 per month, whether or not said user shall use electricity.

The rate for electrical energy used by the industrial users within the service area of the City's electrical system shall be (.72) cents per KWH for all energy consumed, plus any applicable demand charge.

Demand Charge:

December 1 to May 31	\$2.70 per KW.
June 1 to November 31	\$1.90 per KW.

Minimum Charge:

The minimum monthly charge shall be the customer charge plus the applicable monthly demand charge as computed below.

Determination of Demand Charge:

The average KW demand supplied during the 15 consecutive minute period of maximum use during the month adjusted for power factor shall be the demand determination. The demand charge shall be adjusted for power factor by increasing the measured demand for each month by one percent (1%) for each one percent (1%) or major fraction thereof by which the average

lagging power factor, at which the energy is supplied during such month is less than ninety-five percent (95%) as determined by measurement under actual load conditions.

The demand charge under the industrial rate shall be the higher of the following:

1. The measured demand for the month, adjusted for power factor; or
2. Seventy percent (70%) of the highest measured demand, adjusted for power factor, during the preceeding eleven (11) months. The City may, at its option, determine the average leading power factor. If leading power factor as well as lagging power factor is determined, the adjustment for power factor shall be made by increasing the measured demand for the month by one percent (1%) for each one percent (1%) or major fraction thereof by which the average lagging or the average leading power is less than ninety-five percent, which ever results in the larger adjustment.

SECTION 3. In place of Section 5-9-4 of the Mayburn Code shall be the following:

5-9-4 Discounts:

A residential, commercial or industrial user served by the City's electrical distribution system shall be entitled to a ten percent (10%) cash discount in the event the said user shall pay the current monthly charge for electrical energy used the previous month on or before the 10th day of the month following the current utility billing, provided that no other account for electrical energy furnished by the City remains unpaid to the City from said user. Provided, further, that in the case of a commercial or industrial user, no discount will be given for that portion of the bill which has been adjusted for power factor below ninety-five percent (95%).

SECTION 4.

An emergency existing, which emergency is declared to exist, the foregoing new Sections of the Heyburn Code providing for adjustments and increased in electrical rates, charges and discounts shall be effective with the billing period commencing with the 20th day of February, 1980, and thereafter, this Ordinance being effective upon one reading, approval and passage by the City Council and publication as provided by Idaho Law.

PASSED BY THE CITY COUNCIL OF THE CITY OF HEYBURN THIS 13th DAY OF FEBRUARY, 1980.

APPROVED BY THE MAYOR OF THE CITY OF HEYBURN THIS 15th DAY OF FEBRUARY, 1980.

(b) (6)

HAROLD R. HURST
MAYOR OF THE CITY OF HEYBURN

ATTEST:

(b) (6)

Ila Despain
City Clerk

CYPRUS MINES
(THOMPSON CREEK & CENTERRA GOLD)



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

OFFICE OF THE ADMINISTRATOR

NOV 17 1983

In reply, refer to: PKI

Mr. Clayton Hurless, Manager
Salmon River Electric Cooperative
P. O. Box 384
Challis, ID 98226

Dear Mr. Hurless:

On October 6, 1983, the Bonneville Power Administration (BPA), after consultation with representatives of each of BPA's customer groups, agreed to apply a 100 percent load factor to all Regional Act, section 3(13)(A) contracted for, or committed to determinations involving contract demand contracts. Previously, as part of a negotiated agreement with the Public Power Council, BPA had applied a 100 percent load factor to consumers of public agency customers with contract demand contracts. This action reflects recognition of changed conditions since passage of the Regional Act and BPA's desire to play a positive role in the economic recovery of the region. This criteria change will allow a consumer's facility which had a contract or commitment, prior to September 1, 1979, to achieve the maximum contracted for, or committed to load floor without triggering the New Large Single Load consequences of the Regional Act. BPA will retroactively apply a 100 percent load factor to all past determinations with contract demand contracts or commitments.

Enclosed is a revised signed and dated Exhibit K, Table 2, reflecting the increase in your previous contracted for, or committed to determination. The increase results from application of a 100 percent load factor to the load BPA determined was contracted for, or committed to prior to September 1, 1979. This amended Exhibit should be attached to your utility power sales contract.

Your existing Exhibit K, Table 2, may be discarded. Should you have any questions regarding this exhibit revision please contact your BPA Area or District office.

Sincerely,

(b)(6)

Administrator

Enclosure

Revision No. 1
Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-87BP90562
Salmon River Electric Cooperative
Effective on the date of the above
power sales contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
Cyprus Thompson Creek Molybdenum Mine	Custer County, Forty miles southwest of Challis, ID	35

(b)(6)

Bonneville Power Administrator

NOV 17 1983

Date

(WP-PK1-3627b)

KIP 09

MAY 28 1982

PCI

Mr. Clayton Hurless, Manager
Salmon River Electric Cooperative
P.O. Box 304
Challis, ID 83226

Dear Mr. Hurless:

Pursuant to your request I have reviewed my earlier determination that Cyprus Mine's Thompson Creek (Cyprus) committed to load, as of September 1, 1976, was 26.35 average megawatts. I have revised my earlier determination to reflect the additional information presented by you and Cyprus to my staff on April 8 at BPA headquarters. I have determined that Cyprus' committed to load should be revised upward to 28.26 average megawatts. My decision is based on the higher load estimates stated in Cyprus' February 26, 1978 letter to Salmon River, which references an estimated load of 31 peak megawatts at 91 percent load factor and at 95 percent power factor, equalling 28.26 average megawatts. This revised amount of 28.26 average megawatts shall be listed in Exhibit K, Table 2 of Salmon River's power sales contract as Cyprus' committed to load as of September 1, 1976.

Sincerely,

(Sgd.) EARL GJELDE

ACTING Administrator

Exhibit K, Page 1 of 1
Table 2
Contract No. DE-MS79-BP8190562
Salmon River Electric
Cooperative, Inc.
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit is for information purposes only and shall not control any determinations made pursuant to section 8 of this contract or section 3(13) of P. L. 96-501.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Yearly Amount of Firm Energy (avg. MW)</u>
Cyprus Mines Corporation <u>1/</u>	Northwest of Clayton, Custer County, Idaho	<u>31.5</u> <u>2/</u> 28.26

1/ Administrator's determination that this load is a load committed to prior to September 1, 1979, as documented in a June 22, 1981, letter from Mr. Peter Johnson to Mr. Clayton Hurless, Manager, Salmon River Electric Cooperative.

2/ At full operation estimated to occur in winter 1983-84.

28.26
= 35 MW
x 85% L.F.
x 95% P.F.

Exhibit K, Page 1 of 1
Table 2
Contract No. DE-MS79-BP8190562
Salmon River Electric
Cooperative, Inc.
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit is for information purposes only and shall not control any determinations made pursuant to section 8 of this contract or section 3(13) of P. L. 96-501.)

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TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Yearly Amount of Firm Energy (avg. MW)</u>
Cyprus Mines Corporation <u>1/</u>	Northwest of Clayton, Custer County, Idaho	31.5 <u>2/</u> 28.26

1/ Administrator's determination that this load is a load committed to prior to September 1, 1979, as documented in a June 22, 1981, letter from Mr. Peter Johnson to Mr. Clayton Hurless, Manager, Salmon River Electric Cooperative.

2/ At full operation estimated to occur in winter 1983-84.

DECISION PAPER

REQUEST FROM SALMON RIVER ELECTRIC COOPERATIVE THAT THE ADMINISTRATOR MAKE THE DETERMINATION THAT CYPRUS' THOMPSON CREEK MINE IS A COMMITTED TO LOAD IN ACCORDANCE WITH SECTION 3(13) OF THE REGIONAL ACT, AND THAT THE LEVEL OF SUCH COMMITMENT ON 9/1/79 WAS 31.5 AVG. MW.

ISSUE:

Whether Cyprus' Thompson Creek Mine was a committed to load, pursuant to section 3(13) of the Regional Act and, if so, the level of such commitment as of 9/1/79.

BACKGROUND:

In June 1981 the Administrator made the determination that Cyprus' Thompson Creek Mine (Cyprus) was a committed to load. This determination was communicated by the Administrator to Mr. Clayton Hurlless, Manager, Salmon River Electric Cooperative in a June 22, 1981 letter which referred to several letters referring to 31 MW from February 20, 1978 to August 2, 1979 from Cyprus to Salmon River. Because BPA's letter did not state whether this number referred to peak or average megawatts, on September 18, 1981, a followup letter to Mr. Hurlless was sent clarifying that the amount of Cyprus' committed to load on September 1, 1979 was 26.35 average megawatts. The 26.35 average megawatts was based on an estimated load of 31 peak megawatts at 85 percent load factor. These figures reflected the February 20, 1978 letter and other correspondence stating the 31 megawatts was a peak load. Salmon River asserted that this initial figure was unjustifiably low based on the engineering studies for the project and asked BPA to review its finding.

On February 9, 1982 Roy Nishi, Snake River Area Manager, wrote Mr. Spigal, Assistant General Counsel, and urged that the Administrator approve 31.5 average megawatts as the committed load. This figure came from a January 1980 Salmon River-BPA load forecast, that had been approved by then Power Manager, Hector Durocher, during the time BPA was developing its allocations policy.

In response to Mr. Nishi's letter a meeting was held at BPA headquarters on Thursday, April 8, in order to hear the Salmon River/Cyprus case. In attendance were:

Roy Nishi - Snake River Area Manager
Clayton Hurlless - Manager of Salmon River
Don Angell - Power Engineers
Dale Huffman - Cyprus Mines
Eric Redman - Attorney for Cyprus
Jay Purvis - Cyprus Mines
Mark Passarini - AMOCO Metals Co.
Ted Springer - Attorney for Salmon River
Kip Moxness - Contract Negotiations
M. M. McGee - General Manager of Cyprus Mines
Harvey Spigal - Office of General Counsel
Janet McLennan - Office of Power Management
Jim Jones - Office of Power Management
Tom Miller - Office of General Counsel

Mr. Nishi opened the meeting by summarizing the record and the events leading up to Thursday's meeting. Spokesmen for Snake River and Cyprus Mines presented additional information, data and analysis regarding the size of the load. Both Mr. Springer, attorney for Salmon River and Mr. Redman, attorney for Cyprus Mines, provided information respecting Cyprus' Thompson Creek Mine and its relation to the legislative history of the Regional Act. Both attorneys stated that this mine was the unnamed Idaho "committed to" load referenced in the legislative history. New information was introduced during the course of the presentation, including a historical summary of the engineering studies from December 1974 to the present which had hitherto been unavailable to both BPA and Salmon River. In addition, there was a thorough discussion of the correspondence submitted to date. Both Cyprus Mines and Salmon River emphasized that the project and the load has not essentially changed since it was first discussed in the early 1970's. Both parties argued that the correspondence prior to 1980 that discussed load size were necessarily based on engineering estimates. Current engineering does not present figures which are precise and until the load goes into production, the actual energy requirement for the load cannot be fixed.

This problem of quantifying the size of the load as precisely as possible is one of the most difficult tasks confronting BPA staff in reviewing requests for determinations of either "contracted for, or committed to" loads as of September 1, 1979. Prior to the Regional Act being signed into law on December 5, 1980, a variety of cutoff dates and formulas for contracted for, committed to loads had been suggested. Congress established September 1, 1979 as the cutoff date. The significance of September 1, 1979 was not apparent until the Regional Act was enacted on December 5, 1980. Much of the correspondence does not directly refer to size of load as of that date. However, because Section 8 of the utility power sales contract makes it necessary to establish a floor from which future increases in load are monitored and measured, it has become essential to quantify the committed to, contracted for loads in order to determine the rate at which the load should be billed.

Therefore there are a range of possible bases in the correspondence on which to quantify Cyprus Mines Thompson Creek mine load committed to as of September 1, 1979:

- 1) There is a Salmon River-BPA load estimate of January 1980, developed during the allocation process, which established the load at 42 peak megawatts at 75 percent load factor or 31.5 average megawatts. The problem with this figure is that there is no other reference anywhere else in the correspondence prior to September 1, 1979 which would support or suggest this figure.
- 2) Cyprus' February 20, 1978, letter to Salmon River gives a range of loads in peak megawatts at varying power factors. The maximum load at the maximum power factor based on this correspondence would be 35 peak megawatts at 85 percent load factor and 95 percent power factor, or 28.26 average megawatts. This is the only clear engineering estimate on size of load prior to September 1, 1979.
- 3) BPA's September 18, 1981 figure of 26.35 average megawatts was based on Salmon River's correspondence with Cyprus Mines on February 26, 1980 which stated the load and earlier references to 31 MW was a 31 MW peak load, and

Cyprus' February 20, 1978 to Salmon River which cited a load factor up to 85 percent.

Both Cyprus and Salmon River argue that the basis for BPA's earlier determination of 31 peak megawatts at 85 percent load factor for 26.35 average megawatts was questionable because the load was taken from one letter and the load factor from another and there was no necessary correlation between the two letters. Failing establishment of the 42 peak megawatts at 75 percent load factor which is not supported by the engineering studies prior to September 1, 1979, Cyprus asserts that the figures mentioned in Cyprus' February 20, 1978 letter is a preferred choice because both the size of the load and the power factor are referred to in the same letter and it is a letter which preceded the cutoff date in the Regional Act.

RECOMMENDATION:

After review of the additional information and the presentation made and examining the range of choices, BPA staff recommends option #2 as a more reasonable basis on which to establish Cyprus Thompson Creek Mine load, and this estimate should be selected to supercede BPA's previous size of load. This recommendation means a "committed to" load would be established at 28.26 average megawatts. Upon review and adoption of a final figure by the Administrator, the figure should then be entered in Exhibit K, Table 2 of Salmon River's utility power sales contract.

KMoxness/TMiller:lo (WP-PCI-1559b)

DRAFT: 4-5-82

TMiller:lb

Doc. 7459B

STATUS REPORT NEW LARGE SINGLE LOADS

A pre-meeting has been scheduled for Wednesday at 10:00 a.m. in Room 459 for briefing on the request of Cyprus Mines and Salmon River Electric Cooperative for a redetermination of their size of load "committed to," as discussed below. As a general note, the Public Power Council and public utilities have challenged BPA's interpretation of section 3(13) of the Regional Act and section 8 of the initial utility power sales contract in their lawsuit. This should be borne in mind in discussions with Salmon River and Cyprus, scheduled for Thursday at 10:00 a.m. in Room 552.

Cyprus Mines - Size of Load

A memo from Roy Nishi dated February 9, 1982, forwarded a letter from Salmon River Electric Cooperative, Inc. dated February 1, 1982, in which Salmon River indicated it wished to have additional information considered on their commitment to the Cyprus Mines load, and requested a meeting with BPA to reach a satisfactory agreement. Roy Nishi's memo states that Salmon River's magnitude of load remained consistent during discussion and clarification of peak-average load. The memo and letter with its attachments are appended.

Background

On June 22, 1981, BPA sent a letter to Salmon River responding to its request for a determination which stated the Administrator determined that Cyprus Mines load of 5 to 6 peak megawatts for preproduction and 31 megawatts for production was committed to by Salmon River prior to September 1, 1979. A follow-up letter of September 18, 1982, clarified the earlier letter to the effect that the size of the load committed to was a production load of 26.35 average megawatts. Copies of these letters are attached.

The Request

Salmon River's recent letter requests that we correct these letters to conform to a 31.5 average megawatt production load as based upon a March 14, 1980, letter from Cyprus Mines to Salmon River stating that an engineering review confirmed a connected load of 42 MW operating at a load factor of 75 percent for an average load of 31.5 megawatts as per Cyprus' letter of August 2, 1979. The Cyprus letter of August 2, 1979, is attached and refers to a production phase of 31 megawatts without any statement as to average or peak megawatts. Salmon River also bases its request on EPA's use of a peak load of 42 megawatts at 75 percent load factor equalling 31.5 average megawatts in its load study on allocations.

Salmon River's letter also argues that 3(13)(A) does not refer to any specific quantity of energy and, therefore, its letter of March 14, 1980,

should be valid. Salmon River further argues that section 8 of the initial power sales contracts recognize that for certain loads there are capacity only contracts permitting maximum energy consumption, and this was what Salmon River committed to. A third argument is that the scope of the Cyprus project has not changed although there have been additional refinements and the 31.5 average megawatts was integral to the project; there are no new facilities, and any other rate treatment would be inconsistent. Fourth, Cyprus has relied upon Salmon River's service, expended considerable funds, and section 8 permits load management. Cyprus now expects to exceed 31.5 average megawatts as a production load but should fall within the 9.9 increase. A 31.5 load should be acceptable, the entire load should be recognized as "committed to" to avoid unnecessary administration and monitoring.

Analysis

Regarding the attachments to Salmon River's letter supporting their claim to 31.5 average megawatts, several points need to be made. First, all the attachments were reviewed and identified in the correspondence and size of load time lines which BPA analyzed in May, 1981. Nothing new has been submitted with the exception of the BPA allocation load forecast dated July 16, 1980. This load forecast does not constitute additional evidence because it is based upon Salmon River's change of load letter to BPA dated March 14, 1980; appending Cyprus Mines letter of the same date. Both these letters were previously considered. Second, the letters relied upon by Salmon River are contradicted by an earlier letter from Salmon River to

Cyprus Mines which unequivocally states that reference to the 31 megawatts in prior correspondence was peak and not average. A copy of this letter dated February 26, 1980, is attached. In fact, both Salmon River and Cyprus recognized that the proposed change to average from peak would be significant for the project. Third, all the change references to the 42 peak megawatts at 75 percent load factor are post September 1, 1979. Third, BPA does not disagree with the existence of a commitment, it does disagree with Salmon River's assessment of the size of the load. In short, no new documentation which would explain away the February 26, 1980, letter, and demonstrate that the size of the load was 31 average megawatts has been presented.

Regarding the four arguments made by Salmon River, each would require BPA to change its interpretation of either section 3(13) of the Regional Act and section 8 of the power sales contracts at a time when BPA's interpretation is challenged in a lawsuit by the Public Power Council. It is not advisable to answer directly Salmon River's arguments here except to state that BPA disagrees with the interpretation presented, and that BPA's interpretation of 3(13) requires that the size of the load committed to prior to September 1, 1979, be established as part of the Administrator's determination. In regard to the second argument, since the correspondence between Cyprus, Salmon River and BPA clearly established an estimated limit to the size of the load, and since there was no mention of a capacity-only contract between Cyprus and Salmon River, section 8(b) could not be read as Salmon River has done.

Third, although the scope of the project may not have changed, more than just minor deviations from 31.5 have occurred. The preliminary engineering estimate states a plant factor of 30,000 kVA and pit demand at 5,000 kVA with 80 to 85 percent load factor. This translates into 28 or 29.75 average megawatts. Later correspondence refers to 31 megawatts, which if peak and assuming the same load factor, would be 24.80 to 26.35 average megawatts. Salmon River has not shown any engineering study prior to September 1, 1979, which supports their proposition of 31.5 average megawatts.

Fourth, the reliance of Cyprus on Salmon River for a power supply is not relevant. BPA in all of its correspondence with Salmon has neither guaranteed a power supply nor guaranteed a particular rate for any power supplied. Cyprus and Salmon River are trying to avoid the requirements of the Regional Act and the contract for monitoring and billing a NLSL by defining all of Cyprus load as committed to. Cyprus now estimates a production load in excess of 31.5 average megawatts. If the load went to 50 average megawatts, would they also say that was committed to?

Recommendation

1. Inform Cyprus and Salmon River that the letter of February 26, 1980, clearly stated the 31 megawatts prior to that date was peak and not average. Therefore, what was committed to as of September 1, 1979, was 31 peak. Nothing presented contradicts this letter.

2. Inform them that we are not in agreement that any materials submitted demonstrate a change in the facts before us.

3. BPA does not agree with the interpretations of 3(13) or section 8 of the contract presented by Salmon River, particularly in light of current litigation.

4. Based on the materials before BPA, and upon receipt of written assurance from Salmon River and Cyprus that the preliminary engineering study stating 30,000 kVA plant factor and 5,000 kVA pit demand with load factor at 80 to 85 percent referred to in the February 20, 1978, letter was the only correct estimate on size of load prior to September 1, 1979, BPA would adjust its determination to state that 29.75 average megawatts was committed to by Salmon River prior to September 1, 1979.

Attachments

TMiller:lb (WP-APP-7459B)

APC

SEP 18 1981

Mr. Clayton Hurless
Manager
Salmon River Electric Cooperative
P.O. Box 384
Challis, Idaho 83226

Dear Mr. Hurless

This letter will clarify an ambiguity in our previous letter dated June 22, 1981, regarding Salmon River Electric Cooperative's commitment to serve the production portion of the Cyprus Mines Thompson Creek load. The earlier letter stated 31 megawatts were committed to serve Cyprus Mines' load without designating whether those megawatts were peak or average. The February 20, 1978, letter from Cyprus Mines to Salmon River Electric Cooperative stated a 30 to 35-megawatt load at an 80 to 85-percent load factor for the facility. Salmon River Electric Cooperative forwarded this estimate to EPA on March 9, 1978. Later correspondence refers to 31 megawatts without stating peak or average; the February 26, 1980, letter from Salmon River Electric Cooperative to Cyprus Mines makes it clear that the 31 megawatts was a peak load. Therefore, a production load of 26.35 average megawatts was committed to by Salmon River Electric Cooperative prior to September 1, 1979.

Sincerely,

(b)(6)

Acting Administrator

TDMiller:ljh:4505B

26.35 a MW
= 31 MW peak
@ 85% L.F.

APC

6/22/81

Mr. Clayton Hurless
Manager
Salmon River Electric Cooperative
P.O. Box 384
Challis, Idaho 83226

Dear Mr. Hurless:

Under the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act), Pub. L. 96-501, the Administrator is to determine whether a new load was contracted for or committed to prior to September 1, 1979, for the purpose of determining whether such load is a new large single load pursuant to section 3(13) of the Regional Act. In response to your request for such a determination regarding the Cyprus Mines load to be served by Salmon River, I have reviewed the correspondence forwarded by Roy Nishi, Manager, Walla Walla Area Office.

Based upon correspondence prior to September 1, 1979, between Cyprus Mines and Salmon River Electric Cooperative, BPA and others, I have determined that the Cyprus Mines Thompson Creek Molybdenum Mine load of 5 to 6 peak megawatts for preproduction and 31 megawatts for production was committed to by Salmon River Electric Cooperative prior to September 1, 1979. (These figures are based on the February 20, 1978, and August 2, 1979, letters from Cyprus Mines to Salmon River Electric Cooperative.) The above load is not a new large single load under section 3(13) of the Regional Act. Any increases in this load will be monitored by Salmon River and BPA according to the new large single load section of the new contract BPA will be offering Salmon River.

Sincerely,

Administrator

TDMiller:ljh:4347B

cc:
Adm. Chron. File - A
D. Francisco - PC
D. Anderson - PCI
G. Fuqua - PL

G. Tupper - O
R. Nishi - OW
N. Leary - OWC
Official File - APC

DECISION PAPER

Salmon River Electric Cooperative has requested a determination of the Administrator that the Cyprus Mines Thompson Creek Molybdenum Mine was "committed to" prior to September 1, 1979. Under section 3(13) "New Large Single Loads" of the Regional Act, a load "committed to" by a utility prior to the cutoff date would not be a new large single load, and if served by a preference customer would be eligible for the Priority Firm Power Resource rate. The Administrator is to determine whether a load was "committed to" by a utility.

The House Committee on Interstate and Foreign Commerce has specified that BPA is to (1) carefully examine a utility's claim, (2) a written contract is not required, and (3) a clear history of utility and developer actions should exist to support a claim. A policy decision needs to be made regarding the factors required to establish "a clear history" for a utility's claim. Two lists of factors which could establish numbers 2 and 3 above is described in this paper.

Regarding the requirement of something less than a written contract, the Administrator could choose among the following factors, listed in decreasing level of commitment, indicating contractual intent:

- (a) A load which is contracted for, but for which the contract is legally unenforceable, e.g., failure of consideration, failure of a condition precedent to performance.
- (b) A load for which the utility and the developer have mutually agreed with definiteness as to the essential terms of load, service and supply but for which other terms remain undefined.
- (c) A load for which the parties communications show an intent to make an agreement; some essential terms are definite or agreed upon, and one or both parties have taken action directly in furtherance of a proposed agreement;
- (d) A load for which the parties have initiated preliminary communication, but essential terms are not definite and not agreed to; no promise has been made and no action has been taken by the parties.
- (e) A load for which a developer has made an initial inquiry and received an initial response from a utility.

The recommendation is that BPA require (c) above as a minimum for a showing of intent, i.e., definiteness as to some essential terms and taken some action in furtherance of the proposed agreement.

Regarding the clear history, the following factors, listed in increasing levels of commitment, could be considered in support of a commitment"

- (1) The first date a developer inquired about electric service.
- (2) The date the project was first publicized or the date promotional funds were first spent.
- (3) Written correspondence between the parties prior to the cutoff date.
- (4) Progressive steps taken toward development, before the cutoff date which might demonstrate that the load was not new.
- (5) Written request from the developer to the utility.
- (6) Evidence that the prospective developer had a valid and credible proposal to justify the utility's giving an option or an offer to serve the proposed load.
- (7) Inclusion of the potential load in the utility's load study prior to the cutoff date.
- (8) Identification of the potential load by the utility in the PNUCC load forecast prior to the cutoff date.
- (9) Request for assurances of a supply from BPA by the utility prior to the cutoff date.
- (10) Assurance of supply to serve the load from BPA to the utility prior to the cutoff date.
- (11) Negotiation of a related contract with the developer e.g., production of an environmental assessment, construction of transmission facilities required to serve load, prior to the cutoff date.
- (12) Utility billing the customer for contribution in aid of construction of service line or on a related contract.
- (13) An expression of legislative intent that Congress recognized a single large load as not "new."

The Mt. Tolman mine was able to demonstrate (12) as well as (9) through (11) in order to get a mention in the legislative history of PNEPPCA as not being a "new large load." The Administrator could require as great a showing, if Mt. Tolman is to be used as a benchmark. However, a "clear history" is undefined and the Administrator is not required to find equally strong evidence of commitment. From the correspondence regarding Cyprus Mines, a showing of (9) through (11) can be made: Item (10) is based on the Idaho District Office letter. A review of the correspondence would show that BPA central office response to the Idaho District Office letter, regarding BPA's allocation process, came in December 1979 after the cutoff date.

Additionally, the Administrator needs to determine the size of the load "committed to" by the utility. The correspondence timeline on size of load should be reviewed. Through December of 1979 Cyprus appears to have requested 31 MW at 90 to 95 percent load factor as a production load. In March 1980, Cyprus revised to 42 MW at 75 percent load factor.

A proposed determination together with two correspondence timelines are attached for review.

DETERMINATION

Service to the Cyprus Mines load by the Salmon River Electric Cooperative is not a new large single load since it was a load committed to prior to September 1, 1979, for the reasons stated below.

First, on February 20, 1978, Cyprus Mines made an inquiry of Salmon River Electric Cooperative for cost estimates to bring an electric power supply to the plant site, and average energy costs, together with an estimate of probable availability of electric power. Cyprus Mines estimated a plant demand of 30 MW, at 90 to 95 percent power factor and a pit demand of about 5 MW, with a load factor of 80 to 85 percent.

Second, Salmon River Electric Cooperative replied by letter dated March 8, 1978, indicating estimated rates for energy and stating that no problem in obtaining an adequate power supply to serve the projected load was anticipated. The Cooperative gave its assurance that every effort to secure adequate power at the most reasonable rate would be made.

Third, the Salmon River Electric Cooperative by letter dated March 9, 1978, advised BPA's Idaho Falls District of the proposed new load, its estimated size, and proposed production date. Further, Salmon River requested that the proposed new load be given due consideration in the allocation of power to Salmon River by BPA.

Fourth, on March 15, 1978, POWER Engineers, Inc. provided to Salmon River estimates of the load characteristic for Cyprus Mines and estimates for equipment and measures to upgrade the existing transmission lines to serve the load. On October 12, 1978, POWER Engineers forwarded a proposal, a scope of work, and a cost itemization relative to providing electric service to Cyprus Mines property. This proposal included the development of an environmental analysis for the transmission line. From May through September of 1979 work on the environmental assessment for the transmission line was going forward.

Fifth, on June 4, 1979, Salmon River by letter informs Cyprus of a potential problem in serving Cyprus' pit stripping and construction loads, 5 to 6 MW, with possible solutions being load shedding or shaping at the mine, mine site generation, or expedition and prior energization of a portion of the 230-kV line at 69 kV. Salmon River assures Cyprus it will insure as nearly as possible an uninterrupted power supply. Salmon River also asks that Cyprus make a formal request for service stating delivery point, delivery voltage level, power requirement, anticipated load factor, power factor and date that service will be required which will be the basis for formal action by REA and BPA to establish a power supply. On August 2, 1979, by letter, Cyprus Mines requests Salmon River to arrange a power supply for the Thompson Creek Mine with the appropriate authorities. On August 13, 1979, Salmon River forwarded Cyprus' request for a power supply to BPA, noting the cooperative work on the transmission line environmental assessment, Cyprus's progressive commitment of significant sums to development of the project and the need for an immediate approval of BPA's ability to serve the load.

Sixth, on August 16, 1979, BPA's Idaho Falls District Office responded acknowledging the request for a power supply and stated that Salmon River had a requirements-type contract with BPA until July 1, 1983. After July 1, 1983, BPA's proposed new allocation policy would be in effect, a power supply should be available but the terms and conditions of supply is uncertain.

Clearly, BPA's response acknowledged the request for a power supply under the Salmon River requirements contract. Under its requirements contracts, Bonneville has required of its customers notice of the additional load prior to service. The preproduction load of 5 to 6 MW can be considered to be available from BPA during the present contract with Salmon River. The preproduction load for Cyprus Mines was thus committed to with Salmon River forwarding Cyprus Mines formal request. Regarding the production load of 31 MW, both Salmon River and BPA represented that power would be available. Due to BPA's allocation proceedings there was an uncertainty as to what portion of this load BPA could meet, and the terms and conditions of service. However, Salmon River had stated it would use its best efforts to supply power even if BPA could not supply the full load, and BPA expected to be able to supply power for at least a portion of the load. Although the evidence is less compelling, due primarily to the expiration of Salmon River's requirements contract with BPA prior to Cyprus Mines production load, there is sufficient indication that the production load was committed to as a follow-on to the preproduction load, regardless of the amount of power BPA might have been able to supply under an allocation.

CORRESPONDENCE TIMELINE: CYPRUS MINES

2-23-73 Letter SREC to BPA - Informs BPA of existence of potential future NLSL

4-5-73 Letter SREC to BPA - Same

4-2-73 Letter TMC to SREC - Same states there are no new developments

2-11-74 Letter BPA to SREC - Conveys geologist report on Cyprus Molybdenum

2-20-78 Letter Cyprus to SREC - Inquiry of cost estimates including average energy demand, energy scheduling, probable availability of power

2-28-78 Meeting at BPA Area Office

3-8-78 Letter SREC to Cyprus - Reply variables in energy supply, estimate rates (high & low), do not anticipate any problem with adequate power supply, make reasonable efforts.

3-9-78 Letter SREC to BPA - Request consideration of load in allocation--states Cyprus appears serious, letter of 3-8 not "a binding offer to provide service."

3-15-78 Letter PE to SREC - States cost and estimate equipment for line and load to Cyprus

3-15-78 Letter PE to Cyprus - Same but without line cost estimate.

9-28-78 Letter Cyprus to SREC - Cyprus states it is 1-2 years from decision to operate--request estimate of cost for EA.

10-12-78 Letter SREC to Cyprus - BLM Environmental Assessment proposal on study for line to serve Cyprus.

10-24-78 Letter SREC to Cyprus - Proposal for EA, scope of work.

12-10-78 Letter SREC to Cyprus

5-15-79 Meeting BLM, Cyprus, SREC, PE on EA

6-4-79 Letter SREC to Cyprus - SREC states problem with service: Load shedding, on-site generation, expedite 230-kV line energization at 69 kV--work closely with Cyprus--need formal request for service, specific as to basis for supply, not a contract.

6-21-79 Letter PE to Cyprus - Forwards cost estimates for line--requests Cyprus advise as to how to proceed.

- 8-2-79 Letter Cyprus to SREC - Request to arrange power supply with appropriate authorities does not detail requirements.
- 8-13-79 Letter SREC to BPA - Forwards request--proceeding on basis supply is available. Remarks that BPA in another meeting stated it would not meet full load and could make no statement of ability to meet load. Requests for BPA commitment.
- 8-16-79 Letter BPA to SREC - Notes request and existence of a requirements contract thru 1983. Allocation during production not determined--states the load was not included in forecast and requests new estimate and plan for service--"confident of service."
- 9-1-79 Legislative Cutoff Date
- 9-19-79 Letter SREC to Cyprus - Notes amendment to costs of EA--request Cyprus approval for line costs and for system modifications for construction.
- 12-3-79 Letter SREC to BPA - Request terms and conditions of service for power for future planning--report on meeting with BPA for an understanding.
- 12-12-79 Letter SREC to BPA and meeting - Memorializes meeting--states Cyprus relying on 2/20/78 and 3/8/78 "commitment."
- 12-26-79 Letter BPA to SREC - States BPA will provide SREC with allocation--SREC to provide other load portion--BPA will transmit and serve.

SREC = Salmon River Electric Cooperative
Cyprus = Cyprus Mines Corp.
PE = Power Engineers, Inc., Consultants
BLM = Bureau of Land Management

4308B

TIMELINE: CYPRUS MINES
THE SIZE OF THE LOAD

- 2-23-78 Letter SREC to BPA - notes estimates of 24-hour shift, 20 kW/ton of production for electrolysis separation. No load factor estimate at this time. Second company anticipates 4,000 HP connected load with 75 percent load factor.
- 2-20-78 Letter Cyprus to SREC - states a preliminary engineer study that shows plant demand at about 30,000 kVA at a 99-percent power factor (more likely to be 90-95 percent range), pit demand of 5,000 kVA expected load factor in range of 80-85 percent.
- (1) large electric shovels 15 or 20 cycle 800 HP motors
 - (2) primary crushing 500 HP
 - (3) conveyors to plant 2500-300 HP
 - (4) semiautogenous or conventional grinders 3000 HP motors
- 3-8-78 Letter SREC to Cyprus - states quotation to serve 30-35 connected MW - blended demand and energy rate for 25 MW at 80 percent load factor
- 3-9-78 Letter SREC to BPA - "Cyprus has estimated a connected load of 30-35,000 kW at a load factor of 80 percent." We have estimated a residential, small commercial load growth of 4,000-5,000 kW for total of 30-31 average MW.
- 8-2-79 Letter Cyprus to SREC - arrange power supply as follows:
construction and preproduction stripping - 3rd quarter 1980 and continuing until 3rd quarter 1983, 6 MW; production phase - 3rd quarter 1983 and continuing, 31 MW.
- 8-13-79 Letter SREC to BPA - forwards above request for 6,000 kW preproduction and 31,000 kW of production power.
- 8-16-79 Letter BPA to SREC - acknowledges receipt of request for power supply "in the amount of 6 MW for construction and stripping operations . . . and 31 MW of production power"
- 12-3-79 Letter SREC to BPA - memorializes meeting with BPA 11-26-79, "discussed at length the power supply for the production phase of the project (31 MW)."
- 12-21-79 Letter BPA to SREC - confirmation of understanding regarding terms and conditions of a power supply of approximately 31 MW for Cyprus.
- 1-3-80 Letter SREC to BPA - clarifies the above regarding 31 MW as a request for service.

- 1-21-80 Letter BPA to SREC - Load studies "it appears likely the draft load study will reflect higher loads than the preliminary data we prepared"
- 2-26-80 Letter SREC to Cyprus - regarding memo of Wright Engineers on power requirements of the Thompson Creek project. "As you and I discussed, this could make a considerable difference in our negotiations with BPA for a power supply. Before I notify BPA of the change, I would appreciate receiving a letter from you requesting "modification of your original letter which requested that we arrange for a 31 MW peakload."
- 3-6-80 Letter SREC to BPA - notes BPA request for additional information regarding quantities of power and delivery dates for Cyprus. Regarding 12-12-79, meeting with BPA "We understand from that meeting that a power supply will be available to serve the 31 MW Cyprus load."
- 3-14-80 Letter Cyprus to SREC - communicates completion of engineering review for power requirements for Thompson Creek. "[O]ur requirement will constitute an approximate connected load of 42 MW operating at a load factor of 75% for an average load of 31.5 MW as per our letter of August 2, 1979."
- 3-14-80 Letter SREC to BPA - forwards above, and notes "the 31 MW originally requested was average rather than peak. We will probably want to modify our load forecast to reflect this change."

SREC = Salmon River Electric Cooperative
Cyprus - Cyprus Mines Corporation

4344B

EVRAZNA
(EVRAZ STEEL)



Department of Energy

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

EXECUTIVE OFFICE

MAR 07 2014

In reply refer to: PSW-6

Dr. Stefan Brown
Resource Strategy Project Manager
Portland General Electric Company
Three World Trade Center, 3WTC0306
121 SW Salmon Street Portland, OR 97204

Dear Dr. Brown:

On November 25, 2013, you sent a letter to Scott Wilson, Senior Account Executive, Bonneville Power Administration (BPA), requesting that BPA's Administrator make a determination under section 3(13)(A) of the Regional Act that the Evraz Group Steel plant, formerly Oregon Steel, load is a Contracted For or Committed To (CFCT) load of Portland General Electric Company (PGE).

In its request letter of November 25, 2013, PGE made the following points:

1. PGE was serving the predecessors of Oregon Steel at this location on September 1, 1979.
2. PGE's installed transformation capacity to serve the Oregon Steel plant was 110 MW.
3. PGE submitted monthly kWh consumption at the Oregon Steel plant from December 1978 to November 1979 and 1981 to present, showing an ongoing obligation to serve the plant.

BPA policy requires BPA to consider contemporaneous documents evidencing either a contractual agreement to serve or an obligation or commitment by the utility to serve the consumer load, including the amount of service to be taken. Such evidence may include contracts, bills, meter readings, meeting notes, letters, actions taken, and other relevant documents.

PGE provided contemporaneous one line substation engineering diagrams showing installed transformation capacity at the mill, monthly kWh consumption and applicable rate schedule for 1979, a contract with Gilmore Steel evidencing a history of service, and continuous load data beginning in 1981.

BPA has reviewed the documents and all other information provided by PGE in support of its request for a CFCT determination for the Oregon Steel plant and has conducted site visits to the Rivergate Substation and PGE offices to verify the information provided.

Based on BPA's staff review of the above mentioned one line substation engineering diagrams and monthly consumption data, I find that the PGE load at the Oregon Steel plant was a CFCT load on September 1, 1979. The CFCT load was served or committed to be served by PGE in the amount of 110 megawatts. Therefore, the floor for measuring any increases in load from that September 1, 1979 date shall be 110 MWs at a 100% plant factor for purposes of any calculations under section 3(13)(A) of the Northwest Power Act.

Sincerely,

(b)(6)

Elliot E. Mainzer
Administrator and Chief Executive Officer

cc:
Bruce Werner

Enclosures:
Determination Decision Paper

bcc:
L. Miller – DKR-7
C. Lockman – KSC-4
R. Roach – L-7
T. Miller – LP-7
M. Gendron – P-6
G. Thompson – PS-Spokane
L. Dimitman – PSI-6
J. Shaughnessy – PSI-6
R. Anderson – PSS-6
L. Bleifuss – PSS-6
J. McNeill – PSS-6
S. Wilson – PSW-6
CCM_Support – KSC-4 (PGE, 09PB-13208)
Official File - PSW (PM-11)

(W:\PSW\POWER RD\Contract\Customer\PGE\13208\PGE_CFCT Response letter re Oregon Steel_20140205)

Oregon Steel
CFCT Determination Decision Paper
January 30, 2014

On November 25, 2013, Portland General Electric requested that Bonneville Power Administration (BPA) determine that, as of September 1, 1979, the load associated with the Evraz Group Steel Plant (formerly Oregon Steel) located in Portland, Oregon, was a "Contracted For or Committed To" (CFCT) load. BPA did not receive a request for a facilities determination for this site although publicly available information on its website might suggest multiple facilities; therefore, BPA treats this load as a single facility under the New Large Single Load policy.

Issue

Was the Oregon Steel plant contracted for or committed to as of September 1, 1979 by PGE pursuant to Section 3(13)(A) of The Pacific Northwest Electric Power Planning and Conservation Act (Regional Act), and, if so, what was the size of such load for the purposes of establishing a CFCT amount against which future increases in load at such facility, if any, can be measured?

Background

In a November 25, 2013 letter to BPA Senior Account Executive Scott Wilson, PGE requested that BPA determine that the load at the Oregon Steel plant is a "contracted for or committed to" load (CFCT) of PGE. PGE stated in its letter that the load at the Oregon Steel plant was contracted for or committed to be served by it prior to September 1, 1979. Oregon Steel's subsequent load has never increased by 10 aMW or more in any consecutive 12-month period. PGE did not request a CFCT determination for this load at the time of enactment of the Regional Act, but Congress did not specify any time limitation for CFCT determination requests. Utilities, including PGE, have an ongoing right to request a CFCT determination for their large retail loads. With the implementation of the Residential Exchange Program (REP) settlement whereby Average System Costs (ASC) determine, in part, an exchanging utility's REP benefits, a CFCT determination for the Oregon Steel load may have an impact on PGE's REP benefits.

The standard of proof for all CFCT determinations is contemporaneous documentary evidence regarding the load. Such evidence may include contracts, bills, meter readings, meeting notes, letters, and other relevant documents. As part of its November 25, 2013 request, PGE shared historical information surrounding the construction of the plant in 1928. PGE also provided one line substation engineering diagrams for Oregon Steel from 1975 and 2007 showing installed capacity at Oregon Steel's substation. In addition, PGE submitted monthly kWh usage data from 1979 and for 1981 to the present, engineering drawings for its Rivergate Substation, correspondence sent to Oregon Steel in 1979, and the applicable rate schedule from 1979. BPA staff conducted a site visit to PGE's Rivergate Substation to inspect the substation and related facilities on January 6, 2014.

To comply with the NLSL Policy CFCT standard of "contemporaneous documentary evidence" BPA staff visited PGE offices on January 23, 2014 to view the documents involved in the determination. PGE's standard practice has been to scan all records into PDF and not retain original documents, so only PDF versions were available for inspection. PGE staff provided written affirmation that this is PGE's customary document storage method.

Facility Description and Electrical Plan of Service

The facility at the Oregon Steel plant consists of three product lines: the rolling mill, the spiral pipe mill, and the structural tubing mill. The facility is served by PGE over one 115 kV line from Rivergate

Substation to the Oregon Steel plant's substation. The Oregon Steel plant is served in its entirety by 3 dedicated single phase transformers in the Rivergate Substation currently; however, the plant was previously served by a single, larger transformer that also served load other than Oregon Steel. Based on substation diagrams of Oregon Steel's substation, installed capacity in 1979 was 110 MVA.

Contemporaneous Documentary Evidence

1. Series of 12 line drawings of PGE's Rivergate Substation (May 28, 1968, May 31, 1968, June 15, 1970, November 6, 1972, and November 14, 1972). The drawings confirm the 115 kV transmission circuits and major installed and operating equipment at the time.
2. One Line Diagram of Oregon Steel Substation (October 15, 1975). This document shows installed capacity at the steel mill's own substation in 1975 was 110 MVA plus a 30 MVA standby transformer. An additional One Line Diagram of the Oregon Steel Substation originally drafted in 1969 and last updated May 18, 2007 corroborates the electrical connections shown in the 1975 diagram. This 2007 diagram shows installed capacity to be 212 MVA. The diagram also shows furnace transformers totaling 98 MVA in the steel mill.
3. Rate Schedule 89 (February 26, 1979). This document shows that Industrial Service customers are served at transmission voltages rather than distribution voltages. This is the rate schedule under which Oregon Steel was billed per the letter referenced at #4 below.
4. Correspondence with load data for 1978-1979 (December 21, 1979). This letter designates Oregon Steel as a "Major Use" consumer of PGE in 1979. The letter includes monthly kWh consumption for the steel mill for December 1978 through November 1979, showing annual usage, served by PGE at the time, and notes the applicable rate schedule for the load.
5. Load data 1981-1983 (January 1984). This document shows monthly and year-to-date energy and demand at the steel mill and also confirms the applicable Rate Schedule 89.
6. Agreement for Electric Power Service between PGE and Gilmore Steel (May 23, 1984). This agreement shows a history of continuous service beginning with Elkem Metals, assigned to Gilmore Steel, and continuing through this long-term sale to Gilmore Steel which later became Oregon Steel.
7. Internal correspondence confirming that only PDF copies of one line diagrams exist today, not originals (December 12, 2013).
8. PGE letter affirming PGE's document storage policy (January 29, 2014). This letter confirms that PGE's documents from 1979 have been converted to electronic format and originals destroyed.

Threshold Questions

1. Is there evidence of a contracted for or committed to status for load at the Oregon Steel plant?

Yes, PGE had a 115 kV line connected to installed transformation capacity in the substation at the steel mill prior to September 1, 1979, showing that PGE was committed to serve the load.

2. Can the size of the load that would qualify for CFCT status be determined?

Yes, the one line engineering diagram closest in time to September 1, 1979 establishes installed capacity for the steel mill of 110 MW. Precedent from prior CFCT decisions dictates that BPA use 100% capacity factor for CFCT amounts. In this case, there is a spare 30 MVA transformer depicted in the one line diagram, however there is no evidence the spare transformer was used to serve Oregon Steel, so it was not included in the steel mill's capacity.

Findings

The historical evidence provided by PGE supports the determination that PGE had planned to serve and was serving the Oregon Steel load on September 1, 1979 under its industrial tariff, and PGE considered this load a major use consumer. As of 1979, PGE was committed to serve up to 110 MW of load at the facility. The Oregon Steel plant therefore qualifies as a CFCT load on PGE at the level of 110 MW pursuant to Section 3(13)(A) of The Regional Act.

Based on a review of the installed capacity for the plant in 1975, BPA staff verified that PGE committed to serve the Oregon Steel plant up to 110 MW prior to September 1, 1979. On October 6, 1983, BPA determined that all CFCT calculations would be based on an assumed 100% load factor, effectively making energy equal demand. Given this precedent, BPA can determine the size of the CFCT load to be equal to the installed transformer capacity prior to September 1, 1979.

Detailed review of billing data since 1979 shows that the Oregon Steel plant load has never increased by more than 10 aMW per year, although it had grown to almost 53 aMW by 1995. The most recent NLSL test year shows that the load was approximately 11.5 aMW in 2011.

Conclusion

Based on contemporaneous evidence supplied by PGE supports PGE was committed to serve up to 110 MW at the Oregon Steel plant as of September 1, 1979 and was serving such load even though PGE was not able to provide a signed contract for that level of service at that date. This determination is consistent with prior CFCT determinations.

GEORGIA PACIFIC CORP.

1967-1982 contract w. GP

(this copy was used to work on amendments - those are attached to the front of this.)

CONTRACT

CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT
and
GEORGIA-PACIFIC CORPORATION, TOLEDO DIVISION

THIS AGREEMENT, made at Newport, Oregon, this 24 day of
February, 1967, by and between CENTRAL LINCOLN
PEOPLE'S UTILITY DISTRICT, a ^{MUNICIPAL CORPORATION} ~~people's utility district~~ organized under
the laws of the State of Oregon, hereinafter called "the District", and
GEORGIA-PACIFIC CORPORATION, TOLEDO DIVISION, a corporation
organized under the laws of the State of Georgia and qualified to do business
in Oregon, hereinafter called "the Corporation",

WITNESSETH:

The Corporation, a producer of lumber and other forest products,
owns and is operating a sawmill and a plywood plant in the City of Toledo,
Lincoln County, Oregon, the said sawmill being located on the southwest
side of a slough known as Depoe Slough, and said plywood plant being located
on the northeast side of said slough; and Corporation owns and is operating
a pulp and paper mill and a paper bag plant in the City of Toledo, Lincoln
County, Oregon. The site of said pulp and paper mill and paper bag plant
is southeasterly of, but not immediately adjacent to either the said sawmill
or said plywood plant. All references in this contract to the Corporation's
sawmill, plywood plant, pulp and paper mill, and paper bag plant shall be

taken to refer to its said plants at Toledo, Lincoln County, Oregon.

EXCISE
The District owns and operates an electric system in and along the central Oregon coast area, and provides service within and around the City of Toledo. Under prior contracts, the Corporation and the District have maintained an interconnection between their respective electric systems, and each has provided certain services to the other.

EXCISE
The Corporation and the District now desire to cancel and terminate the prior power contract between themselves (being an agreement dated October 17, 1956 between the District, the Corporation and the Georgia-Pacific Paper Company, now integrated with the Corporation), and to provide in this agreement for the purchase by said Corporation, firm power and energy from the District for the loads of the sawmill, plywood plant, pulp and paper mill, and paper bag plant, and for certain related and incidental loads, all as hereinafter provided.

Now Therefore, in consideration of the mutual covenants and agreements herein contained the Corporation and the District agree as follows:

ARTICLE I. RESCISSION OF PRIOR CONTRACT: TERM
OF THIS AGREEMENT: CANCELLATION

EXCISE
1. Rescission of Contract. The above referenced contract dated October 17, 1956, which has heretofore been amended by amendatory agreements No. 1, No. 2, and No. 3, dated May 12, 1958, November 24, 1958, and November 30, 1960, respectively, are hereby rescinded as of 12:00 P.M. on the day and year first above written, but all liabilities accrued thereunder

— POLYMERIZED —
CROSS LINKED

— POLYMERIZED —
CROSS LINKED

— POLYMERIZED —
CROSS LINKED

of said ninety-day period.

ARTICLE II. DISTRICT'S SALE OF FIRM POWER
TO CORPORATION

4. Power for Plywood Plant and Sawmill. (a) The District will supply to the Corporation at its plywood plant and sawmill and the Corporation will purchase, an amount of firm power and energy equal to the total requirements of the said plywood plant and sawmill. However, the District will not be obligated to supply more than ~~5,500~~ kilowatts pursuant to this section, without its consent being first obtained.

(b) The District has installed facilities for a single point of delivery of the above power and energy, at an agreed location on ~~First Street near~~ ^{THE DISTRICT'S POLE NO 6189} ~~the bridge over Depoe Slough in Toledo, Oregon.~~ ^{ADJACENT TO THE DISTRICT'S SUBSTATION S-127} Power and energy is being and will be delivered at nominal 7200/12,470 volts over a grounded wye system. Deliveries are being metered at the point of delivery by metering facilities installed and maintained by the District.

(c) Equipment used to serve the Corporation beyond the District's meter located on the Corporation's property, shall be owned by the Corporation except that portion of the metered circuit on the District's poles on ^{LIST POLE NO 6189 IN APPENDIX} property known as First Street. The metered circuit on said pole line on said First Street from the plywood plant to the time office, consisting of 3-phase 1/0 circuit together with necessary appurtenances, fixtures, and equipment, shall be owned and maintained by the District and leased to the Corporation.

^{DO WE WANT TO SELL THIS TO GP?}

(d) Deliveries of the firm power and energy provided for in this section are now being made, and will continue to be made throughout the term of this contract.

(e) The minimum billing for the electric service provided for under this section will be as hereinafter set forth in Article II, Section 7, commencing with the date of the execution of this contract.

(f) For providing and maintaining the facilities installed by the District pursuant to paragraph (c) of this section, the Corporation will pay ^{MAY WANT TO CHANGE THIS OR RETRAQUE IT} annually to the District, the sum of \$540.00 which is 14 per cent of the ^{38.00} District's capital investment in said facilities owned and maintained by the ^{45.00} District and leased to the Corporation. One-twelfth of said amount shall be billed with the regular billing for power and energy each month.

5. Power for Corporation's Pulp and Paper Mill and Paper Bag Plant,

(a) The District will supply to the Corporation at its pulp and paper mill, and the Corporation will purchase, an amount of firm power and energy equal to the requirements of said pulp and paper mill and paper bag plant. However, the District will not be obligated to supply more than ~~30,000~~ kilowatts pursuant to this section, without its consent being first obtained. ^{30 MW in 1967}

(b) The District will provide facilities for a single point of delivery of the above power and energy at the low voltage side of a substation located on property of the Corporation in the vicinity of the pulp and paper mill. Power and energy will be delivered at a nominal 7960/13,800 volts, over a grounded wye system. Deliveries are metered at the point of delivery by metering

*all
Amendatory
Agreement
No. 2*

facilities owned and maintained by the District.

(c) The Corporation has installed and maintains a 13,800 volt 3-phase underground circuit from its pulp and paper mill to the District's first pole outside the substation referred to in paragraph (b) above. The District has installed and maintains a similar overhead circuit, connecting to the Corporation's said circuit, from said pole to the first pole outside of a 1000 kw substation installed by the Corporation at the Ollalie Barrier, for service to the Corporation's water pumps at said location. ~~The District has installed and maintains a 300 kva and a 500 kva 13,800 to 480 volt transformer banks on said District's circuit in the vicinity of the effluent cooling pond for service to the Corporation's effluent aerators.~~ The District's said circuit will be used for the purpose of wheeling Corporation power and energy to said substation and said effluent aerators, a portion of the power and energy supplied to the Corporation at its said pulp and paper mill.

REWRITE
TO REFLECT
CURRENT
STATUS -
REVISED
Amount \$

(d) Power and energy under this section is being delivered to the Corporation and such deliveries will continue thereafter throughout the term of this contract.

(e) The minimum billing for electric service provided under this section will be as hereinafter set forth in Article II, Section 7, commencing with the date of the execution of this contract.

(f) For providing and maintaining the facilities installed by the District pursuant to paragraph (c) of this section, the Corporation will pay annually to the District, the sum of \$2,352.00 which is 14 per cent of the District's

THE THIS IS DISTRICT'S CARRYING COST -

Contract - have 6

capital investment in said facilities owned and maintained by the District and
leased by the Corporation. One-twelfth of said amount shall be billed with
the regular billing for power and energy each month.

6. Power for the Corporation's Siletz River Pumping Plant. (a) The District will supply to the Corporation at a pumping plant which the Corporation has constructed on the Siletz River, in the vicinity of the City of Siletz, Lincoln County, Oregon, and the Corporation will purchase from the District, an amount of firm power and energy equal to the requirements of said pumping plant. However, the District will not be obligated to supply more than 1000 kilowatts pursuant to this section, without its consent being first obtained.

(b) The District has installed facilities for a single point of delivery of the above power and energy at the low voltage side of a substation constructed by the District on property of the Corporation in the vicinity of said pumping plant. Power and energy is being delivered at nominal 480 volts. Such power and energy is being metered by metering facilities installed and maintained by the District.

(c) Billings for power and energy under this section will be rendered monthly during the Corporation's annual seasonal pumping period. The Corporation shall each spring give the District thirty (30) days' advance written notice of the date upon which it proposes to start operation of said pumping plant and the District shall energize its facilities on or before the date specified. The Corporation shall each fall give the District thirty (30) days' advance written notice of the date on which it proposes to cease operation of said

Not Bill 30 days now, but for the duration of the season 10/11/12

Memorandum

December 21, 1964

To: E. L. White 5-4
Chief Engineer

From: Branch of Construction DGB #2
Amos A. Herget, Head
Test and Energization

Subject: Energization and coordination schedule for the new Central
Lincoln PUD 69 kv feeder No. 2 addition at the Toledo
substation.
W. O. 921-32

The new 69 kv feeder No. 2 is scheduled to be energized and placed in service about 6:00 A.M. December 26, 1964.

The PUD has scheduled an 5 hour outage from 1:00 A.M. to 6:00 A.M. December 26, 1964 for relocation of their 69 kv feeders to our substation. The existing 69 kv feeder No. 1 will be relocated from bay 6 to bay 7, and a new line strung to the existing bay 6 by PUD line crews.

The new Brown Boveri 69 kv PCB in bay 6 will be energized for test, with in service checks of relays and meters completed by by-passing the existing PUD 69 kv PCB L-1250 at our Toledo substation the week of December 23, 1964.

Test engineers will check phasing of the new PUD 69 kv line at the time the line is energized for test December 26, 1964 about 5:30 A.M. The 69 kv main bus PT's will be isolated and utilized for phasing checks. Test engineers will establish a phasing reference between the 115 kv and 69 kv PT's prior to outage.

Test engineers will make in service checks of the new revenue metering CT's at the time load is picked up, and release the new 69 kv line terminal equipment to Operations.

Mr. Cecil Harpor, Test Engineer, will supervise energization of the subject equipment.

(b)(6)

cc:
V. E. Taylor
Br. of Sys. Oper. (3) 3-11
Br. of Maint. (2) 5-6
Br. of Design (2) 6-4
Br. of Supply LP-2
Br. of Sys. Engr. (4) 5-2
Portland Area Office (15)
Eugene District Office (10)

C. Dunn/L. Gress 5-5
Safety Section 4-2
H. H. Harjerson 6-3
C. Brown (9)
D. P. Michioni (2)
V. H. Benner (3) 2-0
E. J. Rogers
Cecil Harpor
R.F.

12-21-64

SUPPLEMENTAL AND AMENDATORY AGREEMENT
NO. 2
To
AGREEMENT DATED FEBRUARY 24, 1967

THIS AGREEMENT, made and entered into this 23rd day of June, 1977, by and between CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT, a People's Utility District organized under the laws of the State of Oregon, hereinafter called the "District", and GEORGIA-PACIFIC CORPORATION, Toledo Division, a Corporation organized under the laws of the State of Georgia and qualified to do business in Oregon, hereinafter called the "Corporation":

WITNESSETH:

WHEREAS, the parties hereto entered into an agreement dated February 24, 1967 providing for, but not limited to, the sale of firm power to the Corporation; and

WHEREAS, the agreement of February 24, 1967 and amended May 13, 1968 by Supplemental and Amendatory Agreement No. 1, has made provisions for the District to provide and maintain certain facilities for which the Corporation pays the District annually the sum of \$3,272.00 which is 14 percent of the District's capital investment in said facilities owned and maintained by the District and leased to the Corporation; and

WHEREAS, certain changes have been made in the facilities of the District which are leased to the Corporation resulting in a change in the value of the District's capital investment. The changes are:

(a) Relocation of part of the 13.8KV line facilities away from the effluent cooling pond.

(b) Revised the 13.8KV line facilities for new substations owned by the Corporation.

(c) Removed the District's transformer bank serving the Corporation clarifier.

WHEREAS, the District has increased its capital investments reference herein applicable to the special service facilities installed to deliver power under Section No. 5; and

WHEREAS, the District's capital investment for purposes as noted in Section No. 5 is stated in Section No. 7 requiring inclusion of the increased investment;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto do agree to each and all of the following amendments and supplements to the Agreement:

1. Article II, Section 5 (a) is hereby amended so as to provide as follows:

(a) The District will supply to the Corporation at its pulp and paper mill, and the Corporation will purchase, an amount of firm power and energy equal to the requirements of said pulp and paper mill and paper bag plant. However, the District will not be obligated to supply more than 48,000 kilowatts pursuant to this Section, without its consent being first obtained. 48 MW

2. Article II, Section 5 (f) is hereby amended so as to provide as follows:

(f) For providing and maintaining the facilities installed by the District pursuant to Paragraph (c) of this Section, the Corporation will pay annually to the District, the sum of \$2,100.00, which is 14.5 percent of the District's capital investment in said facilities owned and maintained by the District and leased by the Corporation. One-twelfth of said amount shall be billed with the regular billing for power and energy each month.

3. Article II, Section 7 is hereby amended so as to provide as follows:

Firm power and energy delivered to or for the Corporation pursuant to Sections 4, 5, and 6 of this Contract, will be paid for by the Corporation in accordance with the District's Rate Schedule No. 350, adopted January 10, 1977, a copy of which is attached hereto and by this reference made a part hereof.

The minimum monthly charge under the Minimum Charge provision of said schedule during the term of this Contract shall be the following:

(a) An amount equal to the sum fifty-five cents (55¢) per kilowatt of maximum billing demand established during the preceding eleven (11) months' period ending with the current month plus the energy charges on the said rate for the current month, plus one percent (1%) of the District's capital investment in special facilities installed to provide service under this Agreement. Capital investments referenced herein applicable to the special service facilities installed to deliver power under Sections 4, 5 and 6 are; Section 4, \$61,900.00; Section 5, \$754,229.94; Section 6, \$10,653.00.

The minimum monthly charge provided for in this Section shall not apply to service under Section 6 hereof for any months during which the Siletz River pumping plant is not operated during periods of normal operation of the pulp and paper mill.

The term "month" for the purpose of this Section, is the period of time between the District's regular meter reading dates and normally corresponds in length to the length of the calendar month.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement
in duplicate as of the day and year first above written.

CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT

By: (b)(6)
President

ATTEST:

(b)(6)
Secretary

GEORGIA-PACIFIC CORPORATION
TOLEDO DIVISION

By: (b)(6)
Chairman

CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT
COMMERCIAL AND INDUSTRIAL SERVICE - HIGH VOLTAGE
RATE SCHEDULE 350

AVAILABLE:

Throughout the District's service area in Lincoln, Lane, Douglas and Coos Counties.

APPLICABLE:

For commercial and industrial lighting, heating and other power requirements of customers having service characteristics hereinafter enumerated and whose premises comprise one contiguous property. Energy supplied under this rate schedule shall not be submetered for resale or resold to others.

CHARACTER OF SERVICE:

Three-phase, sixty-hertz, alternating current 12,500 volts nominal or such higher voltages as the District may make available at the point of delivery.

POINT OF DELIVERY:

Service to a single contiguous property will normally be provided at one point of delivery and through one meter; provided, however, that at the option of the District service may be provided at more than one point of delivery on contiguous property in which event each point of delivery will be considered a separate account and will be metered and charged separately. At the option of the District, service may be provided to non-contiguous property at one point of delivery and through one meter.

RATE:

Demand Charge: \$1.31 per month per kilowatt of billing demand
Energy Charge: First 100,000 KWH used per month @ 0.65¢
250 KWH per KW of billing demand used per month
less 100,000 KWH @ 0.4¢
All additional KWH used per month @ 0.2¢

MINIMUM CHARGE:

In the absence of a contract minimum, the minimum charge under this schedule will be one of the following whichever is the larger amount:

1. \$125.00
2. 55¢ per kilowatt of maximum billing demand established during the preceding 11 months, plus the energy charges on the above rate for the current month.

MAXIMUM DEMAND AND MAXIMUM BILLING DEMAND:

Maximum demand as used in this rate schedule will be the average kilowatt delivered during the 15-minute period in which the use of energy is greatest during the month for which the determination is made. Maximum billing demand will be the maximum demand increased by one per cent (1%) for each per cent the customer's power factor is less than 95% lagging. Maximum demand and power factor measurements will be made at the discretion of the District by suitable instruments at the point of delivery.

SUPPLEMENTAL AND AMENDATORY AGREEMENT
NO. 1
to
AGREEMENT DATED FEBRUARY 24, 1967

THIS AGREEMENT, made and entered into this 13 day of May, 1968, by and between CENTRAL LINCOLN PEOPLE'S UTILITY DISTRICT, a People's Utility District organized under the laws of the State of Oregon, hereinafter called the "District", and GEORGIA-PACIFIC CORPORATION, TOLEDO DIVISION, a Corporation organized under the laws of the State of Georgia and qualified to do business in Oregon, hereinafter called the "Corporation";

WITNESSETH:

WHEREAS, the parties hereto entered into an agreement dated February 24, 1967 providing for, but not limited to, the sale of firm power to the Corporation; and

WHEREAS, the agreement of February 24, 1967 has made provisions for the District to provide and maintain certain facilities for which the Corporation pays the District annually the sum of \$2,353.00 which is 14 per cent of the District's capital investment in said facilities owned and maintained by the District and leased to the Corporation; and

WHEREAS, the Corporation requires additional facilities at a third location in the vicinity of the effluent cooling pond for service to the Corporation's

effluent aerators;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto do agree to each and all of the following amendments and supplements to the agreement:

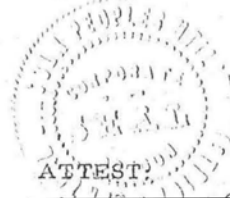
1. Article II, Section 5 (c) is hereby amended so as to provide as follows:

(c) The Corporation has installed and maintains a 13,800 volt three phase underground circuit from its pulp and paper mill to the District's first pole outside the substation referred to in paragraph (b) above. The District has installed and maintains a similar overhead circuit, connecting to the Corporation's said circuit, from said pole to the first pole outside of a 1,000 KW substation installed by the Corporation at the Ollallie Barrier, for service to the Corporation's water pumps at said location. The District has installed and maintains a 300 kva and a 500 kva 13,800 to 480 volt transformer banks on said District's circuit in the vicinity of the effluent cooling pond for service to the Corporation's effluent aerators. The District will install and maintain an additional 300 kva, 13,800 to 480 volt transformer bank at a mutually agreed location in the vicinity of the effluent cooling pond for service to the Corporation's effluent aerators which are to be installed by the Corporation. The District's said circuits will be used for the purpose of wheeling Corporation power and energy to said substations and said effluent aerators.

2. Article II Section 5 (f) is hereby amended so as to provide as follows:

(f) For providing and maintaining the facilities installed by the District pursuant to paragraph (c) of this section, the Corporation will pay annually to the District, the sum of \$3,272.00 which is 14 per cent of the District's capital investment in said facilities owned and maintained by the District and leased by the Corporation. One-twelfth of said amount shall be billed with the regular billing for power and energy each month.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate as of the day and year first above written.



(b)(6)

Secretary

CENTRAL LINCOLN PEOPLE'S
UTILITY DISTRICT

By: (b)(6)

President

GEORGIA-PACIFIC CORPORATION
TOLEDO DIVISION

By: (b)(6)

Witness:

(b)(6)

204 S. E. Coast Highway
Newport, Oregon
December 6, 1957

Mr. L. A. Moore, District Manager
Eugene District
Bonneville Power Administration
170 East 11th Avenue
Eugene, Oregon

Dear Mr. Moore:

On or about December 16, 1957 the District's power requirements at the Toledo point of delivery will begin to increase due to the start of the operation of the Georgia Pacific Paper Company's pulp and paper plant.

Early in the week of December 15th the paper machine will be started for a trial run without pulp. This should not increase demands appreciably however simultaneously with the idling run of the machine, pulp will probably be in the making preparatory to making paper. The first production of paper is scheduled for December 20, 1957. If all goes well the machine will operate continuously after that date except for Christmas.

The start of the paper machine will not result in the full power demand of the plant because all other phases of the plant will not be operating simultaneously. It will probably not be until sometime about the middle of January before the total power demand is on the line. Between December 15th and sometime in mid-January the power demands will be increasing gradually.

Since power requirements of the pulp and paper plant will be an appreciable part of the District's total power requirements at the Toledo point of delivery the District hereby makes application for special billings as provided for in Section 6.1 of the General Rate Schedule Provisions, for power deliveries at the Toledo point of delivery for the December and January billing periods and possibly the February billing period if the plant is not in full production by the end of the January billing period which normally would be January 22, 1958.

Mr. L. A. Moore

-2-

December 6, 1957

The pulp and paper plant is the only service provided from a separate 69 kv line and substation and the metering of power deliveries to the plant consists of the following equipment:

- (1) G.E. Type DG-4 three element kw and kwhr meter with demand chart record roll No. 6723A. Demand interval is 15 minute.
- (2) G.E. Type DS 44 three element Var hour meter.

The District will furnish any information which the above referenced meters will provide to facilitate special billing as provided in Section 6.1 of the General Rate Schedule Provisions. The District will also give you notice as to the date on which the plant reaches its probable full demand.

Your favorable consideration of this request will be greatly appreciated.

Very truly yours,

L. J. Bauer
Manager

LJB/jjs

cc: R. J. Snyder
✓ John Schriner
Bert Olin

GRANT PUD



OKN

February 23, 1983

Mr. John L. McHahan, Manager
Grant County PUD No. 2
P. O. Box 878
Ephrata, Washington 98823

Dear John:

We have reviewed the information supplied in Larry Peterson's October 1, 1982, letter concerning service to the Carnation Main and Granule plants. Based on that information, it does not appear that either load needs to be addressed in the New Large Single Load Determinations Exhibit of the Power Sales Contract. Furthermore, in accordance with Section 3a of the contract, the two Carnation plants will be considered separate industries with respect to new large single load determinations.

If you have any questions, please feel free to contact our office.

Sincerely,

Ronald K. Rodewald
District Manager

RKRodewald:blp(WP0105A)

cc:
T. D. Miller - APG
F. D. Rettenmund - O
A. A. Harlow - OKC
Janet McLennan - PG
T. M. Nohuchi - PK
Official File - OKN

DATE : JAN 21 1983

TO : PKI

UNITED STATES GOVERNMENT

Memorandum

TO : Edward W. Sienkiewicz, Assistant Administrator
for Power and Resources Management - P

FROM : Thomas M. Noguchi, Director
Division of Customer Service - PK

SUBJECT: Request by Grant County PUD (Grant) that BPA Make a Determination Whether Two
Carnation Plants Grant Serves are Separate Facilities

On October 1, 1982, Grant made a request through BPA's Wenatchee District Office that BPA make a determination whether two Carnation plants Grant serves are separate facilities. This is a determination that BPA has agreed to make jointly with the utility subject to Section 8(a) of the Grant's power sales contract.

The supporting documentation shows that Carnation's main plant has been served by Grant since January 20, 1971, and produces french fried potatoes and shredded hash browns. Carnation's second plant is a granule plant. It has been served by Grant since July 1, 1972, and its product is powdered potatoes. The two plants were constructed 1-1/2 years apart and are served under separate contracts and by electrically separate facilities (see attached documentation).

Based on the fact that the plants were built separately and are served under separate contracts it is Staff's recommendation that these Carnation loads be designated as separate facilities.

Attachments

(b) (6)

CONCUR:

DATE: 1-28-83

KMoxness:kt (WP-PKI-2652b)

cc:

E. Sienkiewicz - P
J. Jones - P
J. McLennan - PG
T. Miller - AP
T. Noguchi - PKI

D. J. Anderson - PKI
~~R. Rodewald - OKI~~
G. Tupper - O
F. Rettenmund - O
Official File - PKI

WENATCHEE D.O.	
RECEIVED	
FEB 1 1983	
1	MANAGER R2
2	ENGINEER &
COMB	
SEC.	
FILE	

October 21, 1982

OKM

David J. Anderson, Chief
Contract Negotiation Branch - PKI

Ronald K. Rodewald
Wenatchee District Manager - OKM

Grant County PUD New Large Single Load Interpretations

Attached is a copy of Manager Larry Peterson's incoming October 1, 1982, letter and a copy of a letter that I propose to return. Mr. Peterson seeks confirmation that we would consider the two Carnation plants as separate loads in making any new large single load determinations. The plants were constructed approximately one and a half years apart, produce different products, and are served by electrically separate facilities and contracts.

If we need to provide any additional information, please give me a call.

Attachments

RKRodewald:blp

CC:

A. A. Harlow - OKC w/attachments
F. Rettemund - O w/attachments
Janet McLennan - PB w/attachments
T. H. Hoguchi - PK w/attachments
Shirley Melton - PLA w/attachments
Official File - OKM

→ Kip Moxness

OKN

October 21, 1982

Mr. Larry D. Peterson, Manager
Grant County PUD No. 2
P. O. Box 878
Ephrata, Washington 98823

Dear Larry:

We have reviewed your October 1, 1982, letter concerning service to the Carnation Main and Granule Plants. Based on that information, it does not appear that either load needs to be addressed in the new power sales contract exhibits. The two Carnation plants will be considered separate industries with respect to new large single load determinations.

If you have any questions, please contact our office.

Sincerely,

Ronald K. Rodewald
District Manager



PUBLIC UTILITY DISTRICT OF GRANT COUNTY

P.O. BOX 878 • EPHRATA, WASHINGTON 98823 • 509/754-3541

October 1, 1982

Mr. Ronald Rodewald, Manager
U. S. Department of Energy
Bonneville Power Administration
P. O. Box 741
Wenatchee, WA 98801

Dear Ron:

During our discussion of September 22, 1982, you suggested that it would be appropriate to get a formal finding that the two plants owned by Carnation which are customers of the District are separate industries with respect to new large single load determinations.

The Carnation Main Plant has been served since January 20, 1971. The original contract demand was 3.5 megawatts and in accordance with a new contract signed May 17, 1982, it is expected to ultimately grow to 21 megawatts, but at a rate of less than 10 average MW per year. Its products are french fried potatoes and shredded hash browns.

The Carnation Granule Plant has been served since July 1, 1972. The present contract demand is 2 megawatts, and current discussions with Carnation project that load to ultimately grow to 17 megawatts, but at a rate of less than 10 average MW per year. Its product is powdered potatoes.

It is possible that the load growth of the two plants could exceed 10 average MW in one year if added together.

These two plants are and always have been billed by the District as separate customers and are served by separate facilities of the District. A one-line diagram of the service to the two plants is enclosed.

Your confirmation that these plants will be considered as separate industries with respect to new large single load determination is requested.

Very truly yours,

(b)(6)

Larry D. Peterson
Manager

LDP:s
enc.

MESSAGE NO. 170000	
OCT 4 '82	
1. MANAGER	RZ
2. ENGINEER	BT
3. COMM.	
4. SEC.	
5. FILE	

MAR 20 1989

PMC

Mr. John L. McMahan, Manager
Public Utility District No. 2
of Grant County
P.O. Box 878
Ephrata, Washington 98801

Dear Mr. McMahan:

Bonneville Power Administration (BPA) has reviewed Grant County Public Utility District No. 2's (District) letter of December 8, 1988, requesting a facility determination, under Section 8(a) of the District's power sales contract with BPA, for sodium chlorate plants to be constructed by KemaNord near Moses Lake, Washington. In consultation with the District and based on the information provided by the District, BPA has determined that the proposed plants will be two facilities under the power sales contract. One facility will be the plant for the production of sodium chlorate crystals, and the other will be the plant producing sodium chlorate solution.

This determination is based on the criteria listed in Section 8(a) of the power sales contract:

- (1) whether the load is operated by a single consumer;
- (2) whether the load is in a single location;
- (3) whether the load serves a manufacturing process which produces a single product or type of product;
- (4) whether separable portions of the load are interdependent;
- (5) whether the load is contracted for, served or billed as a single load under the individual Purchaser's customary billing and service policy;
- (6) consistent application of the foregoing criteria in similar fact situations; and
- (7) any other factors the parties determine to be relevant.

In determining that KemaNord's proposed operations are two facilities, BPA has reached the following conclusions:

- (i) The proposed plants will be operated by a single consumer, KemaNord, Inc.

(2) The load will be in a single location, with the two operations in separate parallel portions of a single building.

(3) The load will consist of two separate production processes which produce, respectively, crystalline sodium chlorate and solutions of mixed sodium chlorate and sodium chloride for which there are separate and distinct markets.

(4) The separate processes will be independent, in that they will be operated separately, will be electrically independent, and will generate products for separate markets. Either process may be operated without input from the other process.

(5) The separable portions of the load will be served under separate contracts and will be metered and billed separately.

(6) The determination that the two processes are separate facilities is consistent with BPA's previous facility determinations.

(7) KemaNord and the District have not identified any other factors which are relevant to this determination.

Based on BPA's determination that the proposed KemaNord operations will be two separate facilities, the two facilities will be treated as separate loads for purposes of new large single load (NLSL) determinations under Section 8 of the power sales contract.

BPA agrees that, if the actual energy consumption at the two facilities occurs as stated in the District's letter, neither load would become an NLSL. As you are aware, based on your previous discussions with BPA staff, the statutory test of an NLSL, and the test included in the power sales contract at Section 8(b), is an actual consumption test. The District will monitor the load at each of the two KemaNord facilities during each consecutive 12-month period from the agreed-upon date of either energization or commercial operation, as selected by the District with BPA's concurrence. The actual energy consumption at each facility during each 12-month period will be the deciding factor in determining whether the load at either facility has become an NLSL.

If you have any questions concerning this facility determination, please contact Ron Rodewald at (509) 662-4379.

Sincerely,

(Sgd.) John S. Robertson

ACTING Administrator

DWolfe:dvw:03/17/89:3556 (VS6-PMCG-4909b)

cc:

Admn. Chron. File - A
D. Geiger - AL
E. Sienkiewicz - AM
H. Spigal - AP
J. Luce/T. Miller - APP
W. Pollock - P
S. Melton - PM
L. Kitchen - PMC

C. Combs - PMCG
D. Wolfe - PMCG
K. Hartner - PMR
W. Lee - U
R. Rodewald - UW
Official File - PMC
Area Power Managers - LC, TC, UC, WC



DATE : February 2, 1989
In reply
refer to : UW

UNITED STATES GOVERNMENT

Memorandum

TO : Lawrence E. Kitchen
Power Contracts Branch - PMC

FROM : Ronald K. Rodewald *Row*
Wenatchee District Manager - UW

SUBJECT : Grant County PUD, Power Sales Contract DE-MS79-81BP90498, Facility Determination

The purpose of this memo is to transmit to you Grant County Public Utility District No. 2's (the District's) December 8, 1988, letter and attachments, provide additional information as requested by your office, and recommend a course of action for BPA.

You may recall that the District and BPA had an extensive series of discussions early in 1984 dealing with the prospect of service to a new industrial customer. These discussions lead to the facility decision for Union Carbide and the adoption of a new customer service policy by the District dealing with service to new industrial loads. These earlier discussions are the basis on which the District and our office responded to the initial inquiry made of KemaNord and preparing this information.

Please review the attached December 8, 1988, letter from the District and the October 24 and December 22 letters from KemaNord along with the block diagram attached to the October 24 letter.

After reviewing the initial proposal made by the District and KemaNord, your office suggested we obtain some additional information which is outlined as follows:

1. Additional Information Concerning Brine Treatment

The brine treatment is part of the process where incoming sodium chloride is mixed with water. Salt purity levels vary considerably depending on the supplier. The first step in this process is to mix the sodium chloride with water. This solution is then processed in a precipitator tank to provide a product of sufficient purity for use in the solution facility line. The crystalline facility line is similar in that the sodium chloride is mixed with water and precipitated; however, the next step then is an ion exchanger and crystallizer. The crystalline process requires a high purity product as an input to the electrolyser. The ion exchanger performs that function.

Based on our discussions with the District and KemaNord, the product flow diagram should be modified as shown in attachment No. 4.

2. Additional Electrolyser Reaction System Information

The production capacity for the electrolyser and reaction systems is determined by market expectations for the crystal and solution manufacturing processes. At this point, the processes are very similar; however, the capacity for each of these systems is sized based on the needs of the crystal or liquid production lines. In other words, the electrolysers and reaction systems for the crystalline do not have enough production capability to supply both the crystalline and the solution line. If there were a mechanical problem with the solution line electrolysers or reaction systems, it would be necessary to reduce crystal production if it were decided to support the solution line. As explained above, the solution and crystal processes have different purity requirements.

3. Building Details

KemaNord presently plans to house both facilities in a common building.

Please note that the October 24 letter indicates that the markets for the two products are significantly different. KemaNord has also indicated that the solution product line will not compete for market share with existing news print facilities in the Northwest. KemaNord has specifically targeted plants under construction or projected to come on line such as the Ponderay Paper Complex near Newport, Washington.

The District and KemaNord are still finalizing plans of service. We will provide a one-line diagram of the electrical facilities as soon as it is available. The District has; however, determined that service to KemaNord will be provided by two separate feeder positions which will be separately metered and billed as indicated in their letter.

KemaNord has acquired an option on property on which to locate the facilities. It is my understanding that site specific data is being obtained so that accurate cost estimates may be prepared. KemaNord will submit this proposal to its parent Board of Directors on March 6, 1989. In order to allow for any clarification of issues and transmittal of the information between the parties, BPA must complete its decision making process by February 10. Please note that the December 1 letter from KemaNord indicates that these decisions are a critical factor in their corporate decision making process.

Based upon the information submitted in this memo, I recommend that BPA concur with the District that the sodium chlorate crystal process and sodium chlorate solution process are separate facilities according to Section 8 (a) of the subject power sales contract.

Attachments

- No. 1 - December 8, 1988, letter from Grant PUD
- No. 2 - October 24, 1988, letter from Eka Nobel
- No. 3 - December 2, 1988, letter from KemaNord Inc.
- No. 4 - Revised Product Flow Diagram

RKRodewald:tr:0379 (WP-UW-2803A)

cc:

J. Luce/T. Miller - APP
W. Pollock - P
S. Melton - PM
W. R. Lee/A. A. Harlow - U
Official File - UW (PM-2 Grant PUD Contract)



ATTACHMENT 1

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY

P. O. BOX 878 • EPHRATA, WASHINGTON 98823 • 509/754-3541

December 8, 1988

ED	
DEC 9 '88	
1	MANAGER R ²
2	ENGINEER <i>[initials]</i>
	CONS

Ronald K. Rodewald, Manager
Wenatchee District Office
Bonneville Power Administration
P. O. Box 741
Wenatchee, WA 98801

Re: Power Sales Contract - Bonneville Power Administration and Grant County
Public Utility District No. 2 - BPA No. DE-M579-81BP90498 (Power Sales
Contract)

Dear Ron:

This letter is to request BPA's concurrence with the District's determination that the two adjacent facilities planned for construction by KemaNord, Inc., near Moses Lake, are separate facilities and are not New Large Single Loads.

The first facility will produce liquid sodium chlorate which is used as a bleaching agent in one type of wood pulp processing.

The second facility will produce a high purity crystalline sodium chlorate used in a second type of wood pulping process but is also used for several non-pulping applications. Each facility can and will operate independently of the other.

Electrical service to each facility will be provided in accordance with existing PUD industrial service policy and under the published rate schedule applicable for this class of industrial load. Each facility will be served under a separate PUD contract that provides for separate metering and billing. The PUD has determined that for purposes of its policy application each product to be produced is dissimilar to the other.

Though exact start-up schedules are yet to be established, each facility is planned to be operated and KemaNord will monitor and control the load on each facility such that the ten average megawatt limit per twelve

Ronald K. Rodewald - BPA
December 8, 1988

(X)
Page Two

consecutive months will not be exceeded. Since the expected load growth in each 12-month period for each facility will be less than ten average megawatts, each facility is not a New Large Single Load.

Attached is an October 24, 1988 letter from KemaNord, Inc. to the PUD, with attachment, outlining each facility's general operation and listing specific uses for the separate products. Service and contract negotiations between KemaNord and the PUD are currently underway.

Also attached is a December 2, 1988 KemaNord, Inc. letter further describing their start-up and general operating plans.

We believe after considering all of this information that BPA will concur with the PUD's determination that these are two separate facilities and that neither is a New Large Single Load.

KemaNord requests confidentiality in the use of their name to the extent possible, until such time as they are ready to publicly announce locating in the Northwest.

Sincerely,

(b)(6)

John L. McMahan
Manager

JLM/TW:mz
Encs.



Datum/Date Var beteckning/Our reference
 1988-10-24 BoW/Bal
 Er datum/Your date Er beteckning/Your reference

Eka Nobel

Nobel Industries Sweden

Mr Thomas C Wendt
 Public Utility District of
 Grant County
 P O Box 878
 Ephrata, Wa 988 23 USA

Dear Tom,

Thank you for your kind cooperation at our meeting in Moses Lake last week. I think we got a much better understanding of the power situation and what rules are governing a power contract with PUD.

As I promised I will try to outline the conditions that prevail so that your commissioners can judge if our project can be regarded as two plants or not.

First of all I would like to explain the process of sodium chlorate. For this purpose I have attached a block diagram that shows the entire concept of our project.

The first part of the process is a raw material handling system called "brine treatment". The need for this is that we have to have a much purer sodium chloride solution (commonly called brine) than we can buy on the market. The brine system will be common and serve both plants.

The brine will then be fed to the electrolyzers where the electro chemical reaction takes place with the help of a DC-current. The electricity is fed from a rectifier system. Both the rectifier and the electrolyzers are specific for each plant.

From the electrolyzers the liquid which now contains both sodium chlorate and sodium chloride is fed to a reaction system where the chemical reaction is completed. From the reactors a part of the liquid is fed back to the electrolyzers. The rest is transported to different parts depending on which plant we are talking about.

Eka Nobel AB	Postadress Postal address S-445 01 SURTE Sweden	Gatuadress Visiting address Borus Sweden	Telefon 0303-98 000 Telephone +46-303 980 00	Telex 2435 ckagbg s	Telefax 031-98 17 74 Telecopier +46-31 98 17 74
--------------	--	---	---	---------------------------	--



In the plant producing crystals we will first filter the liquid before it goes to the crystallizer. In the crystallizer sodium chlorate crystals are formed and separated from the bulk. The bulk, that is called mother liquor, is fed back to the electrolysis loop while the crystals are dried before being shipped to the customers.

In the plant producing solution the liquid from the reaction system is fed to a treatment section where some by-products are taken away, some filtration is done and the ratio between sodium chlorate and sodium chloride is adjusted to customer specification.

In order to have a flexibility regarding the output of one product or the other there will be a possibility to feed liquid between the plants; for example this could be used if the rectifier for one plant is out of order and that product has to be produced anyhow. Both plants will be equally large and have separate meters and can be run totally independently from each other.

As far as the two products are concerned they differ regarding the usage. Solution is only used for the pulp mills as a raw material for chlorine dioxide, a strong bleaching agent for pulp. The major part of the pulp mills in the State of Washington use solution for their bleaching.

Crystals are more versatile. They are also used for bleaching purposes but also have a lot of other applications where solution can't be used. Among these we will pursue the following:

- as raw material for sodium perchlorate. We have two prospects, one in Nevada and one that is going to be erected in Utah;
- as a defoliant for cotton. We are already selling crystal chlorate for this purpose;
- as a weed killer. We are already selling a minor part for this purpose through distributors.



- as a general oxidizing agent. A major part of this application is used for the uranium industry for example in Canada.

I hope the above satisfactorily explains why our project could be regarded as two separate plants considering the fact that the plants will be totally independent of each other and making products with different applications and different chemical and physical composition.

If you need any further information please don't hesitate to call me. In the meantime I will be waiting for the commissioners to make a decision in this matter as soon as possible after election day November 4th.

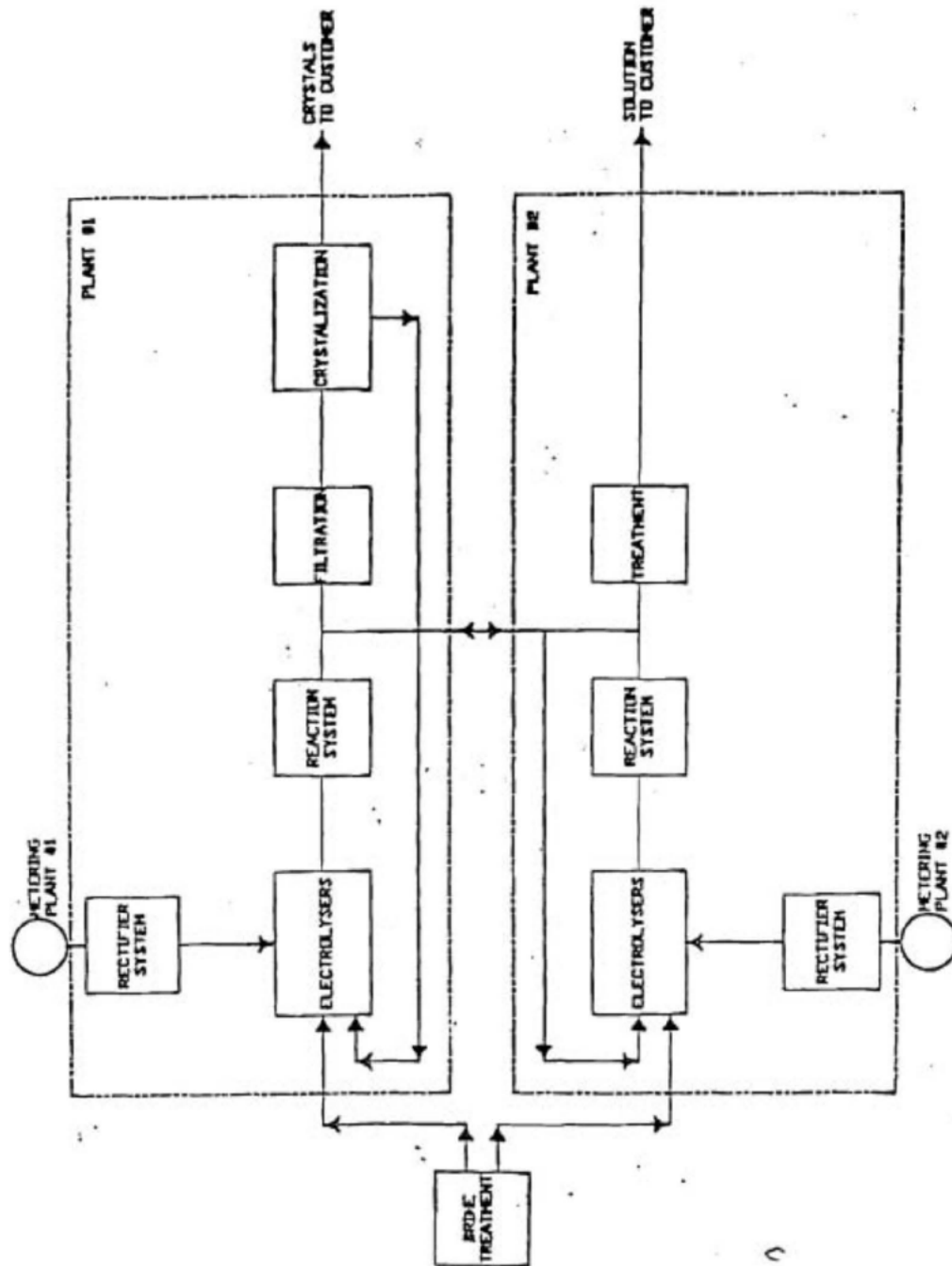
Yours Sincerely,

(b)(6)

/ Bo Welander

Copies for:

Mr. Neil Johnson, Moses Lake
Mr. Larry Peterson, Moses Lake
Mr. Dag Strömqvist, Eka Nobel



8

APR 12 1984

PKI

Mr. John L. McMahan
Grant County PUD
P.O. Box 678
Ephrata, WA 98823

Dear Mr. McMahan:

Bonneville Power Administration (BPA) has reviewed Grant County PUD's (Grant) March 7, 1984, facility determination letter. BPA concurs with Grant's finding that Union Carbide's liquid silane and polycrystalline silicon facilities are two separate facilities.

The Union Carbide facilities meet the separate facility determination criteria in section 3(a) of BPA's utility power sales contract with Grant. The two facilities (1) produce different products, (2) are administered under separate contracts, (3) are metered and billed separately, and (4) are electrically independent.

BPA agrees that, if the actual energy consumption at the two facilities occurs, as stated in Grant's letter neither load would be a New Large Single Load. As you are aware, based on your prior discussions with BPA staff the statutory test and the test in section 3(b) of the power sales contract is an actual energy consumption test. Grant will monitor the load at each of the Union Carbide facilities, during each consecutive 12-month period, from the agreed upon date of commercial operation. The actual energy consumption of the load at the facilities will be the deciding factor in determining whether the load at either facility has become a New Large Single Load.

Should you have any questions concerning this facility determination please contact Janet McLennan at (509) 230-6154.

Sincerely,

(SGD) Peter T. Johnson

Administrator

KMoxness:10 (WP-PKI-4224b)

cc:

P. Johnson - A
R. Ratcliffe - A
J. Jura - A
J. Robertson - AL

H. Soigal/P. Michie - AP
R. Wilkerson - OK
R. Rodewald - OKN
J. Jones - P

J. McLennan - PG
T. Noguchi - PK
D. J. Anderson - PKI
Official File - PKI

4114

JAN 20 1983

PRI

Mr. John L. McMahon
Grant County PUD No. 2
P.O. Box 878
Ephrata, WA 99020

Dear Mr. McMahon:

On September 20, 1979, Grant County PUD No. 2 (Grant) requested that the Bonneville Power Administration (BPA) make a contracted for determination that Grant's loads at the American Potato Company, Moses Lake, Washington, facility and Lamb-Weston's, Quincy, Washington, facility are not New Large Single Loads under Section 3(f)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act) as of September 1, 1979.

In making the contracted for determination and determining the size of the load contracted for at the American Potato and Lamb-Weston facility as of September 1, 1979, the following information was considered: The Power Supply Agreement No. 120-428 between Grant and the American Potato Company, dated November 25, 1974, which provides for 21,000 kilowatts of firm power; and the Power Supply Agreement No. 120-482 between Grant and Lamb-Weston, dated April 30, 1979, which provides for 49,500 kilowatts of firm power.

Based on the above, BPA has determined that as of September 1, 1979, Grant had a contract in force with both American Potato and Lamb-Weston. Pursuant to the compromise BPA reached during the negotiations with regard to capacity-only power sales contracts, BPA determined that the size of the load contracted for by Grant entered in the enclosed Exhibit K, Table 2, is 25 average megawatts at American Potato's facility at Moses Lake, Washington, and 49.5 average megawatts at Lamb-Weston's facility at Quincy, Washington. Please attach the enclosed Exhibit K to your utility power sales contract dated August 25, 1981.

Sincerely,

(SGD) E. W. CICHKIEWICZ

ACTING Administrator

Enclosure

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90498
Grant County PUD No. 2
Effective on the effective date
of this contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
American Potato Facility	Moses Lake, Grant County, Washington	25.0
Lamb-Weston Facility	Quincy, Grant County, Washington	49.5

(WP-PKI-1574c)

September 30, 1982

OKN

David J. Anderson, Chief
Contract Negotiation Branch - PKI

Ronald K. Rodewald
Wenatchee District Manager - OKN

Grant County PUD Contracted for or Committed to Determinations

Attached are copies of Grant PUD contracts dated November 25, 1974, with the American Potato Company and April 30, 1979, with Lamb-Weston. Please note that the American Potato contract provided for the delivery of 25,000 kilowatts of firm power and the Lamb-Weston contract provides for the delivery of 49,500 kilowatts of firm power. These contracts reflect the discussions between the District and each ultimate consumer so no other data has been submitted.

We are working with the District on one other load that they feel should have a contracted for or committed to determination. When we have received additional information from the District, it will be forwarded to your office.

Attachments

RKRodewald:jm

cc:

A. A. Harlow - OKC
Janet McLennan - PG
T. M. Noguchi - PK
Shirley Melton - PLA
Official File - OKN

LAMB-WESTON

POWER SUPPLY AGREEMENT

This Agreement is made and entered into this 30th
day of April, 1979, by and between

PUBLIC UTILITY DISTRICT NO. 2 OF GRANT COUNTY, hereinafter
referred to as "the District",

and

LAMB-WESTON, a division of AMFAC FOODS, INC., hereinafter
referred to as "the Customer".

R e c i t a l s :

1. The Customer operates facilities for the processing of agricultural products in the Town of Quincy, Washington, in Grant County, Washington;
2. Said facilities are now being altered and will be operated so as to require the delivery of large additional amounts of electric energy for use in operation of such facilities;
3. The District distributes electric energy within Grant County and operates an electric utility system therein; and
4. The parties desire to detail the terms and conditions of sale and delivery of electrical energy by the District to the Customer.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties agree as follows:

I.

DEFINITIONS

The following definition of terms shall apply throughout this agreement:

(a) Firm Power: The term "Firm Power" when used herein shall mean electrical power and energy which the District guarantees to be continuously available at the Point of Delivery at all times, except only during those times when the District is prevented from making power and energy so available due to Uncontrollable Forces.

(b) Point of Delivery: The term "Point of Delivery" when used herein shall mean the point where the electrical power and energy is metered at the primary meters in the District's substation.

(c) Uncontrollable Forces: The term "Uncontrollable Forces" as used herein shall mean any cause beyond the control of the District or of the Customer, as the case may be, and which by the exercise of due diligence such party is unable to prevent or overcome, including but not limited to an act of God, fire, flood, explosion, strike, sabotage, an act of the public enemy, civil or military authority, including Court orders, injunctions, orders of governmental agencies with proper jurisdiction, insurrection or riot, an act of the elements, failure of equipment or inability to obtain or ship original or replacement electrical equipment because of effect of similar causes on suppliers or carriers.

II.

DELIVERY OF POWER

Beginning at the date of initial delivery (as herein-
after described), and thereafter during the period this agreement
is in effect, the District shall continuously make available to
the Customer at the Point of Delivery up to 49500 kilowatts of
Firm Power at 7620/13200Y volts for distribution to three sub-
points of delivery. Point one (1) to be provided with 3000 kW
at 7620/13200Y volts for electrode boiler service and 2000 kW
at 277/480Y volts for General Plant service. Delivery point two
(2) to be provided with 12000 kW at 318/550Y volts for electrode
boiler and heat exchanger service and 5000 kW at 277/480Y volts
for General Plant service. Delivery point three (3) to be provided
with 20,000 kW at 7620/13200Y volts for electrode boiler service,
2500 kW at 2400/4160Y volts for refrigeration compressor motor
service, and 5000 kW at 277/480Y volts for General Plant service.

NOTES THE KW TO BE
CHANGED TO KVA ARE
CIRCLED OUT WITH KVA AT END
OF LINE
23/1/79
JK6
KVA 1/39

III.

INITIAL DELIVERY

The initial delivery of the electrical power and energy
herein sold and purchased will commence when the electrical equip-
ment to be furnished and installed by the District and required
to make delivery of the power and energy is so installed and
operative, but not later than April 1, 1979, provided, however,

that the District shall not be responsible or liable for failure to so deliver electric power and energy on or before the aforementioned date, if such failure is due to Uncontrollable Forces, or if the District cannot obtain original equipment, because of manufacturer's delivery schedules, in time to install, test and place the same in operation prior to April 1, 1979.

IV.

RATES AND PAYMENT

The Customer will pay for the electrical power and energy to be delivered hereunder at the prices and rates and under the terms and conditions set forth in Schedule 8 of the District's Customer Service Policies now in effect, or as hereafter amended, provided any amendment thereof shall be strictly in accordance with RCW 54.24.080. For purposes of establishing the billing demand, the first five (15 min) recording periods on the demand register following a system outage, not related to failures in the Customer's installation shall be disregarded. If the Customer adds load, or otherwise changes his operation he can maintain his qualification under the resistance heating requirement of Schedule 8 by utilizing equipment to maintain 95 percent power factor. Provided further, that the Customer agrees that, except as specifically provided herein, its annual payment to the District for power and energy made available hereunder shall not be less than \$468,000.00. In the event the payments for power and energy delivered in any twelve month period (beginning on the contract date and each anniversary thereof) shall be less than said minimum, Customer shall pay the deficiency within sixty (60) days after the end of the twelve month period. Provided that, in the event service is terminated under Paragraph VII. of this agreement the annual minimum charge shall be prorated according to the ratio that the period actually served bears to a full year. The annual minimum shall be reduced by 1/300 for each full day (24 hours) when:

(a) Customer's facilities are inoperable because of Uncontrollable Forces, or

(b) The District fails to make available the power and energy at the Point of Delivery and the Customer requires use of such power.

No adjustment in the annual minimum shall be made because of inoperability of facilities or power unavailability lasting less than 24 consecutive hours.

The Customer will further pay the District a Use of Facilities Charge for those facilities furnished by the District to distribute the power from the primary meter located at the Point of Delivery, to the three subpoints of delivery described in II. above. See Appendix "A" attached.

Said Use of Facilities Charge is for the purpose of providing the District recovery factors for depreciation, operation and maintenance, administrative and general costs related to said facilities. The current rate for said Use of Facilities Charge is 1.25% per month or

15% a year, or \$24,279.00 per year subject to adjustment as the cost to the District to own and operate said facilities changes. The Customer will be notified at least 90 days prior to the effective date of any adjustment.

The Use of Facilities Charges are to be paid in 12 equal payments or at the rate of \$2,023.25 per month. (District policy of round dollar billing equates to \$2,023.00 per month.)

V.

FURNISHING AND INSTALLATION OF EQUIPMENT

In order to effect delivery of the power and energy to be delivered hereunder:

A. The District will furnish and install:

- (1) 115 kV transmission system facilities and related substation equipment required to bring this quantity of power to the vicinity of the Customer's property.
- (2) Primary metering at the District's Substation.
- (3) 13.2 kV overhead and underground conductor and terminations for the feeders from the District's substation to the switchgear at mutually agreed upon locations near the Customer's plants main electrical load centers.
- (4) The circuit switchgear.

B. The Customer will provide:

- (1) A right of way easement to accommodate the necessary electrical lines over and across the Customer's property, together with transformers, and switchgear on the site.
- (2) Concrete pads and vaults constructed to District specifications at a mutually acceptable site upon which is to be installed the switchgear and transformers by the District.
- (3) All trenching, backfill, conduit, and concrete encasements.
- (4) Conductors and terminations for the switchgear to the Customer's loads.

Equipment supplied or installed by the District hereunder shall remain the property of the District, and the equipment installed or supplied by the Customer shall remain the property of the Customer.

VI.

METER TESTING

The District will cause the metering equipment mentioned in this contract to be tested at least once every two years, and, if requested to do so by Customer, will cause additional tests and inspections of such metering equipment to be made, the expense of which will be paid by Customer, unless such tests or

inspections show such metering equipment varied by more than 2% from the measurement made by the standard meter used in such test. The District will give Customer reasonable notice of the time when any such tests and inspections are to be made and Customer may have representatives present at each such test or inspection.

VII.

TERM OF AGREEMENT

This agreement shall be effective from the date hereof until discontinuance of service is requested by the Customer by notice in writing to the District six (6) months prior to the date service is to be terminated. In the event the Customer elects to terminate the service, the Customer shall pay to the District liquidated damages in the amount of \$ 399,500.00 reduced by 3% for each year that service has been made available hereunder.

VIII.

REPLACEMENT OF FACILITIES AND RESTORATION OF SERVICES

In the event of destruction or damage to the Customer's facilities by Uncontrollable Forces rendering Customer's facilities inoperable, making it impossible for Customer to accept delivery of power, the Customer will be excused from performance of this contract only during that period of time reasonably necessary to rebuild or repair said facilities and return them to an operable state. After such reasonable time has elapsed, failure to take delivery of power shall not be excused. In the event District's facilities or its ability to deliver power hereunder are interrupted or curtailed because of Uncontrollable Forces, the District will use all reasonable means to expeditiously repair or replace facilities to again deliver power to the Customer as soon as practicable and reasonable after the cessation of the Uncontrollable Forces.

IX.

MAINTENANCE OUTAGES

In the event it is necessary to suspend temporarily the delivery of electrical service for the purpose of making repairs or improvements to its system, the District shall have the right to suspend temporarily, but in all such cases when practicable

advance notice will be given to the Customer, and repairs or improvements that can be scheduled will be scheduled at such times as to cause the least interference with the Customer's operation and preferably during those periods of the year when the Customer's plant is not fully operative. All such repairs and improvements will be prosecuted with diligence and completed as soon as is reasonably practicable.

X.

LIABILITY

The Customer will save harmless the District from any liability, loss or expense arising out of or growing out of injury to persons, including injury resulting in death or to property occurring on Customer's premises and resulting from any act or omission of the Customer, its officers, agents or employees. The District will save harmless the Customer from any liability, loss or expense arising out of, growing out of injury to persons, including injury resulting in death or to property which may occur on the District's premises or facilities and resulting from any act or omission of District, its officers, agents or employees.

XI.

NATURE OF AGREEMENT

This agreement shall be binding not only upon the parties hereto, but upon their heirs, assigns and successors as well. If at any time the terms thereof are not strictly adhered to or enforced, they will not thereby be deemed waived or modified, but will at all subsequent times be deemed in full force and effect.

IN WITNESS WHEREOF, the parties have executed this agreement the date first above written.

PUBLIC UTILITY DISTRICT NO. 2
OF GRANZ COUNTY

By (b)(6)
Manager

LAMB-WESTON

By (b)(6)
Stephen M. Bailey (Title)
Asst. Secretary - Amfac Foods, Inc.
By (b)(6)

ATTEST:

By _____ (Title)

By (b)(6) (Title)
John K. Geist
Sr. Vice President, Amfac Foods, Inc.

A P P E N D I X "A"

1. Existing double circuit substation to existing plant (336 conductor)	\$ 10,000
2. New double circuit and tie switch for new plant (1272 conductor)	56,000
3. New underground circuits to new plant switchgear	25,000
4. Existing conductor switchgear to existing plant	3,000
5. New conductor from new switchgear to existing plant	3,000
6. New conductor run from pole to switchgear	2,000
7. New parallel underground conductor (1000 MCM) from South. This is "tie" feeder to new plant switchgear.	15,000
8. New underground conductor G.T. plant	3,000
9. New 5 bay switchgear (1200 amp)	30,000
10. New 3 bay switchgear (1200 amp)	18,000
11. Existing metering	7,500
	<hr/>
	\$172,500

$\$172,500.00 - \$20,500.00$ (existing facilities) = $\$152,000.00$
 $\$152,000.00 \times 15\% = \$22,800.00$ Contribution by Lamb Weston
 $\$152,000.00 - \$22,800.00 = \$129,200.00 + \$20,500.00 = \$149,700.00$
 $\$149,700.00 \times 1.25\% \times 12 = \$22,455.00$ - Annual charge @ 15%
 $\$22,800.00 \times 8\% = \$1,824.00$ - Annual charge less interest factor of 7%

\$24,279.00 - Annual Use of Facilities Charge

PUBLIC UTILITY DISTRICT OF GRANT COUNTY, WASHINGTON

SCHEDULE NO. 8
ALL ELECTRIC PROCESSING SERVICE

AVAILABLE: To agricultural processing consumers where electric energy is the only energy used for the plant requirement, where at least 70 percent of the peak load is resistance heating, and who enter into a written contract for service to loads of 3,000 kW or more, operating at an annual load factor of 50% or higher. Applicable only to those accounts receiving service under the rate schedule prior to September 1, 1976.

MONTHLY RATE:

Energy Charge: .825¢ per kWh for the first 230 kWh per kVA of demand
.725¢ per kWh for the next 130 kWh per kVA of demand
.475¢ per kWh for all additional kWhs

Demand: The demand for billing purposes under this schedule shall be the larger of the following demand factors:

- (a) The contract demand, if any.
- (b) The highest 15-minute demand during the month as determined by demand meter, adjusted for power factor.

ANNUAL MINIMUM: As provided in the contract or \$16.20 times the contract demand. For purposes of satisfying the annual minimum, actual revenues considered will exclude municipal taxes.

TAX ADJUSTMENT: The amounts of any tax levied by any city or town, in accordance with R.C.W. 54.28.070, of the Laws of the State of Washington, will be added to the above charges.

WHOLE DOLLAR BILLING: All charges shall be computed in accordance with the rate schedule, including taxes, then rounded off to the nearest whole dollar amount. Amounts ending in fifty cents (50¢) will be rounded off to the nearest even dollar.

SERVICE: Service under this Schedule is subject to the Customer Service Policies of the District.

EFFECTIVE: With meter readings on and after April 1, 1979.

April 1, 1979



KemaNord Inc.

Nobel Industries

December 2, 1988

Thomas C. Wendt, Strategic Planning Manager
Public Utility District of Grant County
P.O. Box 878
Ephrata, WA 98823

Dear Mr. Wendt:

I would like to summarize the information we have discussed with you during our site evaluation process regarding the operation of our two processes; the schedule for start up and remaining electrical service issues.

My letter to you, dated October 24, 1988, described the two processes, the separate products produced and the market plan for each product we plan to manufacture.

Each of the processes will be approximately equal size electrically. Presently, we estimate the initial load of each to be 10 megawatts capacity which will operate at a load factor of 90-95%. We plan to expand each process in the future as market conditions warrant. Our near term plans provide for expansion to 15 megawatts capacity each.

Though the two processes will be located in the same building they will be operated independently of each other. We intend to commence operation of the facilities and of each future expansion in a manner that does not trigger the New Large Single Load provisions of the Northwest Regional Power Act. Since our initial load for each process will be close to the 10 average megawatts allowed in the first twelve months of operation, we plan an orderly commissioning and start up of each process so as to insure that the 10 average megawatt limit on load growth is not exceeded.



KemaNord Inc.

Nobel Industries

December 1, 1988
Page 2

Though KemaNord, Inc. has not made the final decision to locate in Grant Count, staff has been authorized to pursue final arrangements in all siting aspects. Since the cost effectiveness of our siting decision hinges on electrical power costs, the New Large Single Load determination is a critical factor.

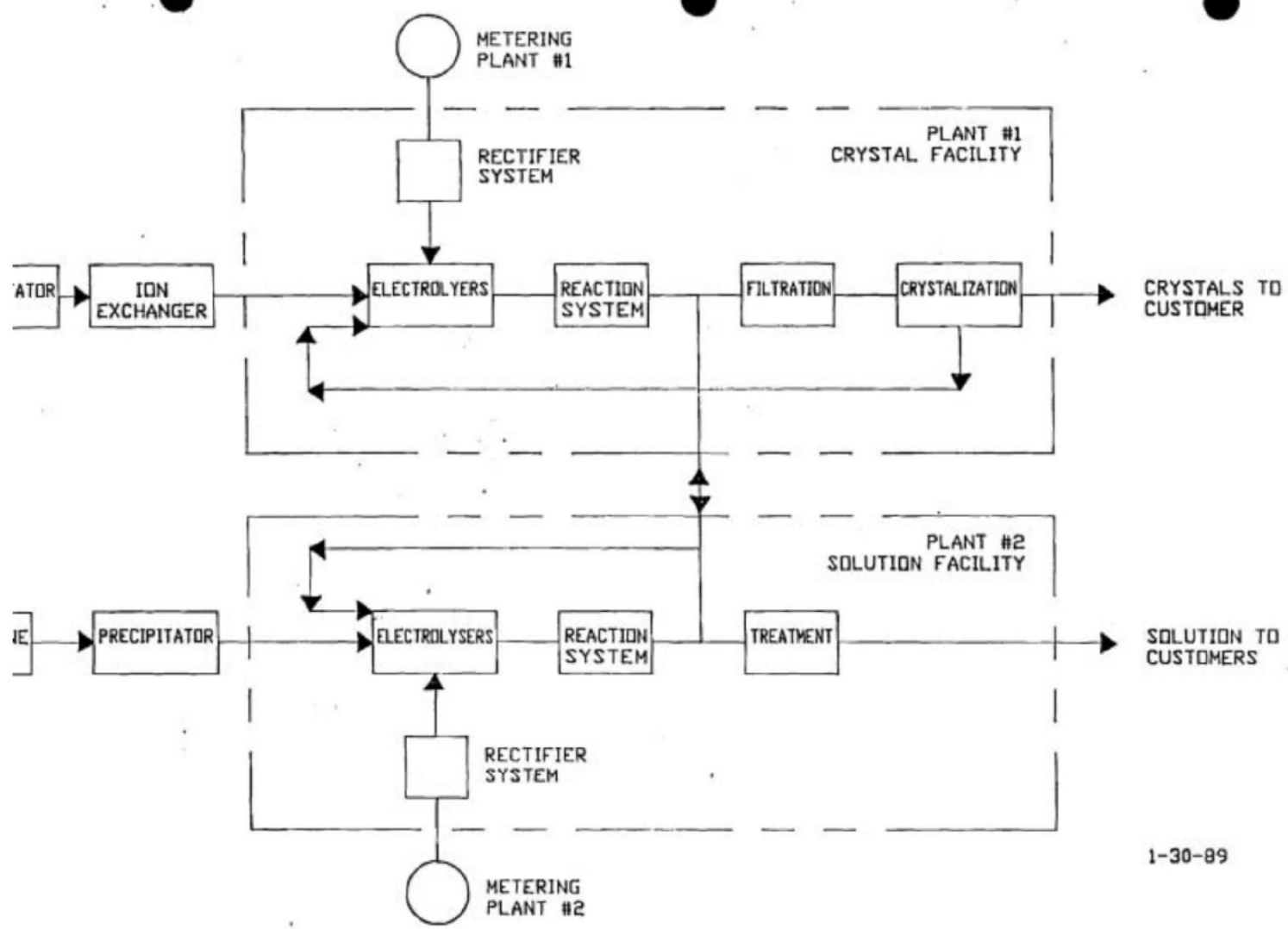
We plan to continue electrical service and contract negotiations with you and anticipate making a final commitment near the end of the first quarter 1989.

Sincerely,

(b)(6)

Bo Welander
President

BW:tt



GRAY HARBOR PUD



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

OFFICE OF THE ADMINISTRATOR

MAY 11 1987

In Reply Refer to: PKL

Mr. Charles R. Fricke
General Manager
Public Utility District No. 1
of Grays Harbor County
P.O. Box 480
Aberdeen, WA 98520-0109

Dear Mr. Fricke:

Thank you for your letter dated June 27, 1986, requesting that the Bonneville Power Administration make a Contracted For, Committed To (CFCT) determination on the Weyerhaeuser Company and ITT Rayonier, Inc./Grays Harbor Paper Company industrial loads served by Public Utility District No. 1 of Grays Harbor County (PUD). Please accept my apologies for the delay in responding.

After reviewing the information you submitted, BPA concurs that the Weyerhaeuser load was contracted for, or committed to, by the PUD prior to September 1, 1979, at a level of 22.5 average megawatts. Enclosed is a revised Power Sales Contract Exhibit K, Table 2, reflecting this CFCT Determination.

BPA is continuing to review the material submitted in support of a CFCT Determination on the ITT Rayonier, Inc./Grays Harbor Paper Company facility. We have not yet reached a conclusion. Our understanding is that the plants are presently operated jointly and are served by your utility as such. This arrangement raises the question as to how the CFCT Determination energy quantity might be equitably allocated to the parties in the event of a future split in operation or change in ownership.

We note in a letter dated July 9, 1985, to ITT Rayonier, you requested a breakdown of electric energy consumption for both the ITT and Grays Harbor Paper Company loads. In their July 15 response, the matter was not addressed. It would be helpful to our analysis if this information could be obtained. We would also appreciate learning of any changes in ownership or plant operation since you corresponded with us in June. The information may

be forwarded to Mr. George Reich, Area Power Manager at BPA's Puget Sound Area office.

Sincerely,

(b)(6)

Administrato

Enclosure

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90499
Grays Harbor County PUD No. 1
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR TO
SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of September 1, 1979 (aMW)</u>
Weyerhaeuser Company Pulp Mill	Cosmopolis, WA	22.5

(b)(6)

Bonneville Power Administration

MAY 11 1987

Date

(PKLD-3285c)

Power Manager's
Briefing Memo

Contract: Exhibit K, Table 2 (Contracted for, Committed to Determinations)
for Grays Harbor PUD No. 1 (PUD), Power Sales Contract No. DE-MS79-81BP90499.

Existing Circumstances: The PUD has furnished documentation supporting a
"Contracted for, Committed to" level of 22.5 aMW for the Weyerhaeuser pulp
mill at Cosmopolis, Washington. Please see attached paper entitled
"CFCT Determinations" for an explanation of the CFCT process.

Changes Required/Impact on Existing Circumstances: The PUD requests a
"Contracted for, Committed to" Determination on the facilities.

Policy Implications: A CFCT Determination enables a load to grow up to the
CFCT level plus 9.9 aMW without becoming a New Large Single Load. Service for
non-NLSL loads is at the priority firm rate; NLSLs are served at the new
resources rate. BPA has issued 28 CFCT Determinations to date. The one under
consideration is straightforward and noncontroversial.

Financial Management Concerns: None.

General Counsel Concerns: None.

NEPA Determination: The Environmental Coordinator for the Office of Power and
Resources Management has determined this action is categorically excluded.
The action does not individually or cumulatively have a significant effect on
the human environment, and may be implemented.

Signature Instructions: Only the Administrator will sign; customer need not
sign.

Area Acceptance: The Puget Sound Area assisted in preparation of the exhibit
revision and concurs with the action.

RAho:jjb:4117 (WP-PKLD-0938b)

DISCUSSION PAPER
CONTRACTED-FOR, COMMITTED-TO DETERMINATION
POWER SALES CONTRACT, EXHIBIT K, TABLE 2
PUBLIC UTILITY DISTRICT NO. 1 OF GRAYS HARBOR COUNTY (WA)
WEYERHAEUSER COMPANY PULP MILL

Issue

Shall the Administrator make the determination that a level of firm service of 22.5 average megawatts (aMW) was contracted for or committed to prior to September 1, 1979, by Public Utility District No. 1 of Grays Harbor County, Washington (Grays Harbor), for the Weyerhaeuser Company Pulp Mill (Weyerhaeuser) in Cosmopolis, Washington?

Discussion

Weyerhaeuser has been operating and receiving power from Grays Harbor since 1957. A power sales contract executed by the two parties in 1973 provides for Grays Harbor to meet the plant's firm power requirements up to a specified monthly firm power demand level. The firm power demand level for each month remains fixed unless Weyerhaeuser gives notice 7 days prior to the end of the month.

The firm power demand in effect on September 1, 1979, was 22,500 kilowatts (kW). The Weyerhaeuser-Grays Harbor contract does not specify a maximum amount of annual energy to which Weyerhaeuser is entitled. Under similar circumstances where an annual energy figure is not specified, BPA has granted annual energy equal to the contracted demand level at 100 percent load factor. (Decision of October 6, 1983, as part of negotiated agreement with the Public Power Council.) Weyerhaeuser's demand of 22,500 kW at 100 percent load factors equals 197,100,000 kWh (22.5 aMW).

Weyerhaeuser is presently operating at an average monthly demand of 11,600 kW, 12,600 kW peak. Its contract demand is 19,000 kW.

The Puget Sound Area has discussed these provisions with Grays Harbor and has obtained its concurrence.

Recommendation

The Administrator should grant Grays Harbor a contracted-for, committed-to annual energy level of 22.5 aMW for Weyerhaeuser. The attached Exhibit K, Table 2 (New Large Single Load Determinations) should be executed.

RAho (PKLD-9670b)
4/30/87

Attachment 1

Committed To/Contracted for Determination for Grays Harbor PUD No. 1
Weyerhaeuser Company Considerations for Support of Recommendation.

In making the recommendation that the load was contracted for, the Puget Sound Area has reviewed the following information:

CONTRACT

- (1) Contract - Grays Harbor signed a contract with Weyerhaeuser on July 30, 1973, (effective April 1, 1973) which continues in full effect. The original Firm Power Demand was 8 MW average. However, the contract has been amended from time to time to change the Firm Power Demand, among other things. On November 23, 1978, Weyerhaeuser requested that the Firm Power Demand be increased to 22.5 MW average, effective December 1, 1978, which was approved. This Firm Power Demand was in effect on September 1, 1979. A copy of this contract is on file in the Area office, and Grays Harbor has notified BPA whenever a change in Firm Power Demand occurred.

Since the contract does not specify energy, Grays Harbor is obligated to serve Weyerhaeuser at up to 100 percent load factor. Capacity only contracts were considered and addressed in the power sales contract negotiations, and provisions for them were made in section 8(b), of the Regional Act Power Sales Contracts. Under section 8(b), BPA agreed that if a contract executed prior to September 1, 1979, between a BPA utility customer and its consumer addressed capacity only and did not specify energy, BPA would find the size of load contracted for to be the maximum stated contract demand at 100 percent load factor.

- (2) Load Forecast - The official load forecast in effect September 1979, was prepared in 1976. This ten-year forecast indicated the Weyerhaeuser load would be 16.8 MW average in 1979, somewhat below the actual committed to/contracted for level in 1979. However, during the three years between 1976 and 1979, Weyerhaeuser requested frequent increases in its Firm Power Demand because its business was recovering from the effects of the 1974-75 recession. In a letter to BPA dated June 8, 1979, the utility submitted a ten-year substation load projection which showed the requested committed to/contracted for level to Weyerhaeuser in 1979.
- (3) Delivery Facilities - Grays Harbor constructed its distribution facilities to be able to deliver power to Weyerhaeuser at the requested committed to/contracted for level. Its transmission facilities from BPA's Aberdeen Substation to Weyerhaeuser would allow it to serve 90 MW at 100 percent line load.



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

OFFICE OF THE ADMINISTRATOR

In reply refer to: PMCN

February 29, 1988

Mr. Donald L. Swinhart, Acting Manager
Public Utility District No. 1
of Grays Harbor County, Washington
P.O. Box 480
Aberdeen, WA 98520-0109

Dear Mr. Swinhart:

This letter is in response to your request by letter dated June 27, 1986, for a "Contracted For, Committed To" (CFCT) Determination on the ITT Rayonier Incorporated and Grays Harbor Paper Company (Customers) pulp and paper mill in Hoquiam, Washington.

As you know, we were unable to make a CFCT Determination at the time of your original request. We required additional data on the breakdown of electric energy consumption for the Customers' loads. You forwarded this information to us by letter dated September 30, 1987.

Under authority of section 3(13)(A) of the Pacific Northwest Power Act, I have determined that the amount of load contracted for, or committed to, by Grays Harbor PUD No. 1 prior to September 1, 1979, for the Customers was 29.0 average annual megawatts (aMW). Enclosed please find an originally signed copy of Revision No. 1 to Table 2, Exhibit K to your Power Sales Contract with the Bonneville Power Administration, Contract No. DE-MS79-81BP90499.

You will notice that the exhibit revision is footnoted. The Bonneville Power Administration reserves the right to allocate the CFCT amount between the Customers or their successors in interest in the event of a split in the operation of the two plants. The allocation is based on engineering studies which focused on a summation of amperage readings taken at strategic locations within the Grays Harbor Paper Company plant. The studies suggested that for the month of September 1979, 7.416 MW of the combined Customers' peak demand was attributable to the Grays Harbor Paper Company plant. The total demand for the month for the two plants combined was 28.920 MW. On that basis, the Grays Harbor Paper Company share of the 29.000 aMW CFCT amount is $7.416/28.920$ times 29.000 aMW, equaling 7.437 aMW. The ITT Rayonier Incorporated portion would therefore be 21.563 aMW.



Celebrating the U.S. Constitution Bicentennial — 1787-1987

If you have any questions regarding this determination, please contact Mr. George Reich, Area Power Manager in our Puget Sound Area Office, 206/442-1764.

Sincerely,

(b)(6)

ACTING Administrator

Enclosure

Revision No. 1
Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90499
Grays Harbor County PUD No. 1
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR TO
SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of September 1, 1979 (ave. MW)</u>
Meyerhaeuser Company Pulp Mill	Cosmopolis, WA	22.5
ITT Rayonier Incorporated and Grays Harbor Paper Company pulp and paper mill	Hoquiam, WA	29.01 ^{1/}

(b)(6)

Bonneville Power Administration
ACTING Administrator

FEB 29 1988

Date

^{1/} Bonneville reserves the right to allocate this amount between ITT Rayonier Incorporated and Grays Harbor Paper Company or their successors in interest in the event of a split in the operation of the facility. The maximum amount allocable to ITT Rayonier Incorporated or its successor in interest is 21.563 aMW; the maximum amount allocable to Grays Harbor Paper Company or its successor in interest is 7.437 aMW.

Power Manager's Briefing Memo

Contract: Grays Harbor PUD No. 1, Power Sales Contract, Contract No. DE-MS79-81BP90499 (PSC), Revision No. 1, Table 2, Exhibit K.

Existing Circumstances: Grays Harbor PUD No. 1 has submitted documentation to support a "Contracted For, Committed To" Determination of 29.0 average annual megawatts for the ITT Rayonier Incorporated and Grays Harbor Paper Company pulp and paper mill in Hoquiam, Washington. The plants are operated electrically as one facility. ITT Rayonier Incorporated purchases power from the PUD for its own use and resells a portion to Grays Harbor Paper Company.

Changes Required/Impact on Existing Circumstances: If BPA approves the request for a 29.0 aMW CFCT amount, Table 2 of Exhibit K to the PSC will need to be revised. By way of footnote in the exhibit revision, BPA would secure the right to allocate the CFCT amount between the two plants in the event of a split in their operation. The two consumers have agreed to this approach.

Policy Implications: All prior CFCT Determinations have been for one-consumer loads, never a dual-consumer situation like this one. In the event of a split in operation, and BPA allocated the CFCT amount between the two consumers, the load at each consumer's plant could theoretically increase by 9.9 aMW in each 12-month period. During the surplus, this is not a problem operationally or financially for BPA, and the load growth would probably be welcomed. But during a deficit, this could work against us if we had to acquire new resources to serve a higher overall load level (i.e., the CFCT level plus two 9.9 aMW annual load-growth blocks for each facility).

Financial Management Concerns: None.

General Counsel Concerns: None.

NEPA Determination: The Environmental Coordinator for Sales has determined this action is categorically excluded not individually or cumulatively have a significant effect on the environment, and may be implemented.

Area Acceptance: The Puget Sound Area Office assisted in preparation of this exhibit revision and recommends its approval.

Signature Instructions: The Administrator (only) will sign this exhibit revision (unilateral BPA action).

RAho:ra:4117 (VS6-PMCN-3007b)

Note - A CFCT load is a single facility, thus only one 9.9 aMW block should be allowed per year.

Contracted For, Committed To Determination

Grays Harbor PUD
ITT Rayonier Incorporated and Grays Harbor Paper Company

ISSUE

Shall the Administrator make the determination that a level of firm service of 29.0 average annual megawatts (aMW) was "contracted for, or committed to" (CFCT) prior to September 1, 1979, by Public Utility No. 1 of Grays Harbor County, Washington (PUD), for the ITT Rayonier Incorporated and Grays Harbor Paper Company (Customers) paper and paper mill in Hoquiam, Washington?

OPTIONS

1. Yes, grant a CFCT level of 29.0 aMW for the Customers as requested by the PUD. Secure the right to allocate the CFCT level between ITT Rayonier Incorporated and Grays Harbor Paper Company in the event of a split in operations.
2. Yes, grant a CFCT level of 29.0 aMW for the Customers as requested by the PUD. Do not secure the right to allocate the CFCT level between ITT Rayonier Incorporated and Grays Harbor Paper Company.
3. No, remand the request to the PUD.

COORDINATION

This is a matter of Power Sales Contract (PSC) administration relating to New Large Single Load (NLSL) determinations under PSC section 8 and Exhibit K, Table 2. The Office of Power Sales has discussed the matter with the Puget Sound Area Office and the Office of General Counsel. They concur with the following recommendation.

RECOMMENDATION

Exercise Option 1.

BACKGROUND

Normally if the load at a facility posts an increase in energy consumption of 10 aMW or more in a 12-month period, the increase in the load and any subsequent increase is classed an NLSL. An exception to this statutory and contractual requirement is provided when a load was already "contracted for or committed to" by the utility. A load which was contracted for or committed to by a utility prior to September 1, 1979, is not an NLSL if annual usage is held to the CFCT level, together with any increases of 9.9 aMW or less in any 12-month period. A non-NLSL load of a preference customer is eligible for Priority Firm service. The Administrator is required to make a determination as to whether the load was contracted for or committed to prior to September 1, 1979 - a "CFCT Determination."

A utility may request BPA to make a CFCT Determination by submitting documentation which shows a contract existed or a commitment had been made by the utility to provide service to a consumer prior to September 1, 1979, for a given level of service to the consumer's load.

The PUD has submitted documentation which supports a CFCT Determination of 29.0 aMW for the Customers.

The PUD and the Customers executed a power sales contract on July 18, 1979, providing for firm power requirements up to a monthly firm power demand level of 29.0 megawatts. This contract does not specify an energy amount. BPA should be willing to grant a CFCT energy level of 29.0 average annual megawatts in accordance with an agreement with the Public Power Council on October 6, 1983, pertaining to the allowable energy equivalent in cases where demand only is specified in the historical record.

Operation of the Customers' facility is somewhat peculiar and deserves special attention. The facility is actually two facilities - ITT Rayonier Incorporated and Grays Harbor Paper Company - operated electrically as one. ITT Rayonier Incorporated furnishes treated process water, steam, and chemicals to Grays Harbor Paper Company, in addition to providing waste treatment services. ITT Rayonier Incorporated owns a 67 percent interest in Grays Harbor Paper Company, and Hammermill Paper Company owns the remaining 33 percent. Hammermill Paper Company has complete management of Grays Harbor Paper Company.

ITT Rayonier Incorporated purchases power from the PUD for the combined operation and in essence resells a portion of it to Grays Harbor Paper Company. (In other words, the ITT Rayonier Incorporated power bill from the PUD includes power and energy usage for both plants.) The question arises as to whether the CFCT energy for the combined operation should be apportioned to the two facilities, and if so, when and how.

In the event the two facilities are ever split up operationally, each would desire its fair share of the CFCT amount. (Prior to this case, BPA has never had to address the issue of splitting a CFCT amount, so we cannot draw from past precedent.) One approach would be to apportion the CFCT amount on the basis of measured or contract demand for each facility as of September 1, 1979. However, the power sales contract between the PUD and the Customers does not specify a monthly firm power contract demand between the two entities, and the Grays Harbor Paper Company load is not separately metered. Some other basis is required.

Engineering studies focusing on a summation of amperage readings taken at strategic locations within the Grays Harbor Paper Company plant have been conducted to determine its allocable share of the total ITT Rayonier Incorporated demand. It was thus determined that for the month of September 1979, 7.416 MW of the Customers' total combined-facility peak demand was attributable to the Grays Harbor Paper Company operation. (Total demand for the two facilities combined was 28.920 MW.) On that basis, the Grays

Harbor Paper Company share of the 29.0 aMW CFCT level could be allocated using the following methodology:

$$\frac{7.416 \text{ MW}}{28.920 \text{ MW}} (29.0 \text{ aMW}) = 7.437 \text{ aMW}$$

The ITT Rayonier Incorporated portion would be 21.563 aMW (29.000 - 7.437).

It is not essential that BPA consider the matter of allocation at this time. BPA could address it later if the two plants are ever actually divided, possibly in the context of an NLSL "facility determination" under provisions of PSC 8(a). However, the issue of equitable allocation might become more difficult if the split occurs under hostile circumstances, when each party would be seeking to maximize its allocation. It might be better to resolve the matter now when heads are cool and all parties are in agreement.

Should BPA decide to address allocation now, a footnote could be added to Table 2 of the PSC Exhibit K to state that in the event of an operational split, BPA would have the right (not necessarily the obligation) to apportion the CFCT level between the two operations. The Customers have agreed to this approach.

A possible downside to a CFCT split is that it does afford each Customer the opportunity to "phase in" 9.9 aMW above its own CFCT level. Of course any facility has the right to increase its energy consumption by up to 9.9 aMW in a 12-month period without NLSL consequences. However, a facility for which a CFCT level has been determined may increase its energy consumption to its CFCT level plus 9.9 aMW "phase-in" entitlement in each consecutive 12-month period without NLSL consequences. During the surplus, this is not a problem operationally or financially for BPA, and the load growth would probably be welcomed. But during a deficit, this could work against us. We might have to acquire new resources to serve a higher overall load level (i.e., the CFCT level plus two 9.9 aMW annual load-growth blocks in each 12-month period - one for each facility - in the event of a split CFCT allocation). We would have to serve this permissible load growth at the PF rate, and we would lose money on each kilowatt-hour sold if the cost of the new resources exceeds the PF rate.

RAho:ra:4117 (VS6-PMCN-2908b)
January 28, 1988

Attachment 2

Committed To/Contracted For Determination for Grays Harbor PUD No. 1
ITT Rayonier, Inc. and Grays Harbor Paper Co. Consideration for Support of
Recommendation

In making the recommendation that the load was contracted for, the Puget Sound Area has reviewed the following information:

- (1) Contract - Grays Harbor signed a contract with ITT Rayonier, Inc. and Grays Harbor Paper Co. on December 17, 1973 (effective December 7, 1973) which continues in full effect. The original Firm Power Demand was 17 MW average. However, the contract has been amended from time to time to change the Firm Power Demand, among other things. On July 18, 1979, ITT Rayonier, Inc. and Grays Harbor Paper Co. requested that the Firm Power Demand be increased to 29 MW average, effective July 1, 1979, which was approved. This Firm Power Demand was in effect on September 1, 1979. A copy of this contract has been on file with the Area office, and Grays Harbor has notified BPA whenever a change in Firm Power Demand occurred.

Since the contract does not specify energy, Grays Harbor is obligated to serve ITT Rayonier, Inc. and Grays Harbor Paper Co. at up to 100 percent load factor. Capacity only contracts were considered and addressed in the power sales contract negotiations, and provisions for them were made in section 8(b), of the Regional Act Power Sales Contracts. Under section 8(b), BPA agreed that if a contract executed prior to September 1, 1979, between a BPA utility customer and its consumer addressed capacity only and did not specify energy, BPA would find the size of load contracted for to be the maximum stated contract demand at 100 percent load factor.
- (2) Load Forecast - The official BPA forecast in effect September 1979 was prepared in 1976. This 10-year forecast indicated the ITT Rayonier, Inc. and Grays Harbor Paper Co. facility's load would be 35.2 MW average in 1979, substantially above the committed to/contracted for level.
- (3) Delivery Facilities - Grays Harbor constructed its distribution facilities to be able to serve the ITT Rayonier, Inc. and Grays Harbor Paper Co. facility at the requested committed to/cocontracted for level. Its transformers at the pulp and paper facility had a combined name plate rating of 40 MVA in 1979.

HOYA TECHNOLOGIES

Facility Determination – HOYA Technologies LLC Data Center
January 18, 2005

INTRODUCTION

This is a Facility Determination concerning the development of a newly constructed plant for Internet servers on a site owned by the Port of the Dalles and proposed to be served by Northern Wasco County People's Utility District (Northern Wasco). This facility determination is based on Bonneville Power Administration's (BPA) review of Northern Wasco's November 30, 2004 facility determination letter and proprietary materials from HOYA Technologies LLC (HOYA). BPA understands that arrangements have been made for service to this load but that Northern Wasco and HOYA, a subsidiary of a company providing a variety of Internet services on the World Wide Web, have not executed a service agreement at this time.

This is a case of first instance for a Facilities Determination under BPA's New Large Single Load policy in that it involves a company, HOYA, which provides and sells "virtual" products and services by means of the Internet, rather than providing physical products like wood or food products, or chemical or metals production. It is the first time BPA has been called upon to make such a determination when *all* the inputs and products are electronic user services and intellectual property for the Internet.

The threshold question for this Facilities Determination is; should there be any distinction drawn between the "virtual products or services" which are physically electric impulses produced at different server racks and 'real physical products?' BPA finds that the growth of the Internet as a means of doing business in this country and around the world has in effect created a new communication medium to accomplish transactions in commerce. The growth of this industry for services on the Internet has been as revolutionary as the development of the print medium or television. Both of those mediums have evolved and developed products and services to utilize and achieve the potential promised by the medium. Those products and services are also based on intellectual property and are widely recognized by the public and governments internationally as commercial enterprises and commodities. The Internet provides the next evolutionary step in communications and is comprised of its own set of unique services and enterprises based on intellectual property and supported by a physical structure, just as is televised medium. Therefore, differentiating between physical plant, which supports or provides such virtual products is no different than differentiating between the separate physical plant components that support production of real wood, chemical or food products, as in a potato processing or wood processing plant.

In a wood products plant the input (logs) can be common to all wood products produced by the processes, and the production processes can introduce modifications to the input (wood) which goes beyond only the production of finished lumber, into numerous other distinct products, all of which may be characterized as "cutting wood." However, these "real" outputs (products) and their commercial uses and the markets into which they are sold, are separate and distinct and therefore a useful criterion to a decision on a Facilities Determination.

For example a wood products plant producing 2x4s, wood pallet components and plywood from the same logs could be found to be three facilities (b) (4)

Similarly a potato processing plant that could use the same potatoes and many similar machines to make French fries and mashed potato flakes has been found in the past to make up two separate facilities. (Carnation's Quincy WA potato plant)

Another question concerns making a Facility Determination before the project is built. BPA has made prospective facility determinations before (Ponderay Paper) while reserving to itself the power to review the actual construction and operation of the facilities concerned. Because Northern Wasco and HOYA have yet to execute a final service agreement, BPA should condition this determination on the BPA customer and their consumer having such an agreement in place together with a plan of service for the consumer. BPA should review these arrangements for consistency with this determination and should inform the customer that significant modifications to the information provided could result in a modification to this determination.

EXHIBITS

- A) Northern Wasco county PUD letter dated November 30, 2004
- B) HOYA LLC Data Center Project 02 background package - presented November 2004
- C) HOYA LLC Discussion of Facility Determination, November 2004

BACKGROUND

Northern Wasco has been in negotiations with HOYA Technologies LLC (HOYA) to provide electric service to a Data Center location that HOYA proposes to acquire and build on a site owned by the Port of The Dalles. HOYA describes itself as:

HOYA Technologies is a global leader focused on providing infrastructure solutions for companies improving the ways people connect with information. HOYA provides data center facilities for companies that have made vast innovations on the aggregation, organization, and dissemination of information in the Internet realm. In addition, HOYA provides an infrastructural framework by which companies may deliver advertising and distribute communications products using large collections of computers.
(Exhibit B)

HOYA describes a Data Center as one or more structures that house the computer servers that are responsible for facilitating and powering global operations to provide Internet services of its own or its parent company, or possibly other companies for whom HOYA operates the center. Apparently Data Centers can host servers for a single owner/line of production or many owners and lines of products. The centers provide basic administration over space and power as well.

Security functions at a data center include protection against theft, natural disasters, employee access and regulation of temperature as well as electric power.

HOYA proposes to divide its development project into two separate buildings each with its own server architecture or structure, each housing separate Business Lines called Business Lines 1 – 4. (Exhibits B & C)

Business Line One concerns Information Aggregation (search engines) HOYA says:

HOYA utilizes the vast computing power amassed in HOYA data centers along with proprietary software to collect and organize information available on the Internet. This information is digested and catalogued in such a way that it may be presented on demand to users who request it. This line of business does not directly generate substantial revenue to HOYA though this technology is licensed to third party enterprises.

We understand that this product garners some income from third parties under their license agreements but this product operates as a kind of lost leader for other services of HOYA or its parent.

Business Line Two concerns Communications Services (E-Mail) HOYA says:

HOYA is a leader in providing online asynchronous communications services including e-mail. While some of the underlying machinery used to power this line of business may be similar to that of Business Line One, in truth, Business Line Two is a completely distinct operation with a very different specification of technical need; for instance, whereas Business Line One can afford to be off line from time to time, Business Line Two needs to maintain the highest levels of robustness for customer satisfaction. As increasing numbers of customers rely on communications services in the enterprise, high availability is critical. As a result, the operating environment for Business Line Two is subject to much stricter controls and traditionally entails additional layers of physical infrastructure to ensure redundancy.

In addition, because the functionality demanded from a communications product is much different from that of an information aggregator, there are often distinctions at the machine level with respect to attached storage, chip speed and presence, etc.

We understand that this line of product, an e-mail service, is competitive with similar Internet products and offers by corporations like Microsoft, AOL and Yahoo. The product includes several different types of services associated with personal, and business communications. A fee is charged for services.

Business Line Three concerns Internet Publishing. These publishing services are provided to end users as well as licensed and syndicated to third parties. We understand that this product provides a means of delivering publications by downloading the property in electronic format directly to the user. It also includes the providing of services in support of such forms of communication as “Blogs” or personal diaries used as publication by news media and others on the Internet. A fee is charged for these services.

Business Line Four concerns Advertising. This consists of placing ads that are generated by the advertiser and requires substantial database resources to track and record exposure.

We understand that this product is the major income producer for HOYA and its parent and consists of a service similar to but more topic or need directed as the yellow pages, want ads, and flyers of print media. It can be used in conjunction with the search engine product noted above but revenue is garnered in this instance from the party selling the goods or services advertised and not from the consumer/user of the search engine. A fee is charged to the advertiser based on the number of “click-throughs” that result only when ads are utilized.

Each of the described business lines has its own individual standard of technical support, reliability and redundancy. As noted above each business line and product addresses a different part of communication markets that are unique to the Internet. Each business line is a subsidiary of HOYA and is treated as a separate profit center that functions independently. Each business line is expected to meet its own profitability goals regardless of the performance of the other business lines. It should also be noted that HOYA claims that if one business line were to close down due to business or technical problems, the other business lines would continue to operate.

At present HOYA’s announced intention is to construct, administer, and pay for the physical services and electrical service supporting two separate structures each operating different business lines and as single facilities independent of the other.

FACILITIES REVIEW

1. Ownership

The proposed project will belong to a single owner. The individual business lines resident at the project will be treated as separate divisions of their parent (HOYA) and expected to meet their individual business goals regardless of the performance of any other business line at the site.

2. Geographical/Physical load location

The loads associated with the business lines described above will be located in two separate and independent buildings with individual server architecture and structures to support its business line or lines and each contained within one facility. Each facility will be physically separate from the other and each will be dedicated to a specific line or lines of business. (Exhibit B)

3. *Does this load serve a process that produces a single product or type of product?*
As described above the products/services produced at the project site are aimed at four different Internet markets and have their own products and services, as well as their own standards and reliability requirements. Business Line Two – E-Mail, requires the greatest degree of reliability and hence redundancy of the business lines, while Business Line Four – Advertising, requires the greatest data storage and manipulation to determine the success or failure of individual ads and to facilitate sales resulting from such advertising. The function of each business lines' products or service is distinct from the other and each is offered as distinct products by other competitors in the Internet service market. Users of one business line can avail themselves of its products and service without having to take or use another business line's product.
4. *Are separate portions of the load independent?*
HOYA assures BPA that loads at each facility will be electrically separate and independent from each other. This separation is key to redundancy and reliability for the business lines supported by the facility. If one business line were to go down for technical or business reasons the others would remain operating. HOYA plans to initiate operations in each of the two proposed buildings at different times in 2005. (Exhibits A & B)
5. *Is the load(s) contracted for and served by Northern Wasco as separate loads?*
Northern Wasco assures BPA that each facility will be served by a separate contract with separate metering and billing for each load. The plan of service includes two separate feeder lines from the local substation via two points of delivery that are electrically independent, metered independently, and operated independently.
6. *Is a determination that the planned separate facilities, supporting different business lines and separated from each other, consistent with prior BPA facility determinations?*
A finding that the planned separate buildings supporting different and separate business lines in each of the facilities at the proposed HOYA Data Center Project O2 would be consistent with prior BPA findings on separate facilities in similar fact situations including:

Carnation	Grant County PUD	February 23, 1983
Ponderay Paper	Pende Oreille PUD	January 16, 1985
(b) (4)		

Carnation (Potato processing)

The operations concerned were two plants near Quincy, Washington; one (the "main plant") producing French fries and hash browns, and the other (the "granule plant") producing powdered potatoes. At the time of the request, the contract demand for the main plant was 3.5 MW, and the contract demand for the granule plant was 2 MW, but Carnation's plans indicated increases to 21 MW at the main plant, and to 17 MW at the granule plant. Although neither plant's individual

load was expected to increase by as much as 10 aMW in any year, the sum of the annual load increases at both plants might have exceeded 10 aMW, which prompted Grant County to request the determination.

The following listing describes the facts provided by Carnation and Grant County in terms of the facility determination criteria. BPA's determination letter did not include this factual analysis, but the letter references information supported by Grant County applied in making the determination:

1. Both operations were and are owned by Carnation, a single owner.
2. The two plants are located on adjacent sites.
3. The two plants are different processes for preparation of potato products for commercial sale, with the main plant producing French fried potatoes and hash browns, and the granule plant producing powdered potatoes.
4. The two plants began service at different times, with the main plant starting on January 20, 1971, the granule plant starting on July 1, 1972. The two operations are related because the input to the granule plant is a waste product of the main plant.
5. The two plants are served under separate contracts and have always been billed by Grant County PUD as separate customers. They are served by separate substation facilities.
6. Because this was BPA's first facility determination, consistency with other determinations was not an issue.
7. No additional relevant factors are identifiable from the record.

The discussion of the criteria in the determination letter does not go into great detail but provides information that the basic production input for the two product lines was raw potatoes which went through two separate processes to create an end product, French fries, hash browns, and powdered potatoes, each sufficiently distinct from the other and sold differently. There were two distinct plants each serving a particular production but the information is of limited use due to lack of further details.

Ponderay Paper Company (Paper products)

Pend Oreille PUD requested a determination concerning two plants to be built near Usk, Washington, for the production of thermomechanical pulp (TMP) and newsprint. This determination was for newly constructed plants and was a prospective facility determination.

The planned loads at the two plants were to be 37.5 aMW and 12.8 aMW, respectively. More recent load estimates at the time of the determination indicated planned loads

might be larger than these estimates. In order to qualify for service at the PF rate, Ponderay Paper planned to manage the load increases at the newsprint plant to less than 10 aMW during each 12-month-measuring period. Load growth at the TMP plant was to be kept under 10 aMW during the first year of operation, but beginning in the second year, load growth was expected to exceed 10 aMW, making the increase during that year and all subsequent load growth at the TMP plant a new large single load (NLSL) served at the NR rate.

In its review BPA listed each of the criteria with respect to the Ponderay Paper facility determination, based on the information supplied by Pende Oreille County PUD. BPA found that:

1. Both operations were to be, and are, owned by Ponderay Paper, a single owner.
2. The two plants are located on adjacent sites.
3. The two plants supported different production processes with one producing TMP pulp, and the other producing newsprint paper. Either product may be sold into the paper production market but the market distinguishes between each product. TMP may be used as an input to certain types of paper production but newsprint paper is distinct from other types based on recycling and rag (cellulose) content.
4. Service to the two plants is designed so that they will be electrically independent. The two operations are related because the output of the TMP plant is the principal input to the newsprint plant.
5. The two plants were to be and are billed by Pende Oreille County PUD as separate customers and served by separate substation facilities. Separate contracts were executed for service to the two plants during the time when the PUD was preparing its request for the facility determination.
6. Consistency with other determinations was not an issue.
7. No additional relevant factors were identified.

Ponderay Paper's operations at Usk were under construction at the time of determination, and were expected to begin commercial operation in the fall of 1989.

(b) (4)



(b) (4)



7. *Additional relevant factors?*

An additional fact noted in the introduction this is the first requested determination to concern virtual products and services for the Internet as opposed to physical plant supporting production of physical products for sale. For this determination the single most significant factor is that HOYA and its parent company are planning construction of buildings taking electric service to support commercial products and services that are "virtual" products for use on the Internet, an electronic medium. The existence of the Internet and its growth for both electronic communications and commerce has given rise to a new and unique set of products and services. These products are designed to best utilize this electronic medium. E-mail, web page publishing, and search engines are based on intellectual property and are offered and sold by competitors. They are no less viable as a commercial enterprise than paper or lumber. The physical buildings and structure here will support a set of distinctly different electronic products and services for each business line.

ANALYSIS

Based on the information provided, HOYA is the common owner of all four Business Lines identified above and together with its parent company participates in electronic

commerce on the Internet in the sale, lease, and marketing of the products and services in each Business Line. Each business line is treated as a separate profit center and business division of HOYA and is operated independently of the others. A single owner is not uncommon for either virtual or real physical product production and is consistent with previous facilities determinations of BPA.

HOYA's planned development is for two buildings each with its own internal architecture and structure to house servers set up to support one Business Line or more. However, each business line will have different requirements and different configurations such that its operations will be associated with a single planned building. Requirements for each of the business lines are different such that they are not fungible in terms of standards, services, or support needed. According to HOYA, individual server sets will need to be configured and are used to support no more than one business line.

Northern Wasco has not entered into a service agreement with HOYA at this time but has drafted an agreement and is prepared to install the necessary electric service facilities to serve the load. Northern Wasco intends to independently meter, serve, and bill each proposed facility supporting these business lines. BPA has made prospective facility determinations previously most recently in the Pend Oreille PUD-Ponderay Paper determination.

Each facility is dedicated to supporting different business lines, each of which provides a different product and services into a market or markets on the Internet. Each facility will support a business line or lines that are distinct from each other and each of which is independently sold by other competitors in the same markets. Each business line's products and services have different uses for their customers that are separate and distinct products and services from the other business lines. One set of products and services cannot be substituted for another and they are not fungible in the markets to which they are served. For example the product, search engine, provides a different function and service that cannot be used for the same purpose as the product e-mail or web publishing.

BPA has applied its NLSL Policy as regards facility determinations based on the separation of the products sold into separate markets or a single market. Each facility is producing a product that is sold into and serves a different consumer or commercial market. BPA determinations have not focused on the similarity of inputs or intermediate processes in making the product. Here the facilities support separate and distinct products and service as noted above that are unique to the Internet and are electronic intellectual properties of HOYA and its parent company. The physical structures use electrons to support these products and services but the electrons are not the product or service sold. Nonetheless, the markets and products, and their uses are no less distinct or different than pulp is from paper.

This determination is consistent with the prior decisions on facilities, even though those determinations concerned production of physical products and not electronic ones.

Certain aspects in all the cases are applicable here, including they all use a basic raw material to produce or support different products. The products are the result of different industrial or commercial processes or properties. The products or services are sold into different markets, and the plants making or supporting the products or services are each subject to the forces in their individual markets. The business lines supported by the plant are separate business operations or profit centers of their single owner and are separate from those of the other plant on site.

RECOMMENDATIONS

It is recommended that BPA find (prospectively) that the HOYA LLC Data Center is made up of two separate facilities, each of which will be independently metered by Northern Wasco. Each facility will support commercial Internet business lines of HOYA or its parent that are separate from those in the other. BPA should expect Northern Wasco to carefully monitor the independent energy use for each facility and this determination is contingent on Northern Wasco executing and submitting a copy of a power service agreement with HOYA consistent with the representations made in the request by Northern Wasco and HOYA, as well as a plan of service on the terms and conditions of electric service to the two proposed facilities.

BPA, Northern Wasco, and HOYA must agree on a date of initial energization for each facility and plan for monitoring the loads at the planned Data Center project.

BPA will monitor the progress of the project and inform Northern Wasco it is required by contract to notify BPA of any possible or actual load growth of 10 aMW or more in a twelve-month period. BPA should prepare a letter summarizing this determination for transmittal to Northern Wasco.

ITT RAYONIER INC.
(RAYONIER)



STATE OF WASHINGTON

DEPARTMENT OF REVENUE

Olympia, Washington 98501-0000 AB-AX-02

BEFORE THE INTERPRETATION AND APPEALS DIVISION
DEPARTMENT OF REVENUE
STATE OF WASHINGTON

In the Matter of the Petition)	D E T E R M I N A T I O N
for Refund of)	
)	No. 89-372
)	
ITT RAYONIER, INC.)	Registration No. J409 001 661
18999 Pacific Highway S.)	Tax Assessment No. 5919800
Suite 900)	
Seattle, Washington 98188)	

- [1] RULE 179: PUBLIC UTILITY TAX -- DISTRIBUTION OF ELECTRICITY -- INCIDENTAL SALES -- REGULATED BUSINESSES. Taxpayer primarily engaged in business as a manufacturer which makes sales of electricity through a substation which it owns and operates is taxable under public utility tax as a light and power business, even though it sells only a relatively small amount of water to a single buyer and is not a "public utility" in the sense that it either holds itself out to the public to be in that business or is subject to state regulatory authority. Ruling prospective in nature.
- [2] RULES 179 & 202 -- PUBLIC UTILITY TAX -- POOL PURCHASES -- ELECTRICITY. To qualify as a pool purchase all requirements of Rule 202 must be met, two of which are that each party to the agreement needs to have agreed to accept a specific portion of the shipment, and paid no more than a proportionate amount for that share.
- [3] MISCELLANEOUS: ESTOPPEL -- REPRESENTATION TO THIRD PARTY -- REASONABLE RELIANCE. Because an estoppel argument is available only to that person who has been misled or those in privity with him, a person cannot claim reliance on admissions, statements or acts directed at others. Further, reliance would have had to have been reasonable. Inland Finance Co. v. Inland Motor Car Co. and Liebergesell v. Evans cited.
- [4] RULE 112: B&O TAX -- DEDUCTION -- GROSS PROCEEDS OF SALES -- POINTS OUTSIDE THE STATE -- TRANSPORTATION COSTS -- INCURRED BY SELLER. Deduction is allowed when transportation costs are actually incurred by seller through use of its own facilities and employees. There is no requirement that costs be paid to another entity.

- [5] RULE 109: B&O TAX -- INTEREST -- IMPUTED. When interest is not specifically provided for in a contract, but is imputed merely for bookkeeping purposes by a taxpayer, excise tax will not be due at the service rate as if it were interest absent statutory or regulatory authority. Weyerhaeuser Company v. Department of Revenue cited.

Headnotes are provided as a convenience for the reader and are not in any way a part of the decision or in any way to be used in construing or interpreting this Determination.

TAXPAYER REPRESENTED BY: Lewis M. Holliday, Tax Manager
Michael V. Regeimbal, Tax Manager
Linda A. McCorkle, Northwest Counsel
Richard L. Townsend, Division
Controller

DATE OF HEARING: May 12, 1986

NATURE OF ACTION:

Petition for refunds of public utility tax on electrical power jointly purchased by the taxpayer and another entity, business and occupation tax (Manufacturing classification) assessed because of the disallowance of claimed transportation cost deductions, and business and occupation tax (Service classification) on imputed interest charges from the sales of standing timber on which Real Estate Excise tax was paid.

FACTS:

30 Bauer, A.L.J. -- The taxpayer, a producer of slush pulp and
32 chemical products, was audited for the period from January 1, 1981
34 to December 31, 1984. As a result of this audit, the Department
36 issued its final version of Tax Assessment No. 5919800 on July 22,
38 1986 assessing tax due in the amount of \$124,320 and interest in
40 the amount of \$10,264, for a total of \$134,584. This amount has
42 been paid in full.

44 One of the taxpayer's divisions and another company ("Company A"),
46 both of which are co-located, have purchased electricity under a
48 "joint power purchase contract" since 1961. Historically, the pulp
50 and paper facility now jointly run by these two entities was run
52 by one legal entity and was constructed, designed, and continues
54 to operate as one integrated operation, even though the taxpayer
56 and Company A are now separate entities.

The taxpayer is in the business of producing and supplying slush pulp to Company A. The two companies share several services, such as janitorial services, engineering and environmental treatment, as well as maintenance and facilities for electricity. In addition

to the above services which the taxpayer provides Company A, the two companies jointly purchase electrical power from the local public utility district ("the PUD").

Electrical energy is distributed by the PUD to the taxpayer's own substation, and is further distributed by that substation and transformer to various meters throughout the plant facility. The taxpayer owns and maintains a separate meter for recording the power distributed to Company A, and the monthly meter reading is performed by the taxpayer's employees.

The power is purchased by virtue of a three party contract between the taxpayer, Company A, and the PUD, which was first executed in 1961, and again reexecuted in 1973. The three-party contract provides for variable rates for power.

The taxpayer and Company A executed in 1962 a supplemental agreement for calculating Company A's share of the PUD bill. In this agreement, the taxpayer and Company A agreed to use the PUD's flat rate price schedule for calculating Company A's share of the metered charges¹. In addition, Company A was to pay a facility charge of 1% per month of the taxpayer's total investment in the electrical distribution equipment, a maintenance charge billed at cost on a one-year retrospective basis, and a percentage of the metered charges equal to the current tax rate of the public utility tax. This supplemental 1962 agreement has remained in effect despite the 1973 reexecution of the three-party contract.

The PUD invoiced the taxpayer and Company A jointly (using the variable rate under the three-party 1973 agreement), and Company A's metered share was calculated according to the flat rate in the taxpayer's and Company A's 1962 supplemental agreement. In addition, the taxpayer billed Company A for costs relevant to the construction and maintenance of its distribution facilities, and the public utility tax. Company A mailed its payments directly to the PUD, and the taxpayer made up the difference.

At the hearing, it was further explained that the "flat" rate payment for Company A's metered electrical energy was adopted for ease in administration. The rates charged by the PUD under the three-party contract vary depending on the time of year and other complex factors over which the taxpayer has no control, and it was the intent of the parties under the contract that the monthly calculation over the course of the contract would reflect their correct proportionate shares.

Although the taxpayer and Company A originally expected that the

¹ Formerly Schedule B-3, Schedule 84 is used by the PUD for industrial users without contracts.

flat rate would approximate Company A's proportionate share of electricity consumed under the joint purchase contract, that has not always been the case in recent years. In 1981 and 1982 Company A paid a share that was less than the cost of electricity it consumed, but in 1983 and 1984 Company A's paid share was more than the actual cost. The auditor concluded from these facts that the taxpayer was in the business of distributing electric power to Company A.

The public utility tax was paid by the PUD on all electrical power purchased under the joint contract. If the Department's assessment is upheld in this appeal, the tax paid by the PUD will be refunded, and if this happens, the taxpayer claims it will assert a claim against the PUD.

The audit additionally disallowed the taxpayer's deduction of certain "transportation costs" from the "value of products sold" in its calculation of business and occupation tax under the manufacturing classification. The "transportation costs" which the taxpayer deducted consisted of the depreciation expenses of its dock, dredging and maintenance costs, property taxes, manager's salary, utilities, etc., from February 1984 which the taxpayer claims are the actual costs of transportation.

The deep water dock at issue was also used by the taxpayer in a previous audit period, but it was then owned by a subsidiary. In February 1984, however, the subsidiary merged into the taxpayer. Separate accounting methods have been maintained, so the costs of the dock are still identifiable. The auditor disallowed these costs since they were not "paid to others."

Finally, the auditor taxed imputed interest on the taxpayer's sales of standing timber. In accordance with generally accepted accounting principles, payments received for the standing timber sold during the audit period (which in each case consisted of several installment payments) were entered on the books to indicate that part of the gross sales price was allocated to imputed interest.

In each of the three situations in which service tax was assessed, the sale of standing timber had already been treated by the taxpayer as a sale of real estate, and real estate excise tax was paid on the gross sales prices. The taxpayer thus understood these sales to be exempt from the business and occupation tax.

TAXPAYER'S EXCEPTIONS:

As to the public utility tax issue, the taxpayer argues that no taxable event has occurred because the taxpayer is not in "the business of operating the plant or system for the . . . distribution of electrical energy for hire or sale." RCW

82.16.010(5) (emphasis added). The taxpayer is in the business of producing slush pulp and chemical products and does not hold itself out to the public as being in the power business. It does not solicit "light and power business," as is the case for other businesses subject to the public utility tax.

Further, the pattern of calculating Company A's portion of the PUD bill was done in good faith according to a long-standing formula previously reviewed by the Department, and to the extent a gain was made during the audit period, it was an unintentional gain and could just as easily have been a loss. The public utility tax generally is imposed on public utilities for their services or on businesses engaged in the business of selling electrical power, and not on businesses such as the taxpayer's.

The taxpayer argues that other portions of Washington's excise tax laws also make it clear that to be engaged in a particular business requires intent. In RCW 82.04.140, "business" is defined to mean "all activities engaged in with the object of gain, benefit, or advantage to the taxpayer or to another person or class, directly or indirectly" (emphasis added) and "engaging in business" is defined in RCW 82.04.150 to mean "commencing, conducting, or continuing in business...." It is a common canon of construction that similar words used in different parts of a statute are presumed to mean the same throughout, and that although the definition of "business" is not dependent on whether an enterprise is profitable or not, the plain meaning and the statutory definition of "business" infer clear intent to be in the light and power business. The taxpayer has not intentionally engaged in the business of distributing electrical energy.

Finally, the taxpayer argues that it is not distributing electrical energy "for hire or sale" as required by the statute. Another fundamental principle of statutory construction is that absent a special definition, words are given their ordinary, everyday meaning. The ordinary meaning of "hire" is "compensation for the use of a thing, or for labor" and the definition of "sale" is "a contract between two parties, called, respectively, the 'seller' ...and the 'buyer' ...by which the former, in consideration of the payment or promise of payment of a certain price in money, transfers to the latter the title and the possession of property" (Blacks Law Dictionary).

Thus, it is argued, the taxpayer is not engaged in the light and power business "for hire," and the taxpayer and Company A have not entered into a contract of "sale" with each other for the distribution of power. They simply have executed a joint purchase contract with the PUD due to historical practice and for administrative ease. It is contended that, in the everyday sense of the words, the taxpayer is not in the light and power business for hire or sale.

The taxpayer does concede, however, that even if it is determined that it was not in the business of selling electrical power, amounts received for facility and maintenance charges are properly taxable. The taxpayer contends these amounts should be taxed at the lower business and occupation tax service rate.

The taxpayer further argues that, even should the public utility tax be held applicable, estoppel should apply, since the PUD's joint purchase contract with the taxpayer and Company A was the subject of a 1962 audit conducted by the Department. The taxpayer claims reliance on an internal Departmental memorandum (obtained from an unknown source) in which the Supervising Revenue Auditor wrote on October 22, 1962:

Refer to your inter-office of October 19 regarding a joint contract between subjects (...[Company A and taxpayer]...) and the PUD for purchase of electrical energy.

...(the former Assistant Director of the Department of Revenue and Director of the Interpretation and Appeals Division) has read your inter-office and is of the opinion that the AAA Commissioner Order sets the precedence for this being nontaxable on the energy transferred to [the Paper Company] by [the taxpayer].

Should the taxpayers desire evidence for his file and possible future audits to this effect, we suggest that they put the facts in writing and receive a reply from Olympia.

The taxpayer did not request a formal written determination in 1962 because the issue had already been resolved favorably at the audit level and was not raised again until this audit.

The taxpayer claims it relied on the long-established tax treatment by the Department and has continued to purchase power jointly with Company A because of this tax treatment. The Department's inter-office correspondence was written well after the January 24, 1962 agreement, which sets forth the formula for calculating Company A's portion of the PUD bill. The taxpayer alleges it has been prejudiced as a result of its reliance on the Department's position as set forth in the October 22, 1962 inter-office correspondence, and that the Department is thus estopped from assessing tax.

The taxpayer, in contending that its expenses of maintaining its deep water dock should be deductible from its sales as transportation expenses, argues that the Department, in a prior final determination, held that identical expenses were deductible when incurred by and paid to its subsidiary. The taxpayer takes

the position that the same expenses should still be deductible, even though now the expenses are its own. The taxpayer contends that WAC 458-20-112 does not require that costs need to be paid to a separate transportation company in order to be deductible, or that a third person perform the transportation.

In arguing that imputed interest on the taxpayer's sale of standing timber should not be taxed, the taxpayer relies on Weyerhaeuser Company v. State of Washington Department of Revenue, Docket No. 51479-8, dated August 21, 1986. In that case, Weyerhaeuser sold standing timber under "lump sum" contracts whereby purchasers were typically required to pay 10 percent down, with the balance in three or four annual installments which is a trade custom. The Court held,

The contracts did not specifically provide for interest. No interest was separately contracted for with the corporation's timber buyers and no interest was separately "received". Weyerhaeuser's own interest computations were merely an internal bookkeeping device. Because WAC 458-20-109 applies only to "[p]ersons who receive ... interest", that section can not be construed to apply to imputed interest. ... Where an installment contract for the sale of timber does not provide for interest, the Department of Revenue may not impute such interest without specific statutory or regulatory authority.

In addition, the taxpayer contends these amounts cannot be held taxable because real estate excise tax has already been paid on the total amount of these transactions.

ISSUES:

There are five issues for our resolution:

1. Whether the taxpayer, being primarily a manufacturer, and being neither regulated by any public utility commission nor held out to the public as a light and power business, can properly be taxed for public utility tax.
2. Whether the taxpayer was eligible for the "pool purchase" deduction provided by WAC 458-20-202.
3. Whether the Department is estopped from asserting public utility tax because of an inter-office memo regarding a previous audit.
4. Whether the taxpayer's expenses attributable to its deep water dock were improperly allowed as a deduction from the measure of manufacturing tax.

5. Whether the Department properly assessed service tax on imputed interest from the taxpayer's sales of standing timber.

DISCUSSION:

As to the taxpayer's argument that no taxable event has occurred because the taxpayer is not in "the business of operating the plant or system for the . . . distribution of electrical energy for hire or sale," we must disagree.

RCW 82.16.020 imposes the public utility tax as follows:

(1) There is levied and there shall be collected from every person a tax for the act or privilege of engaging within this state in any one or more of the businesses herein mentioned....

(a) Railroad, express, railroad car, sewerage collection light and power, and telegraph businesses: ... [Emphasis added.]

RCW 82.16.010(5) defines "light and power business" as follows:

"Light and power business" means the business of operating a plant or system for the generation, production or distribution of electrical energy for hire or sale. [Emphasis added.]

[1] Thus, any person falling within the statutory definition, i.e., a person who operates a system for the distribution of electrical energy for sale, is taxable under the public utility tax. This is so even though the taxpayer is primarily engaged in another business or sells only a relatively small amount of energy to a single buyer. Nor is it relevant that the taxpayer is not a "public utility" in either the sense that it is subject to state regulatory authority or makes sales to the public at large.

The Department has thus held that taxpayers with limited distribution of electrical energy or water, e.g., private water districts, homeowners' associations, companies engaged in other primary business activities, etc., are subject to the public utility tax even though they are not otherwise considered to be public utilities.

The taxpayer owns and operates a substation and related distribution facilities for the distribution of power to Company A. Company A remits its payments - including the facility and maintenance charges - directly to the PUD, thus reducing the taxpayer's proportionate share of the PUD billing. The taxpayer pays the portion of the bill that remains. The taxpayer, having

gained a benefit from its distribution of power to Company A, falls squarely within the definition of RCW 82.16.010(5), and is taxable under the provisions of RCW 82.16.020 for payments received. Such payments include payments for facility and maintenance charges, whether or not separately itemized or billed.

The amounts or value paid by Company A to the PUD thus accrue to the benefit of the taxpayer in reducing its own proportionate share of the PUD billing. Billing or invoicing arrangements by the PUD do not control the question of whether the taxpayer has engaged in a taxable event with Company A.

Because there has historically been confusion in this area, however, the Department is prepared to rule prospectively on this issue in the following particulars:

1. Businesses such as the taxpayer and persons similarly situated, whose activities fall within the statutory definitions of Chapter 82.16 RCW (Public Utility Tax) in whole or in part, but which are otherwise neither regulated nor held out to the public as a public utility, are subject to the public utility tax from the date of this determination.

2. Businesses described in 1 above, which have not been expressly instructed to pay public utility tax, and which have not paid that tax, will be assessed or allowed to report business and occupation tax under the service classification for past periods, and will be subject to public utility tax prospectively from the date of this determination. Likewise, businesses who have paid business and occupation tax under the service classification will not be reclassified and assessed for higher public utility tax until after the date of this determination. Businesses which have properly paid the public utility tax in past periods will not be entitled to a refund or adjustment. The Department is currently amending WAC 458-20-179 to further clarify this statutory requirement.

In this case, because the parties understood their agreement to be a "pool purchase" instead of a sale from the taxpayer to Company A, the public utility tax for metered service received by Company A was remitted by the PUD instead of the taxpayer. Because the Department received the public utility tax on all metered charges by the PUD, albeit through the wrong taxpayer, the assessment against the taxpayer will be abated as to those amounts.

As to the amounts received by the taxpayer for facility and maintenance charges, the taxpayer has conceded that no tax has been paid. For periods prior to the date of this determination, business and occupation tax under the service classification will be due and owing on these amounts. Public utility tax will be due prospectively on these amounts, even though they may be separately invoiced or billed from regular metered service, since such charges

accrue from the performance of the taxpayer's engaging in the "light and power business." RCW 82.16.010(12).

The taxpayer has argued that WAC 458-20-202 (Rule 202), concerning "pool purchases," provides a deduction against the public utility tax. In order for the taxpayer to qualify for the pool purchase deduction, the requirements of Rule 202 must be met. The rule states as follows:

The term "pool purchase" means the joint purchase by two or more persons, engaging in independent business activities, of commodities in carload or truck load quantities or the purpose of obtaining a purchase price or freight rate which is less than when purchased or delivered in smaller quantities.

This deduction is allowed only when all of the following conditions are met:

1. The amount received is included in gross proceeds of sales.
2. The pool purchase agreement was entered into prior to the time of placing the order for the commodities purchased.
3. The pool purchase agreement provides that each member shall accept a specific portion of the shipment.
4. Division of the shipment is made prior to warehousing of the commodities by a member of the pool.

In no event will a "pool purchase" deduction be allowed when an agreement relative to the amount of the share to be distributed to any member is made after the date of the purchase order, or where one member of a pool pays an amount for his portion in excess of the proportionate amount paid by another member. [Emphasis added.]

[2] The basic premise underlying the exemption of Rule 202 is that where two or more persons get together and jointly make up an order for goods to be purchased, the principal member in whose name the order is placed will not be deemed to be making a sale to the other joint purchaser(s). To qualify as a pool purchase, all requirements of Rule 202 must be met, two of which are that each party to the agreement needs to have agreed to accept a specific portion of the shipment, and each has paid no more than a proportionate amount for his share.

The purchase agreement at issue did not provide that each member would accept a specific portion of the total power used.

Additionally, it is clear that Company A did not pay a proportionate share of the PUD billings, both because of application of the separate "flat" fee agreement between the taxpayer and Company A and the amounts paid to the taxpayer for power distribution facilities and their maintenance. This disqualifies the transaction as a pool purchase. The taxpayer's petition as to this issue is denied.

The taxpayer has claimed that the Department should be estopped from asserting public utility tax because of its reliance on a 1962 interdepartmental memorandum which concluded that tax was not due in a prior audit. Equitable estoppel is based upon the principle that a person should not be permitted to deny what he or she has once solemnly acknowledged. Emrich v. Connell, 105 Wash.2d 551 (1985).

"Equitable estoppel" requires three elements: (1) an admission, statement or act inconsistent with the claim afterwards asserted; (2) an action by the other party on faith of such admission, statement or act; and (3) injury to such party resulting from allowing the first party to contradict or repudiate such admission, statement or act. Public Utility District No. 1 of Lewis County v. Washington Public Power Supply System, 104 Wn.2d 353 (1985). Further, an estoppel argument is available only to a person who has been misled to his hurt and to those who are in privity² with him. Inland Finance Co. v. Inland Motor Car Co., 125 Wash. 301 (1913). Such reliance must have been reasonable. Liebergesell v. Evans, 93 W.2d 881, 613 P.2d 1170 (1980).

[3] Because an estoppel argument is available only to the person who was misled or those in privity with him, a person cannot claim reliance on admissions, statements or acts directed at others. Further, such reliance must have been reasonable.

In this case, the taxpayer was not misled, because the correspondence on which the taxpayer claims to rely was neither addressed to nor intended for the taxpayer's use. Further, the body of the correspondence itself precluded reasonable reliance, in that it was clearly stated that, should the taxpayer require evidence for its file or for use in future audits, the claimed facts should be put in writing for a formal written ruling.

Although this may on its face seem to be a technical ruling, it must be recognized that there is nothing on the face of the correspondence itself to reveal what facts, perceptions, or considerations were before the Department employee when he wrote the memorandum at issue. What is clear from the language of the

² Privity is the mutual or successive relationship to the same rights of property. Duffv v. Blake, 91 Wash. 140 (1916).

memorandum is that a formal written opinion based on written disclosure of all material facts supplied by the taxpayer would be necessary to bind the Department for future audit periods. This was not done. The taxpayer's petition as to this issue is therefore denied.

The fourth issue - whether the taxpayer's expenses attributable to its deep water dock were improperly allowed as a deduction from the measure of manufacturing tax - involves WAC 458-20-112 (Rule 112). That rule provides, in pertinent part, as follows:

SALES TO POINTS OUTSIDE THE STATE. In determining the value of products delivered to points outside the state there may be deducted from the gross proceeds of sales so much thereof as the taxpayer can show to be actual transportation costs from the point at which the shipment originates in this state to the point of delivery outside the state.

[4] The business and occupation tax deduction granted by Rule 112 does not contemplate only separate costs paid to others or separate itemizations on sales invoices in order to substantiate a claim to the deduction. Instead, the rule merely requires that a taxpayer incur actual transportation costs in delivering manufactured goods to points outside Washington. The amount to be deducted is limited to what actual costs can be shown to have been incurred.

Here, the taxpayer maintains its own deep water dock, and has attempted to deduct the costs of owning, maintaining and operating it. The taxpayer's costs relative to the same docking facility were expressly found to be deductible by the Department in Det. 83-141A when the facility was run by an affiliate. There is no reason to now deny a deduction simply because costs for supplying the same services were not paid to another entity, but were absorbed instead by the taxpayer. If it can be shown that the taxpayer, as the present owner and operator of the dock, has actually incurred the costs sought to be deducted, the taxpayer's petition as to this issue will be granted.

The question remains whether the amounts deducted were reasonable and in line with the costs actually incurred. This matter appears to be strictly factual in nature, subject to verification by audit personnel.

[5] As to the imputed interest question, the Washington Supreme Court in Weyerhaeuser Company v. Department of Revenue, 106 Wn.2d 557 (1986) has since the audit period settled this issue in favor of the taxpayer. Under the holding of that case, when interest is not specifically provided for in a contract, but is imputed merely for bookkeeping purposes by a taxpayer, excise tax will not be due at the service rate as if it were interest absent statutory or

DETERMINATION (Cont)
No. 89-372

13 Registration No. J409 001 661

regulatory authority. Because no such statutory or regulatory authority exists to date, the taxpayer's petition as to this issue is granted.

DECISION AND DISPOSITION:

The taxpayer's petition is granted in part. The case is referred back to the Audit Section for a determination of the amount of refund which, with statutory interest, will be issued by the Department in due course.

DATED this 20th day of July 1989.

STATE OF WASHINGTON DEPARTMENT OF REVENUE

(b)(6)

Marguerite M. Bauer (aka Burroughs)
Administrative Law Judge

JR SIMPLOT CO.

1330 21 st. Street
Heyburn, Idaho 83336
208-679-2222 - PHONE
208-679-3333 - FAX
WWW.UNITELECTRIC.ORG - WEB
UEC@UNITELECTRIC.ORG - EMAIL

UNITED ELECTRIC CO-OP, INC.

Fax

To: Red A. From: Richard R.
Fax: 208 534 8799 Pages: 2
Phone: _____ Date: 4/5/02
Re: _____ CC: _____
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

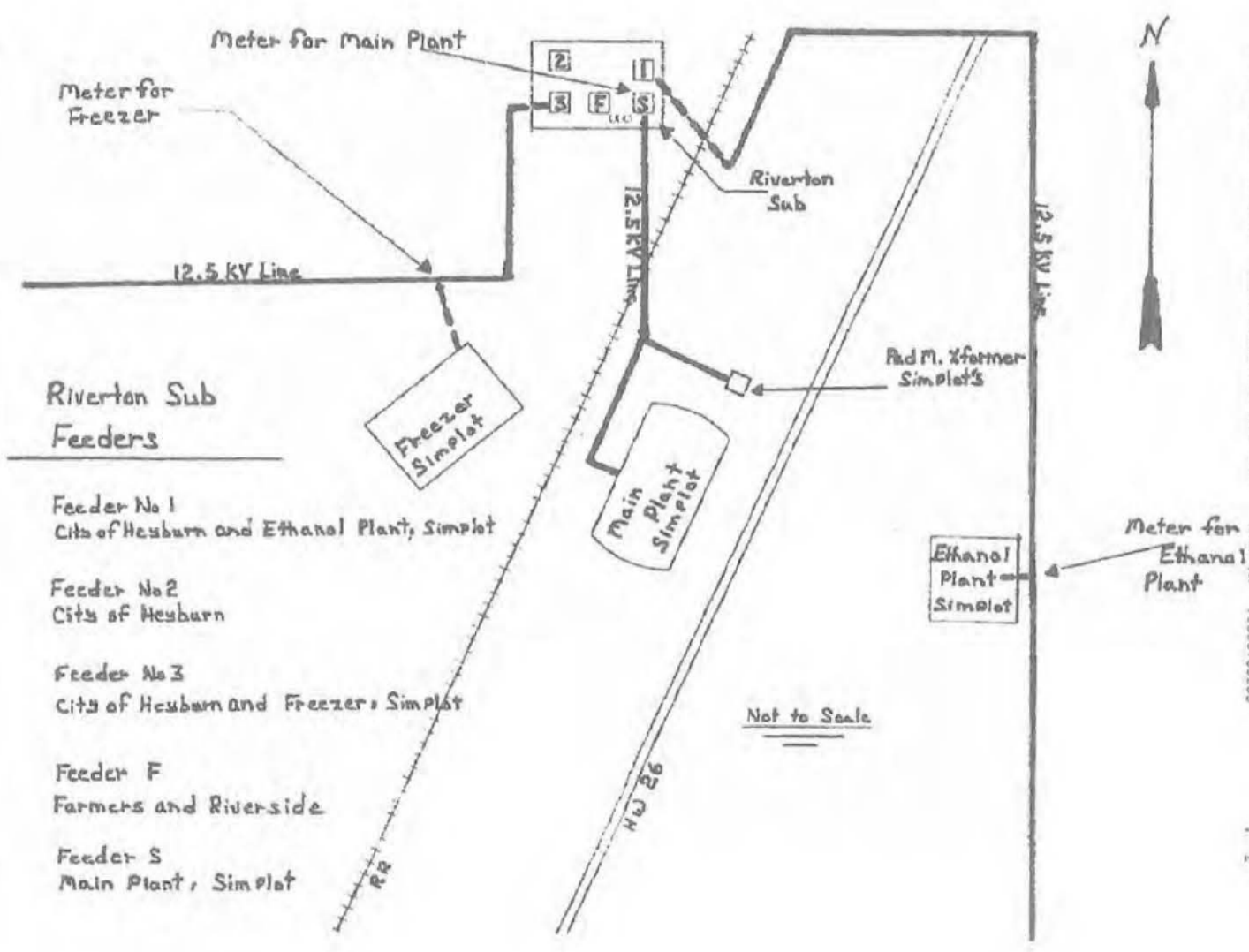
Red,

We had no map I made this one sitting at my desk
I did have a couple of co-workers look it over.
If you need something more than this, please
contact me. I will be sending KWH use to
you in an hour or so!

Richard R.

Confidentiality Notice: This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of the communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address via the US Postal Service. Thank you.

"Owned By Those We Serve"



Simplot Industrial Loads, KWH Use

2002	Main Plant	Ethanol Plant	Freezer	Total
Jan	5993513	277210	680671	6951394
Feb	4781425	242771	672674	5696870
Total	10774938	519981	1353345	12648264
2001				
Jan	6084000	230400	724800	7039200
Feb	5500800	299700	620400	6420900
Mar	5760000	292500	662400	6714900
Apr	5724000	282600	673200	6679800
May	5796000	308700	753600	6858300
Jun	6336000	309600	740400	7386000
Jul	6703200	302400	818400	7824000
Aug	4334400	180000	804000	5318400
Sep	5493600	238500	694800	6426900
Oct	4848082	246885	726095	5821062
Nov	5413460	281151	670151	6364762
Dec	4494608	240235	718854	5453697
Total	66488150	3212671	8607100	78307921
2000				
Jan	5673600	294300	726000	6693900
Feb	5832000	316800	627600	6776400
Mar	6379200	334800	692400	7406400
Apr	5450400	279000	711600	6441000
May	6480000	347400	874800	7702200
Jun	5659200	312300	781200	6752700
Jul	1216800	31500	662400	1910700
Aug	6501600	248400	895200	7645200
Sep	5702400	237600	717600	6657800
Oct	6465600	285300	810000	7560900
Nov	5263200	259200	751200	6273600
Dec	4989600	360000	708000	6057600
Total	65613600	3306600	8958000	77878200
1999				
Jan	5695200	275400	681600	6652200
Feb	5961600	287100	598800	6847500
Mar	6940800	339300	780000	8060100
Apr	5760000	268200	722400	6750600
May	5997600	314100	680400	6992100
Jun	5529600	293400	781200	6604200
Jul	5270400	249300	736800	6256500
Aug	5104800	189900	820800	6115500
Sep	6134400	277200	802800	7214400
Oct	6048000	302400	795600	7146000
Nov	5868000	308700	758400	6935100
Dec	4449600	259200	668400	5377200
Total	68760000	3364200	8827200	80951400

Anderson, Robert - PSW

From: Aho, Rodney - PSE
Sent: Wednesday, April 03, 2002 11:34 AM
To: 'Joe Miller'
Cc: Anderson, Robert - PSW; 'dmking@simplot.com'
Subject: RE: JRSCoFacility visit

Thanks, Joe. Robert Anderson and I expect to arrive at the plant approx. 11 a.m. We're driving over from Idaho Falls in the morning.

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

From: Joe Miller [mailto:joe@mcdevitt-miller.com]
Sent: Wednesday, April 03, 2002 9:47 AM
To: Rodney Aho
Subject: Fw: JRSCoFacility visit

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

From: Joe Miller
To: Rodney Aho
Cc: Darius King
Sent: Wednesday, April 03, 2002 10:42 AM
Subject: JRSCoFacility visit

Rod--

If, in the course of your facility visit tomorrow, you need to speak with someone from Simplot regarding facility operations etc., your contact would be Mr. Daris King who is the financial officer. His office is in the administration building; his phone is 677-7160.

Joe Miller
McDevitt & Miller
208.343.7500

4/3/2002

27760042

Not Data / Simple

	Market	Flat	UnCRAC'd					Tot CRAC	Net	MWh's	PF	Revenue	Market Revenue	Adder	Market and Adder	3.80	2nd Q2	MKT	CRAC'd	Net	
			PF	LBCRAC	FBCRAC	S-SCRAC															
Apr-02	720	14.58	12.82	1.42			18.20	3.64	6.912	\$	125.820	\$	100.888				2nd Q2	19.89	26.90		
May-02	744	12.35	12.02	1.42			17.07	3.72	7.142	\$	121.946	\$	95.363				1st Q3	25.05	30.04	4.99	
Jun-02	720	14.25	15.15	1.42			21.51	7.28	6.912	\$	149.855	\$	95.496				2nd Q3	24.66	29.35	4.69	
Jul-02	744	21.49	21.25	1.42			30.18	8.68	7.142	\$	215.528	\$	153.523				1st Q4	27.29	30.78	3.50	
Aug-02	744	29.37	28.57	1.42			40.98	11.20	7.142	\$	268.724	\$	209.758				2nd Q4	25.50	29.85	4.35	
Sep-02	720	26.29	23.60	1.42			33.89	7.60	6.912	\$	234.224	\$	181.590				1st Q5	29.06	30.49	2.43	
Oct-02	744	24.87	18.20	1.38	1.1145		24.91	0.04	7.142	\$	177.916	\$	177.861	\$	27.141	\$	204.002	2nd Q5	26.15	29.81	3.65
Nov-02	720	24.29	22.80	1.38	1.1145		36.16	10.68	6.912	\$	243.057	\$	167.895	\$	26.266	\$	194.150	1st Q6	28.74	31.00	2.26
Dec-02	744	26.49	22.08	1.38	1.1145		35.36	8.86	7.142	\$	252.486	\$	189.235	\$	27.141	\$	216.376	2nd Q6	26.79	30.54	3.75
Jan-03	744	26.88	19.95	1.38	1.1145		30.69	3.80	7.142	\$	219.172	\$	192.019	\$	27.141	\$	219.160				
Feb-03	872	25.07	18.70	1.38	1.1145		28.86	3.78	6.451	\$	196.163	\$	161.741	\$	24.515	\$	186.255				
Mar-03	744	22.77	16.45	1.38	1.1145		25.30	2.53	7.142	\$	180.704	\$	162.662	\$	27.141	\$	186.804				
Apr-03	720	18.80	12.82	1.38	1.1145		19.86	1.06	6.912	\$	137.264	\$	129.917	\$	26.266	\$	158.182				
May-03	744	16.22	12.02	1.38	1.1145		18.63	2.40	7.142	\$	133.036	\$	115.881	\$	27.141	\$	143.003				
Jun-02	720	18.59	15.15	1.38	1.1145		23.46	4.87	6.912	\$	162.185	\$	128.508	\$	26.266	\$	154.774				
Jul-03	744	29.44	21.25	1.38	1.1145		32.92	9.48	7.142	\$	235.132	\$	198.061	\$	27.141	\$	216.003				
Aug-03	744	34.48	28.57	1.38	1.1145		44.25	9.77	7.142	\$	318.675	\$	240.302	\$	27.141	\$	273.443				
Sep-02	720	33.44	23.86	1.38	1.1143		38.97	3.53	6.912	\$	285.526	\$	231.111	\$	26.266	\$	257.377				
Oct-03	744	23.96	18.20	1.28	1.1192	1.10	25.52	1.55	7.142	\$	182.293	\$	171.240	\$	27.141	\$	198.392				
Nov-03	720	27.81	22.89	1.28	1.1192	1.10	36.03	9.22	6.912	\$	249.034	\$	192.217	\$	26.266	\$	218.493				
Dec-03	744	31.48	22.98	1.28	1.1192	1.10	39.22	4.74	7.142	\$	256.695	\$	224.852	\$	27.141	\$	251.993				
Jan-04	744	29.61	19.95	1.28	1.1192	1.10	31.44	2.83	7.142	\$	224.462	\$	204.347	\$	27.141	\$	231.486				
Feb-04	872	26.82	18.70	1.28	1.1192	1.10	29.57	2.74	6.451	\$	180.731	\$	173.043	\$	24.515	\$	197.558				
Mar-04	744	24.98	16.45	1.28	1.1192	1.10	25.92	0.94	7.142	\$	165.148	\$	178.420	\$	27.141	\$	205.502				
Apr-04	720	19.42	12.82	1.28	1.1192	1.10	20.20	0.78	6.912	\$	130.820	\$	134.215	\$	26.266	\$	180.480				
May-04	744	16.56	12.02	1.28	1.1192	1.10	18.85	2.35	7.142	\$	135.320	\$	119.286	\$	27.141	\$	146.427				
Jun-04	720	19.54	15.15	1.28	1.1192	1.10	23.87	4.33	6.912	\$	164.979	\$	135.034	\$	26.266	\$	181.299				
Jul-04	744	27.32	21.25	1.28	1.1192	1.10	33.49	6.17	7.142	\$	239.181	\$	195.107	\$	27.141	\$	222.249				
Aug-04	744	33.63	28.57	1.28	1.1192	1.10	45.02	9.38	7.142	\$	321.510	\$	254.487	\$	27.141	\$	381.608				
Sep-04	720	34.54	23.86	1.28	1.1192	1.10	37.61	3.07	6.912	\$	259.929	\$	238.736	\$	26.266	\$	385.001				
Oct-04	744	24.87	18.20	1.27	1.1174	1.10	25.28	0.61	7.142	\$	180.575	\$	176.197	\$	27.141	\$	203.338				
Nov-04	720	28.84	22.80	1.27	1.1174	1.10	35.69	6.65	6.912	\$	248.681	\$	199.374	\$	26.266	\$	225.640				
Dec-04	744	32.62	22.98	1.27	1.1174	1.10	35.88	3.38	7.142	\$	256.261	\$	232.262	\$	27.141	\$	256.404				
Jan-05	744	29.16	19.95	1.27	1.1174	1.10	31.14	1.98	7.142	\$	222.450	\$	209.433	\$	27.141	\$	235.574				
Feb-05	872	27.57	18.70	1.27	1.1174	1.10	29.29	1.71	6.451	\$	188.937	\$	177.880	\$	24.515	\$	202.385				
Mar-05	744	25.59	16.45	1.27	1.1174	1.10	25.68	0.59	7.142	\$	183.406	\$	182.770	\$	27.141	\$	206.811				
Apr-05	720	19.89	12.82	1.26	1.1174	1.10	20.17	0.28	6.912	\$	139.403	\$	137.489	\$	26.266	\$	183.755				
May-05	744	16.97	12.02	1.26	1.1174	1.10	18.92	1.05	7.142	\$	135.111	\$	121.172	\$	27.141	\$	148.313				
Jun-05	720	20.01	15.15	1.26	1.1174	1.10	23.63	3.62	6.912	\$	164.714	\$	138.335	\$	26.266	\$	184.601				
Jul-05	744	27.72	21.25	1.26	1.1174	1.10	33.43	5.71	7.142	\$	238.796	\$	198.020	\$	27.141	\$	225.181				
Aug-05	744	35.94	28.57	1.26	1.1174	1.10	44.94	8.01	7.142	\$	321.801	\$	292.811	\$	27.141	\$	380.952				
Sep-05	720	35.38	23.86	1.26	1.1174	1.10	37.54	2.16	6.912	\$	259.511	\$	244.559	\$	26.266	\$	270.821				
Oct-05	744	23.27	18.20	1.27	1.1360	1.10	25.70	0.43	7.142	\$	183.584	\$	180.490	\$	27.141	\$	207.831				
Nov-05	720	23.55	22.80	1.27	1.1360	1.10	36.28	6.74	6.912	\$	250.750	\$	204.251	\$	26.266	\$	250.497				
Dec-05	744	33.31	22.98	1.27	1.1360	1.10	36.48	3.16	7.142	\$	260.527	\$	237.929	\$	27.141	\$	265.054				
Jan-06	744	29.89	19.95	1.27	1.1360	1.10	31.66	1.76	7.142	\$	228.153	\$	213.466	\$	27.141	\$	240.657				
Feb-06	872	28.24	18.70	1.27	1.1360	1.10	29.77	1.54	6.451	\$	192.082	\$	182.174	\$	24.515	\$	206.688				
Mar-06	744	26.21	16.45	1.27	1.1360	1.10	26.11	(0.10)	7.142	\$	180.459	\$	187.180	\$	27.141	\$	214.321				
Apr-06	720	23.20	12.82	1.29	1.1360	1.10	20.60	0.46	6.912	\$	142.831	\$	139.543	\$	26.266	\$	185.909				
May-06	744	17.58	12.02	1.29	1.1360	1.10	19.38	1.80	7.142	\$	138.433	\$	125.580	\$	27.141	\$	152.721				
Jun-06	720	20.50	15.15	1.29	1.1360	1.10	24.42	3.92	6.912	\$	168.704	\$	141.067	\$	26.266	\$	167.932				
Jul-06	744	23.39	21.25	1.29	1.1360	1.10	34.20	5.96	7.142	\$	244.605	\$	232.797	\$	27.141	\$	229.938				
Aug-06	744	37.83	28.57	1.29	1.1360	1.10	45.05	8.22	7.142	\$	328.894	\$	270.169	\$	27.141	\$	397.310				
Sep-06	720	38.24	23.85	1.29	1.1360	1.10	38.47	2.23	6.912	\$	285.892	\$	250.457	\$	26.266	\$	276.723				
Average		26.53	19.24	1.31	1.12	1.10	30.23	3.70		\$	7,874,607	\$	6,853,218	\$	892,642	\$	7,875,860				

Simple CRAC

CRAC signature

13 Feb 02

kWh	Hrs/Mth	2001	2000	1999	Average
Jan	744	7,491,820	7,133,740	7,103,170	7,242,910
Feb	672	6,784,630	7,172,530	7,236,660	7,064,607
Mar	744	7,047,620	7,735,290	8,417,660	7,733,523
Apr	719	6,988,760	6,720,360	7,095,250	6,934,790
May	744	7,219,730	8,031,410	7,274,800	7,508,647
Jun	720	7,722,040	6,963,890	6,898,050	7,194,660
Jul	744	8,087,090	2,019,710	6,471,450	5,526,083
Aug	744	5,506,540	7,847,000	6,307,540	6,553,693
Sep	720	6,597,620	6,871,040	7,434,450	6,967,703
Oct	745	6,151,242	7,979,890	7,533,030	7,221,387
Nov	720	6,758,102	6,723,240	7,402,660	6,961,334
Dec	744	5,807,607	6,448,410	5,801,990	6,019,336
Total	8,760	82,162,801	81,646,510	84,976,710	82,928,674

aMW For NLSL Determination	Hrs/Mth	2001	2000	1999	Average
Jan	744	10.1	9.6	9.5	9.7
Feb	672	10.1	10.7	10.8	10.5
Mar	744	9.5	10.4	11.3	10.4
Apr	719	9.7	9.3	9.9	9.6
May	744	9.7	10.8	9.8	10.1
Jun	720	10.7	9.7	9.6	10.0
Jul	744	10.9	2.7	8.7	7.4
Aug	744	7.4	10.5	8.5	8.8
Sep	720	9.2	9.5	10.3	9.7
Oct	745	8.3	10.7	10.1	9.7
Nov	720	9.4	9.3	10.3	9.7
Dec	744	7.8	8.7	7.8	8.1
Total	8,760	9.4	9.3	9.7	9.5

aMW	Average For Flat Block	Max Block	Min Block	Max Diff	Min Diff
Jan	10.0	10.0	10.0	0.0	0.0
Feb	11.0	11.0	10.0	0.0	1.0
Mar	10.0	11.0	10.0	1.0	0.0
Apr	10.0	10.0	9.0	0.0	1.0
May	10.0	11.0	10.0	1.0	0.0
Jun	10.0	11.0	10.0	1.0	0.0
Jul	7.0	11.0	3.0	4.0	4.0
Aug	9.0	11.0	7.0	2.0	2.0
Sep	10.0	10.0	9.0	0.0	1.0
Oct	10.0	11.0	8.0	1.0	2.0
Nov	10.0	10.0	9.0	0.0	1.0
Dec	8.0	9.0	8.0	1.0	0.0
Total	9.0	10.0	9.0	1.0	0.0



April 24, 2002

Allen Burns, Vice President
Requirements Marketing
BPA - Routing PS/6
Box 3621
Portland, OR 97208-3621

Re: City Heyburn – CF/CT Exemption to New Large Single Load

Dear Mr. Burns:

The Power Sales Contract between City of Heyburn and Bonneville Power Administration provides in essence that an increase in load of more than 10 average megawatts in a 12 month period at one location to one of Heyburn's customers would be deemed to be a "New Large Single Load" (NLSL). I understand that a load that was "contracted for or committed to" (CF/CT) as of 1979 acts as a floor in determining the base from which the 10 average megawatts is calculated.

The City of Heyburn has only one industrial customer, the J.R. Simplot Company, which operates a potato processing plant, an ethanol plant and some large freezers. The City has been serving the Simplot company's facilities since the early 1960's.

The City is with this letter requesting Bonneville Power Administration to undertake the verification or determination that the City of Heyburn was serving the J.R. Simplot potato processing plant in 1979 and what the load was.

Our City Attorney, Steven Tuft, has already sent a letter dated April 5, 2002 to Robert A. Anderson making this request, but I was advised that the request needs to be made to you. A copy of the letter is enclosed. Along with the letter, Mr. Tuft sent the City's copies of the BPA Form 110's it submitted to Bonneville from January 1975 through September 1, 1979. Attached to the forms sent to Mr. Anderson were the spreadsheets used by the City to make the calculations for the Form 110's which specifically show in kilowatt hours what the load was to the Simplot plant.

Also, I believe there are numerous Bonneville records which will verify the relationship between the City and the Simplot company in Heyburn. For example the Riverton Substation (sold last year to Heyburn) was constructed by Bonneville largely to service the Simplot load at the main processing plant.

Post-It® brand fax transmittal memo 7671		# of pages * 3
To	From	
Co.	Co.	
Dept.	Phone #	
Fax #	Fax #	

Allen Burns, Vice President
April 24, 2002
Page 2

Also enclosed are various other City records and an index which should document the existence and size of the load as of September 1, 1979.

Please acknowledge this request and advise me as to the following:

1. Whether or not the submitted materials will be sufficient to establish the CF/CT base to calculate NLSL.
2. The time frame you estimate it will take to make the determination.

Thank you.

Sincerely,
THE CITY OF HEYBURN

(b) (6)

Cleo K. Cheney,
Mayor

cc: Robert A. Anderson, PSW-6
Rod Aho
Tom Wagenhoffer
Thomas M. Grim
Steven A. Tuft
Larry Pierce

14. Copy of a letter from Heyburn "To Whom It May Concern" dated May 24, 1958, regarding the new Simplot plant and seeking new resources in order to be able to service the load.
15. Chart created by Heyburn in 1984-5 to summarize KWH sales by customer account from 1976 to 1984. Probably created to assist in responding to discovery requests in the WPPSS Bondholder litigation (MDL-551)
16. Charted created by Heyburn in 1984-5 showing KWH sales commercial and industrial accounts. It was created in order to answer Interrogatory No. 1 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
17. Charted created by Heyburn in 1984-5 showing KWH sales by customer class. It was created in order to answer Interrogatory Nos. 2, 3 and 4 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
18. Charted created by Heyburn in 1984-5 showing KWH sales commercial and industrial customer accounts. It was created in order to answer Interrogatory Nos. 92 and 93 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
19. Charted created by Heyburn in 1984-5 showing summary of KWH sales by customer class. It was created in order to answer Interrogatory No. 94 propounded to the City in the WPPSS Bondholder litigation, MDL-551.
20. BPA Form 890 showing load data by customer class for 1975 through 1979 and 1984.
21. Letter dated June 6, 1969 from Don Hill at Heyburn to Hugo Dalsoglio at Simplot regarding power factor correction in the billings to Simplot.
22. Various reports by Heyburn's Electric Department Manager, Larry Burbank, outlining policy, customer service and customer relations matters between Heyburn and the J.R. Simplot Company (1971 annual report; January 1972; September 1975; October 1975; January 1976; 1976 annual summary; August 1976; September 1976; October 1976; September 1978; and, December 1978.
23. Heyburn's Electrical Rate Ordinances: Ordinance No. 158 adopted April 8, 1964; Ordinance No. 175 adopted April 10, 1968; Ordinance No. 178 adopted October 9, 1968; Ordinance No. 256 adopted February 13, 1980.

TAB
1

LOAD FORECAST

Utility HeyburnSerial
Calendar-Year

	1980 1976-77	1981 1977-78	1982 1978-79	1983	1984
<u>Average Number of Customers</u>					
Residential	816	868	854		
Commercial	54	54	55		
Industrial	1	1	1		
Irrigation	2	2	2		
Other	43	50	50		
Sales for Resale	0	0	0		
Total	916	975	992		
<u>Energy Requirements (kWh)</u>					
<u>Sales:</u>					
Residential	13,325,802	14,365,532	16,336,951		
Commercial	3,179,890	3,458,930	3,745,190		
Industrial	56,292,000	50,138,400	51,122,400		
Irrigation	9,710	8,010	9,270		
Other	656,621	545,317	917,706		
Sales for Resale	0	0	0		
Total	73,464,023	69,516,189	72,131,517		
Losses (kWh - Hours)	1,154,036	768,811	1,477,403		
Total Energy Requirements (Including Losses) (kWh - Hours)	74,618,059	69,285,000	73,608,920		
Peak Demand (kilowatts)	12320	12760	13080		
Annual Debt Service on Existing Debt	\$	\$	\$	\$	\$
Future Capital Additions	\$	\$	\$	\$	\$

TAB
2

ITEM 2

CITY OF HEYBURN

<u>1976</u>	<u>NET PURCHASE</u>	<u>USE</u>	<u>LINE LOSS</u>	<u>PEAK DEMAND</u>
January	6081000	6329573	(248573)	10740
February	6670000	5999006	670994	11820
March	6315000	6227051	87949	11680
April	5431000	5620075	(189075)	10820
May	5892000	5841597	50403	10830
June	5998000	5929466	68534	11090
July	5107000	4932175	174825	11120
August	4629000	4573821	55179	10730
September	6427000	6263150	163850	10860
October	6612000	6359706	252294	11460
November	6319000	6120219	198781	11660
December	5773000	5726833	46167	11920
<u>1977</u>				
January	6924000	6748673	175327	12320
February	6385000	6403664	(18664)	11980
March	6589000	6588710	290	11940

ITEM 3

PROJECTED

G. R. SIMPLOT CO.

<u>1977</u>	USE KWH	Demand
January	4442400	8496
February	4293600	8712
March	4509600	8928
April	4236000	8952
May	4816800	9456
June	5035200	9590
July	4144800	9744
August	3775200	10434
September	5354400	10020
October	5277600	9812
November	4665600	9757
December	3792000	8879
<u>1978</u>		
January	4533600	8971
February	4269600	9378
March	4843200	9237

ITEM 3

CITY OF HEYBURN

1977	Average M.W.	Average MWH
April	8.2	5.986
May	7.3	5.392
June	7.2	5.256
July	6.7	4.891
August	6.7	4.891
September	8.1	5.913
October	8.3	6.059
November	8.5	6.205
December	8.6	6.278

Load Estimate

9/74

BPA 1-30-76

TAB
3

LOAD FORECAST

Utility City of Heyburn

<u>Calendar Year</u>	<u>Utility Load (1) (Including Losses)(2) (Megawatt-Hours)</u>	<u>Utility Peak Demand *</u> <u>(Kilowatts)</u>
1979		16100
1980		16900
1981		17600
1982		18500
1983		19400
1984		20400
1985		21300
1986		22400
1987		23500
1988		24600
1989		25800
1990		27000
1991		28400
1992		29800

- (1) - Please show sales for resale separately, if applicable.
(2) - Losses for distribution system only.

The above forecast represents the forecast currently used for planning purposes

* Peak Demand figures
are from BPA load
forecast (9/74) and
losses are already
taken into account.

Signed (b) (6)
Title Enggr. for City of Heyburn
ELECTRIC DEPT

TAB
4

1969
Power Factor
From B.P.A. To The City
OF Heyburn, AND From Heybu.
to J. R. Simplot, Co.

BPA To City

JAN-1969	.94 P.F.	Adjusted For	\$79.80
FEB-1969	.93 P.F.	" "	\$160.55
MAR-1969	.93 P.F.	" "	\$156.75
APR-1969	.93 P.F.	" "	\$152.95
MAY-1969	.		

	5400/4160 KV City To Simplot	7200/12470 KV
JAN 1969	83.7 = .84 P.F.	.74 P.F.
FEB - 1969	83.3 = .83 P.F.	.74 P.F.
MARCH-1969	.83 P.F.	74.3 = .74 P.F.
LYC - 1969	.83 P.F.	.74 P.F.
MAY - 1969	.84 P.F.	.74 P.F.

PF Adjusted would cost $95 \times \text{KW} \div 6480$

JAN-1969	.84 P.F. = \$849.00	.74 P.F. = \$190.0
FEB-1969	.83 P.F. = \$951.00	.74 P.F. = \$190.0
MAR-1969	.83 P.F. = \$937.00	.74 P.F. = \$190.0
APR-1969	.83 P.F. = \$951.00	.74 P.F. = \$190.0
MAY-1969	.84 P.F. = \$874.00	.74 P.F. = \$190.0

By BPA Adjusting 1% Per 1% below .95%

JAN 1969	.84 PF	\$712.80	.74 PF	\$141.12
FEB 1969	.83 PF	\$789.12	.74 PF	\$141.12
MAR 1969	.83 PF	\$777.60	.74 PF	\$141.12
APR 1969	.83 PF	\$789.12	.74 PF	\$141.12
MAY 1969	.84 PF	\$733.92	.74 PF	\$141.12

~~\$4508.16~~

TAB
5

For 1965 Dollars Billed Simplot
\$141,070.36

The Total Bill was \$156,394.93 we give
Them a 10% discount if paid by 10th
So the total we received a total of
\$141,070.36 10% off was 15,324.57

1966 Dollars Billed Simplot

Total - \$209,672.57 - 10% \$20,967.25

Total Bill \$188,705.32 paid To Heyburn

		Demand	Energy
1966 JAN 3	which December Bill		
	#14,903.71	4800	2,044,800
Feb-1	#17,432.72	5024	2,179,200
Mar-1	17,992.24	5088	2,326,400
Apr-1	18,676.00	4992	2,640,000
MAY-1	18,563.60	5024	2,576,000
June-1	18,904.48	5184	2,572,800
July-1	13,855.52	4160	1,587,200
Aug-1	11,756.98	3629	1,254,400
Sept-1	15,248.64	4480	1,830,400
OCT-3	19,717.28	5223	2,828,060
NOV-1	19,353.03	5284	2,653,430
Dec-1	19,751.57	5540	2,582,400
Dec-30	18,420.51	5283	2,327,000

209,672.57

-10% 20,967.25

\$188,705.32 Billed Simplot in 1966

BPA Idaho Falls, Idaho
Box 2558

TAB
6

GENERAL

Name of Company and Subsidiaries

CITY OF HEYBURN, IDAHOMUNICIPAL ELECTRIC DISTRIBUTION

B. Territory Served

GENERALLY THE CORPORATE CITY LIMITS

C. Customers - Give approximate number of customers by classifications:

1. Domestic 6652. Mercantile 533. Industrial 24. Municipal 44

D. Estimated Gross Revenue - Current year plus two preceding years:

1975 (\$508,554.77) 1974 (\$399,897.13) 1973 (\$414,989.71)

E. List any customer accounting for more than 5% of average output:

FOOD PROCESSING DIVISION - J.R. SIMPLOT CO.

CAPACITY

A. Total generating capacity NO GENERATION

B. Peak Demand

1. Maximum peak last year 10,200 KW2. Estimated peak this year 11,000 KWC. Capacity of largest generating unit N/A TO CITY SYSTEM

D. How many days of operation at 80% or more of capacity:

1. Last year NONE2. Estimate current year NONE

FACILITIES

A. What percentage of total generating capacity is fueled by:

1. Water power N/A TO CITY SYSTEM2. Coal N/A

4. Atomic energy N/A
5. Other N/A

- B. High voltage transmission:
1. Number of miles NO TRANSMISSION
2. Miles in densely populated areas
3. Miles in forested areas

IV INTER-TIES

- A. Does the company participate in a regional grid or power pool?

ONLY AS A BONNEVILLE POWER ADMIN. CUSTOMER

- B. Was the company a net importer or exporter of pooled power last year?

YES - AS A CUSTOMER OF BPA

- C. Are spinning reserves maintained? N/A TO CITY SYSTEM

1. What is average percentage of spinning reserve to total output?

N/A TO CITY SYSTEM

V INTERRUPTIONS OR BLACK-OUTS

- A. List any major interruptions during last three years including cause, number of customers affected and length of outage:

DEC 73 ADVERSE WIND & SNOW CONDITIONS

3HR OUTAGE ON TOTAL SYSTEM

(SEE BACK OF PAGE)

VI CLAIMS

- A. List all claims for bodily injury and property damage in excess of \$25,000, during the last five years:

NO CLAIMS IN EXCESS OF \$500⁰⁰

VII CONSTRUCTION - MAINTENANCE

- A. List major new facilities to be added this year

NO MAJOR FACILITIES IN 1976 PLANNED

MAJOR ADDITION PLANNED 1980-83

V INTERRUPTIONS

*N 74 CRT IN SUBSTATION CONTACTED HIGH
VOLTAGE EQUIPMENT CAUSED ONE HOUR OUTAGE
ON TOTAL SYSTEM*

*OCT 75 VANDALISM WITH HIGH POWERED RIFLE
CAUSED ONE HOUR OUTAGE AFFECTING APPROX
200 CUSTOMERS*

C. Is there a comprehensive plan for replacement of aging facilities including
distribution lines? YES ON AN INSPECTION

AND LOAD GROWTH BASIS

D. Are above ground distribution lines being buried?

NOT AT THE PRESENT TIME - ONLY NEW CONST.

E. Are up-to-date system maps maintained? YES

1. Do they include dates of replacements and major repairs?

NOT PRESENTLY - WILL IN NEAR FUTURE

2. Are main shut-off and regulating controls indicated?

YES

TAB
7

28 January 1975

Mr. Martin Darksema
Area Manager
Bonnaville Power Administration
P. O. Box 2558
Idaho Falls, Idaho

Dear Martin:

Within the next five years additional substation transformer capacity will be needed to serve the City of Heyburn's load.

We are considering two alternative plans for the additional transformation:

Plan A — Install a 12/20 MVA, 138-12.5Y/7.2KV transformer at Heyburn Substation. (Because of interrupting capability limitations the transformer cannot be operated in parallel on the load side with the existing transformer.)

Construct a 477 MCM ACSR (two conductors per phase) 7.2/12.5KV distribution circuit to the City's switching station.

Plan B — Construct a 138KV transmission line to the City's switching station. (0.8 to 1.3 miles depending on the route.)

Construct a 138-12.5Y/7.2KV substation adjacent to the City's switching station with one 12/20 MVA transformer initially and provision for a second 12/20 MVA transformer in the future.

- 1- Power is presently obtained from Bonneville Power Administration, future requirements will be met through the Washington Public Power Supply System probably marketed through BPA.
2. a. Bonneville Power wheels our energy on Idaho Power Co transmission lines. B. no interest C. no interest at the present time (D. ^{and E.} This will depend on BPA and Idaho Power Co wheeling agreements. We have not as a municipality corresponded with the applicants.
3. We are members of WPPSS with BPA as a marketing agent on net billing agreements for future nuclear reactors. The only benefit is to assure future power supplies.
4. Thus far as a municipal power supplier we have not competed for any customers inside or outside our service area (city limits)
5. We are competitive on these items.
6. Thus far the applicants have not inhibited our plans
7. n/a
8. Idaho Power Co and Bonneville Power Admin are the major owners of transmission lines in southern Idaho. The future growth and requirements of this area may be inhibited unless Idaho Power Co increases line capacity into this area in the future.
9. not at the present time

Prepared by:

Larry Burbank
City of Heyburn Electrical Supt.

Answers are needed to the following questions to evaluate the alternative plans:

In Plan A will BPA permit the City to provide the transformer in BPA's substation? If so, what surcharge will apply?

In Plan B will BPA construct the 138KV line and provide a point of delivery at the City's switching station? If so, what surcharge will apply?

Your answers to these questions and any other pertinent information you might forward will be appreciated.

Cordially,

CITY OF HEYBURN

Larry C. Burbank
Electric Superintendent

LB:ld

cc: E. Robert Mooney
CH2M-Hill
Corvallis, Oregon

ATTACHMENT

1. How does your system presently obtain its bulk power supply; how does it expect to obtain future additions to bulk power supply?

2. Please describe any interest you may have in bulk power supply coordination with the applicants including (a) interconnection and emergency power exchanges, (b) joint ownership with the applicants of the proposed nuclear unit, (c) unit power purchases from the proposed nuclear unit, (d) use of the applicants' transmission facilities for purposes of coordination of your electric operations with the applicants and/or their electric systems, and (e) participation in nearby power pool operations. Have you requested the applicants to consider any of these matters? Describe in detail, with documentation (copies of letters, memoranda, etc.) if available, the response of the applicants.

3. Are you a member of any power pool or G&T cooperative? If so, describe your responsibilities and benefits.

4. Is your system in competition with the applicants or with other electric systems? If so, please describe the nature and extent of that competition; If possible please describe some specific instances of competition which have occurred.

5. Are you competitive with the applicants in terms of cost of power and power supply reliability? If not, indicate whether any actions or policies by the applicants have limited your competitive ability in these respects.

6. If your system presently purchases power at wholesale from applicants, does your system have alternatives for bulk power supply expansion to meet future load growth? If so, what are these alternatives? If not, indicate whether any actions or policies by the applicants have inhibited the development and implementation of such bulk power supply alternatives.

7. If you are a wholesale customer of the applicants, are there any specific features of your present wholesale rates and related contract or tariff provisions which you consider as unduly restrictive or anticompetitive?

8. Do the applicants control all or most of the high voltage transmission in your area? Is their ownership or control of transmission a limiting factor in your obtaining bulk power from alternative sources or in coordinating planned expansion of your generating capacity with other electric entities? If so, please explain.

9. Have you any other facts which you believe would have a bearing on the competitive effects of a grant of the license to the applicants which we should consider before rendering our advice?

Formerly AT-117

FORM ATR-117
7-2-74

no1

TAB
8

City Of Heyburn

HEYBURN, IDAHO 83336

Member Of Idaho Municipal League

May 4, 1982

Mr. Dave Pettit
J. R. Simplot Co.
Food Processing Division
P. O. Box 676
Heyburn, Idaho 83336

Dear Dave;

In response to your inquiry concerning power factor correction on the 12.5KV industrial load served out of the City's Riverton Substation, I submit the following for discussion and possible future negotiations of an agreement.

The City of Heyburn Electrical Department would operate and maintain a 1200KVAR capacitor bank to improve the Simplot Co. 12.5KV industrial service power factor for a monthly charge of \$180.00. The period of agreement would terminate when it became necessary to replace or increase the size of the installation.

The City and your company would inform the respective insurance carriers of the proposed agreement.

If I can be of further help in this matter, please call.

Yours truly,

CITY OF HEYBURN

Larry Burbank

LB:ld

TAB
9

**J. R. Simplot Company**

*Rec'd after
letter to Derbama
was mailed*

FOOD DIVISION

December 3, 1975

Mr. Larry Burbank
City of Heyburn
Heyburn, Idaho

Dear Mr. Burbank:

Re Electrical Loads, Heyburn, Idaho.

The letter of May 5, 1975 in which I projected electrical requirements at our Heyburn plant is still the best I have to date.

That projection will probably extend through 1978 without any major increases. By that I mean the requirements through 1976 will serve us without any major increases through 1978.

You have asked for a projection from 1979 through 1982. The heaviest loads that might be anticipated would be due to steam generation by electrode boilers. This would be governed by the economics and availability basically. If these two conditions proved to be favorable (which present indications do not show) some replacement or expansion of steam generation would be considered. The range would be somewhere near 30 and 40 MW.

Yours truly,

(b) (6)

Gerald Sullivan
Engineering Coordinator

GS/cs

cc: Hugo DalSoglio
Paul Hansen
Spencer Bryant
Jack Beckwith
Ross Corless

Enc. Letter of 5/7/75

TAB
10

FOOD DIVISION

December 29, 1975

Mr. Larry Burbank
City of Heyburn
Heyburn, Idaho 83336

Dear Larry:

At the Heyburn Plant we expect to add 3000 HP of process equipment within the next five (5) years. When and if it becomes economically feasible we will consider electrode boilers, which would be approximately forty (40) megawatts.

Sincerely,

(b) (6)

Dave Pettit

Electrical Designer

J. R. Simplot Company

DP/mp

*Called Gerry Sullivan 5 May 1978
Additional load delayed to 1980*

TAB
11

City Of Heyburn
HEYBURN, IDAHO 83336
Member Of Idaho Municipal League

October 9, 1973

KWH consumed August 1972 thru July 1973

J. R. Simplot Co. - Food Processing Division

Aug. - 2,944,800	Feb. - 4,375,200
Sep. - 4,512,000	Mar. - 4,490,400
Oct. - 4,941,600	Apr. - 4,207,200
Nov. - 4,101,600	May. - 4,029,600
Dec. - 3,585,600	Jun. - 2,966,400
Jan. - 3,811,200	Jul. - 3,391,200

J. R. Simplot Co. - Sewer Pump

Oct. - 76,800
Nov. - 77,520
Dec. - 83,760
Jan. - 78,720
Mar. - 75,840

CITY OF HEYBURN

Larry Burbank
Electrical Superintendent

ld

TAB
12

SIMPLOT FOOD PROCESSING - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	8104	7680	8674	8971	9052	7184
February	7592	7500	8717	9378		7776
March	7897	7344	8812	9253	9357	9090
April	8060	7044	8912	9451	8806	9368
May	8640	7520	9451	9870	7800	9475
June	8160	7872	9580	9827	9335	
July	7560	8086	9761	9677	9800	
August	7008	8250	10432	10019	10537	
September	7382	8064	10037	9678	9217	
October	8112	7824	10100	9698	10013	
November	9592	8304	10217	10335	9020	
December	7968	8026	10000	9077	8856	

SIMPLOT FIRE PROTECTION - DEMAND

Month	1974	1975	1976	1977	1978	1979
January				0	231	217
February				0	215	215
March				3	232	217
April				240	229	228
May				20	220	266
June				223	229	
July				154	237	
August				100	240	
September				226	266	
October				213	246	
November				251	232	
December				302	295	

SIMPLOT RIVER PUMP - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	480	102	107	134	138	162
February	401	102	100	136	150	151
March	480	103	107	134	154	169
April	480	102	106	141	134	162
May	480	107	108	144	131	146
June	480	104	112	144	147	
July	149	101	104	144	159	
August	120	114	121	141	152	
September	19	110	128	147	159	
October	104	96	134	141	166	
November	104	102	128	141	175	
December	105	114	130	138	168	

SIMPLOT CARPENTER SHOP - DEMAND

Month	1974	1975	1976	1977	1978	1979
January		18	16	24	22	28/20
February	16	18	17	25	22	20/20
March	15	17	16	22	24	21/20
April	15	18	19	20	21	21/20
May	15	17	16	21	21	21/36
June	13	17	19	17	16	
July	7	15	10	14	14	
August		11	11	18	16	
September	14	17	10	20	19	
October	10	10	24	19	21	
November	12	15	21	21	23	
December	24	11	20	22	25	

SIMPLOT GREENHOUSE - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	25	25	19	23	18	25
February	25	25	21	20	18	25
March	25	24	22	16	17	24
April	21	13	22	15	14	18
May	20	22	18	4	14	8
June	16	23	20	4	10	
July	13	11	9	4	8	
August		4	11	5	8	
September	5	4	18	5	4	
October	5	9	20	5	4	
November	20	22	21	17	18	
December	24	24	20	16	25	

SIMPLOT AUTOMOTIVE SHOP - DEMAND

Month	1974	1975	1976	1977	1978	1979
January	35	43	38	42	38	45
February	36	42	41	42	34	40
March	34	42	35	41	35	41
April	34	39	37	34	24	34
May	34	34	35	32	33	37
June	32	34	33	32	25	
July	38	33	37	31	39	
August	38	36	37	31	35	
September	37	34	34	30	30	
October	34	33	34	31	31	
November	34	34	39	35	39	
December	35	39	38	41	42	

TAB
13

City Of Heyburn

HEYBURN, IDAHO 83336

Member Of Idaho Municipal League

September 24, 1974

Mr. Jack Beckwith
Electrical Engineer
J. R. Simplot Co.
P. O. Box 1059
Caldwell, Idaho

Dear Jack:

In response to your recent telephone call regarding present and future power availability of 4160 volts provided by the City of Heyburn, I submit the following:

Your request for connection of 450 HP is approved immediately.

The additional estimated 1600 HP for connection in early spring 1975 is tentatively approved.

Capacity of the 4160 volt transformer bank will gradually increase as residential loads are converted to 12,470 volts and removed from this bank. Plans presently call for the 8.1 MW capacity (summer rating) to be available in 1975. Full capacity may be available by summer 1975 if conversion progresses faster than anticipated.

Presently the feeder to your main plant switch yard is limited because of 500 MCM copper single conductor. We need to coordinate plans for reconductoring with paralleled 477 MCM ACSR to coincide with your yearly shut down for maintenance or at any other opportune time as you deem feasible.

Thanks again for your cooperation.

Yours truly,

CITY OF HEYBURN

(b) (6)

Larry Burbank
Electric Superintendent
P. O. Box 147
Heyburn, Idaho

LB:ld

TAB
14

XXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXX
XXXXXXXXXX
XXXXXXXXXX
XXXXXXXXXX

May 24, 1958

TO WHOM IT MAY CONCERN:

The Village of Heyburn is located on the north and east bank of Snake River in Minidoka County, Idaho. Its north boundary is two miles from east to west, and east boundary one mile north to south.

The land on the bank of Snake River is high and sandy, furnishing an ideal site for industrial plants. Plenty of water and drainage along with unused railroad trackage, makes it a desirable location. Enclosed is a map of the Village of Heyburn showing proposed new plants in red, and a map showing the North Side Pumping Division, which is a veteran homestead project.

The development of the Veteran Homestead Project north of the Village, and private land on the south, has caused industry to locate in Heyburn.

The Village of Heyburn has owned its own electrical distribution system since 1921. Electrical energy is furnished under contract by the Bureau of Reclamation. The following chart shows the steady increase of demand in the last three years:

	<u>1955</u>	<u>1956</u>	<u>1957</u>
<u>February</u>	428	456	570
<u>September</u>	224	352	400

At the present time, the Village of Heyburn has applications on file for electrical energy as shown in the following chart:

XXXXXX
 XXXXXXXXXXXX
 XXXXXXXXXXXX
 XXXXXXXXXXXX

XXXXXXXXXXXX
 XXXXXXXXX
 XXXXXXXXX
 XXXXXXXXX

Page 2.

Name	Time of Construction	KW hr Applied for	Present Load	Total KW hrs
J. R. Simplot	Under Construction	600	125	725
Western Grain, Inc.	1958	150	---	150
Western Grain, Inc.	1959	100	---	100
Pacific Supply Co-Op)	One unit built "1" 1958	60	50	110
Leonard Johnson	1958 or 1959	50	--	50
Shillington Apts)	Purchased from U. S. Gov't. 1958	25	--	25

The J. R. Simplot Company is breaking ground this week. From what they tell us, it will be the largest potato starch plant in the world; which is in connection with potato packaging.

This Company alone has asked for as much electrical power as the entire Village of Heyburn is now using.

A new power line, of adequate capacity, has already been built directly into the Simplot Plant.

The normal growth, additional appliances, will amount to 30 KW hrs per year. Also, the Village is being increased by about 30 to 36 new homes per year, which means an additional 100 KW hrs per year.

The following is a conservative estimate of our electrical power needs in the next three years, as prepared by our Electrical Engineer and Village Engineer, and supported by applications already mentioned:

January 1958 -	600KW hrs
September 1958 -	900 KW hrs
January 1959 -	1,500 KW hrs
September 1959 -	1,875 KW hrs
January 1960	2,500 KW hrs

At the present time, our contract with the Bureau of Reclamation calls for 440 KW hrs, May through October, and 640 KW hrs November through April.

XXXXXX
XXXXXXXXXXXX
XXXXXXXXXXXX
XXXXXXXXXXXX

XXXXXXXXXXXX
XXXXXXXXXX
XXXXXXXXXX
XXXXXXXXXX

Page 3

The Bureau of Reclamation tells us they can not furnish the additional electricty that we need.

In view of the above facts, we urgently request immediate construction by the Bureau of Reclamation of the Burns Creek Multi-Purpose Dam.

-
Leo J. Handy
Chairman of Board,
Village of Heyburn

Enclosures:
Map, Village of Heyburn
Map, North Side Pumping Division,
Minidoka Project, Rupert, Idaho

LJH/mw

TAB
15

Company	Address	1976 Cal Year KWH Sales	1977 Cal Year KWH Sales	1978 Cal Year KWH Sales	1978-1979 Fiscal Year KWH Sales	1979-1980 Fiscal Year KWH Sales	1980-1981 Fiscal Year KWH Sales	1981-1982 Fiscal Year KWH Sales	1982-1983 Fiscal Year KWH Sales	1983-1984 Fiscal Year KWH Sales	Account Number	Rate Multiplier	Notes
Western Chem Supply	North Street	10200	8640	9400	9560	7560	7960	7560	10200	73080	250-1 254	X40	721
Western Land Co.	Marine Blvd	258720	208040	138320	247040	251600	183760	144520	200800	1633000	250-1 254	X40	732
Western Land Co.	Goldmine Road Hayward	64960	51360	40160	48480	48200	51980	46360	55360	407360	250-1 254	X40	741
Western Land Co.	New Street	7200	6480	8240	6960	6720	8000	7040	15800	66440	250-1 254	X40	746
Western Land Co.	Marine Blvd	37640	23240	2900	58520	46480	47920	61040	70000	347440	250-1 254	X40	747
Mini-Corona Corp Co.	Hayward	56560	57680	45280	61440	66040	60960	60320	59000	473880	250-1 254	X40	754
Demplot Co.	Fire Protection	608000	789600	954000	98400	1131600	1159200	1155600	6826800	250-1 254	X1200		820
Demplot Co.	Food Processing	37017600	37891200	25727600	32956800	29759000	28656000	35635200	37204900	264847900	250-1 254	X400	838
Demplot Co.	Food Processing	11996880	12929600	10777200	13223200	1321600	11601600	6743200	82208880	250-1 254	X2400		846
Demplot Co.	Food Processing	4008000	4540800	3592400	4461600	4713000	6511200	32100000	4253500	34184100	250-1 254	X2400	847
Demplot Co.	Green House	74180	52520	50180	55080	46460	44100	50420	37090	414700	250-1 254	X10	848
Demplot Co.	Carpenter Shop	43080	55340	45760	65470	107200	92160	100280	118080	631370	250-1 254	X40	849
Demplot Co.	Automotive Shop	208400	203080	165760	205680	202000	218000	247520	217440	1666880	250-1 254	X80	853
Demplot Co.	Bevin Pump	724000	463200	727720	873360	748480	371200	541717	947902	5900377	250-1 254	X240	854
Harvey Food Center	Hayward	183400	183440	156300	244560	290240	268160	269840	277640	1873580	250-1 254	X40	855
McQuinn Associates	Hayward	12030	10400	24090	49080	35600	44160	46920	40840	263120	250-1 254	X40	856
Bank of America	Hayward	119140	76000	67200	58060	55280	51580	53300	40860	512500	250-1 254	X20	857
San Bruno School	Hayward	117160	113080	88920	107560	112960	114320	116960	129360	909320	250-1 254	X40	858
San Market	Hayward	114130	132820	118620	141410	132490	125490	38800	11000	814780	250-1 254	X40	859
Yinck Inc.	Hayward	22150	22620	17340	26170	27770	38200	51120	50160	257530	250-1 254	X40	860
Lita	Hayward	40380	38040	24360	31960	27320	38000	40320	36680	277160	250-1 254	X40	861

TAB
16

Interrogatory #1

* More Market was counted as a Church Fiscal Year 1982-1983
* moved to Church District and started Aug 1984

City changed to Fiscal Year

12 largest entities	Customer address	Customer Category	1975 Calendar Year KWH	1976 Calendar Year KWH	1977 Calendar Year KWH	1978 12 months Calendar Year KWH	1978-1979 Fiscal Year KWH	1979-1980 Fiscal Year KWH	1980-1981 Fiscal Year KWH	1981-1982 Fiscal Year KWH	1982-1983 Fiscal Year KWH	1983-1984 Fiscal Year KWH	1984-1985 Fiscal Year KWH
1	Samplot Co. Fuel Pumping Plant	Industrial	33076800	37017600	37891200	25737600	32956800	29750400	28656000	35635200	37204800	43324800	43538400
2	Samplot Co. Fuel Pumping Plant	Industrial	976800	11996880	13929600	10797600	13723200	13216800	11601600	6943200	changed to district	→	→
3	Samplot Co. Cold Storage	Industrial	10821600	4008000	4540200	3590400	4461600	4213600	6011200	2100300	4258500	4257900	4881900
4	Samplot Co. Fuel Station	Commercial	New Service	New Service	648000	789000	954000	988800	1131600	1159200	1155600	1078800	1166400
5	Samplot Co. River Pump	"	616000	724000	963200	729920	873960	748480	371200	541717	947302	1075422	1115222
6	Samplot Co. Fuel Station 1413 J Street	"	180280	183400	183440	156300	244340	290240	268960	269440	277440	285680	288440
7	Samplot Co. Antenna Shop	"	212800	208400	202080	165360	205680	202000	218000	242500	217440	226560	243200
8	Whitcomb Co. Manufacturing	"	13000	25820	203040	138320	247840	251600	183960	144500	200300	125160	117920
9	Grade School 17410 J Street	"	111120	117160	113080	88320	107560	112960	114320	116960	129360	129760	138000
10	* More Market 18410 J Street	"	127780	114150	132820	118620	141410	132490	125490	38800	11000	10600	14640
11	Samplot Co. Computer Shop	Commercial	45540	47080	55340	45760	65470	102200	92160	100220	118080	146600	121440
12	* Samplot Co. Oilfield Production	Industrial	New Service	→	→	→	→	→	→	→	→	1 Month 28,800	2,904,300
13	Samplot Co. Oilfield Production	Commercial	New Service	→	→	→	→	→	→	→	→	2nd 268,560	39,5200

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Antingyuan #2*3*4

YEAR Calendar Fiscal	Total Kilowatt Sales	Total Revenue From Sale of Electricity	Number of Customers	Number of Connections	Kilowatt Sales Residential	Revenue from Sales Residential	Kilowatt Sales Commercial	Revenue from Sales Commercial	Kilowatt Sales Industrial	Revenue from Sales Industrial				
Cal 1968	40960200	282778.96	1	430	60	3	2600	58.07	4243000	56816.08	1501430	17981.09	33170760	207347.72
Cal 1969	53423000	348382.53	1	443	64	3	2840	81.22	4503000	50045.30	1467050	17671.23	46130270	280022.28
Cal 1970	56901261	380471.25	1	449	64	3	1890	58.85	5080780	54843.00	1496206	18150.60	48327000	306921.80
Cal 1971	58129980	358609.99	1	567	66	2	2480	61.51	6330360	63252.13	1544822	17668.29	46191300	277162.57
Cal 1972	59310000	386217.84	1	597	72	2	3570	111.88	7451380	73466.63	1633380	18454.56	48994960	293705.27
Cal 1973	60985000	403074.58	1	632	62	2	1380	83.22	8249380	82720.67	1630630	19385.59	49134240	300231.54
Cal 1974	57034000	394403.010	1	655	60	2	340	75.01	9044800	87737.69	1600900	18711.89	44524380	287103.01
Cal 1975	60303000	402189.44	1	709	53	1	6890	150.15	10725.89	123227.28	2741690	27542.40	45055200	340285.61
Cal 1976	71254000	591286.66	1	800	53	1	10150	172.34	12375.86	142758.71	2572050	30567.65	54343200	416673.46
Jan 1, 1977 - Dec 31, 1977	55917000	454153.13	2	443	54	1	9640	131.72	9839.22	123619.87	2436710	28402.76	42556800	301051.13
Jan 1, 1978 - Dec 31, 1978	69285000	613720.27	1	872	55	1	8010	152.45	1436582	165722.17	3458930	40234.83	50138400	405524.33
Jan 1, 1979 - Dec 31, 1979	73608200	618991.69	1	887	50	1	9270	100.26	16336751	185702.88	3745090	45035.32	51122400	386429.23
Jan 1, 1980 - Dec 31, 1980	69224000	742952.18	3	944	49	1	13710	257.32	15180.820	182424.01	3338200	50320.19	43108800	508148.61
Jan 1, 1981 - Dec 31, 1981	69835000	856511.05	4	963	51	3	109880	2536.16	16313380	223935.00	3365700	55883.94	46768800	572228.95
Jan 1, 1982 - Dec 31, 1982	73363700	1327233.02	5	961	56	2	95140	2885.82	17164200	382696.19	3826880	73392.40	45091360	847134.11
Jan 1, 1983 - Dec 31, 1983	66661605	2351061.75	5	954	57	2	107460	3985.72	19013610	632673.85	4534002	184215.27	44950880	1527647.96
Jan 1, 1984 - Dec 31, 1984	72231270	2229702.59	4	958	61	2	96020	4253.89	16516540	574244.20	4743261	125627.65	47609100	1433074.12
Jan 1, 1985 - Dec 31, 1985	76642250	2334395.49	5	952	66	3	122660	4230.57	16250480	593292.83	4822677	176115.65	51324600	1557580.21

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Interrogatory No. 92, and No. 93

City changed to
Knox, Tenn.

* These 770's were converted into a Grand and are now considered as Grand Jury returns

* First interest Bank was taken out of Knoxville in 1982

Customer Name	Customer Address	1976 Calendar Year KWH Sales	1977 Calendar Year KWH Sales	1978 10 months Calendar Year KWH Sales	1978-1979 Fiscal Year KWH Sales	1979-1980 Fiscal Year KWH Sales	1980-1981 Fiscal Year KWH Sales	1981-1982 Fiscal Year KWH Sales	1982-1983 Fiscal Year KWH Sales	Total Customer KWH Sales For 1976 thru 1983
1 Western Bell Co. Hwy 30 - Nashville		10,200	8,640	9,400	9,560	7,560	7,960	7,360	10,200	73,080
2 Western Bell Co. Hwy 30 - Nashville		258,720	208,040	138,320	247,040	251,600	183,960	144,520	200,800	1,633,000 *
3 Western Bell Co. Hwy 30 - Nashville		64,960	51,760	40,160	48,480	48,800	51,880	46,360	55,360	407,360
4 Western Bell Co. Hwy 30 - Nashville 4 months		7,200	6,480	8,240	6,960	6,720	8,000	7,040	15,800	66,440
5 Western Bell Co. Hwy 30 - Nashville		37,640	23,240	2,400	58,520	46,680	47,920	61,040	70,000	347,440
6 Western Bell Co. Hwy 30 - Nashville		56,560	57,680	45,280	61,440	66,640	66,860	60,320	59,000	473,880
7 J.R. Simplot Co. Fruit Station	New Britain 2 months	648,000	789,600	954,000	988,200	1,131,600	1,159,200	1,155,600	682,680	6,826,800 *
8 J.R. Simplot Co. Fruit Station		37,017,600	37,891,200	25,737,600	32,956,800	29,750,400	28,656,000	35,635,200	37,204,800	264,849,700 *
9 J.R. Simplot Co. Fruit Station		11,996,880	13,929,600	10,797,600	13,723,200	13,216,800	11,601,600	6,943,200	82,208,880	82,208,880 *
10 J.R. Simplot Co. Fruit Station		4,008,800	4,540,800	3,590,400	4,461,600	4,713,600	6,511,200	2,100,000	4,253,500	34,184,100 *
11 J.R. Simplot Co. Fruit Station		74,180	52,520	50,850	55,080	46,460	44,100	50,420	39,090	412,700
12 J.R. Simplot Co. Fruit Station		47,080	55,340	45,760	65,470	107,200	92,160	100,280	118,080	631,370 *
13 J.R. Simplot Co. Fruit Station		208,400	202,080	165,760	205,680	202,000	218,000	247,520	217,440	1,666,880 *
14 J.R. Simplot Co. Fruit Station		724,000	963,200	729,920	873,960	748,480	371,200	541,717	947,762	5,900,379 *
15 Harris, Fruit Station 16/3 Fruit		183,400	183,440	156,300	244,560	290,340	268,160	269,840	277,640	1,873,580 *
16 McBride, Fruit Station 800 Fruit		12,030	10,400	24,040	49,080	35,600	11,460	116,920	40,840	263,220
17 Fruit Station 184 and Fruit *		119,140	76,000	61,280	55,060	55,280	51,580	53,300	40,860	512,500
18 New Trade School 178 and Fruit		117,160	113,080	88,920	107,560	112,960	114,320	116,960	129,360	900,320 *
19 Main Market 184 and Fruit *		114,150	137,320	118,620	141,410	132,490	125,490	38,800	11,000	814,780 *
20 Fruit Station 1021 Fruit		22,150	22,620	17,940	26,170	29,770	38,200	51,120	50,160	257,530
21 Washburn 1710 Fruit		40,280	38,040	24,560	31,960	27,320	38,000	40,320	36,680	277,160

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Interrogatory No. 94	Calendar year 1976	10 months 1977	1977-78	1978-79	1979-80	Fiscal year 1980-81	Fiscal year 1981-82	Fiscal year 1982-83
Residential	12315860	9837160	14365530	16336950	15180970	16313350	17164200	15613610
Commercial 50 KVA in base	1499770	1027130	1361510	1554430	1397140	1529110	1824990	1577620
Commercial over 50 KVA	1077280	1489580	2697820	2196760	1941780	1836020	2001990	3158380
Industrial	54343220	42556100	50138400	51122410	43108880	46761800	45091860	44950150
Transmission	10150	9610	8010	9270	13710	109880	95140	107460
Yard Light	31460	25720	36020	37630	62650	61350	64240	66270
Total Sales	69339720	54867600	68086890	71251440	61710950	66618630	62231420	65274270

TAB
20

PROVISIONAL LOAD DATA

UTILITY CITY OF HEYBURN
POINT OF DELIVERY HEYBURN SUBSTATION

AVERAGE NO. OF CUSTOMERS	1975	1976	1977	1978	1979	1984
Sm. Commercial	63	66	69	72	74	88
Commercial (Lrg.)	4	5	5	5	6	8
Yard Lights	2	2	2	2	2	2
Yard Lights	1	1	1	1	1	1
Yard Lights	1	1	1	1	1	1
Yard Lights	30	32	34	36	38	48
Yard Lights	20	22	24	26	28	38
TOTAL	811	849	886	923	960	1,146
KWH PER CUSTOMER	14,000	14,400	14,800	15,200	15,600	17,600
Sm. Commercial	26,820	27,580	28,400	29,170	30,000	33,980
Commercial (Lrg.)	42,500	43,400	44,200	45,000	45,830	49,750
IRRIGATION	--	--	--	--	--	--
STREET LIGHTING	--	--	--	--	--	--
PUBLIC AUTHORITY	9,700	10,090	10,500	10,890	11,290	13,290
Yard Lights	800	800	800	800	800	800
ENERGY SALES MWH	9,660	10,370	11,100	11,860	12,640	16,900
Sm. Commercial	1,690	1,820	1,960	2,100	2,220	2,990
Commercial (Lrg.)	170	217	221	225	275	398
LARGE RESIDENT	52,750	53,000	54,000	70,880	72,000	89,850
IRRIGATION	3	3	3	3	3	3
STREET LIGHTING	276	288	300	312	324	384
PUBLIC AUTHORITY	291	323	357	392	429	638
Yard Lights	16	18	19	21	22	30
TOTAL	64,856	66,039	67,960	85,793	87,913	111,193
PERCENT LOSS	2.2	2.2	2.2	2.2	2.2	2.2
ENERGY REQUIREMENT	66,300	67,500	69,500	87,700	89,900	113,700
ANNUAL LOAD FACTOR	62.2	62.2	62.2	62.2	62.2	62.2
ANNUAL PEAK DEMAND KW	12,170	12,390	12,750	16,090	16,500	20,870
MONTH OF YEAR PEAK 1/	--	--	--	--	--	--
JANUARY PEAK 1A	11,500	12,170	12,390	12,750	16,090	19,900
AUGUST PEAK 1A 1/	12,170	12,390	12,750	16,090	16,500	20,870
DECEMBER PEAK 1A 1/	12,170	12,390	12,750	16,090	16,500	20,870

*1/ Anticipates summer and winter peak loads

will be about the same, with Simplot's refrigeration during summer months offsetting winter heat loads.

DATE 9-74

INITIAL VCL

BPA 980
May 1984

TAB
21

City Of Heyburn

Heyburn, Idaho 83336

MEMBER OF IDAHO MUNICIPAL LEAGUE
June 6, 1969

J.R. Simplot Co.
Food Processing Division
Heyburn, Idaho
Mr. Hugo DalSoglio
Assistant Manager

Dear Hugo:

One of the provisions of the City of Heyburns Electrical rates Code, Chapter 9, states that the average KW supplied during the month adjusted for the power factor shall be the demand determination. Where the industrial user's power factor is less than ninety-five percent (95%) lagging as determined by measurement under actual load conditions, the City may adjust the KW measured to determine the demand by multiplying the measured KW by ninety five (95) and dividing by the actual power factor.

Up to date the City has not been applying this to the J.R. Simplot Co. bill, but with the loading now of the City system to the Simplot plant, I think we had better take a good look at the power factor problem. The higher the power factor is towards 100%, or unity, the more power we can put over the existing lines, transformers and equipment. Also the better the voltages and operations.

If we have to start to adjust the Simplot bill for low power factor, this is what it will cost the Simplot Company:

For the month of Jan. 1969	it would have been \$849.00
For the month of Feb. 1969	it would have been \$951.00
For the month of Mar. 1969	it would have been \$937.00
For the month of Apr. 1969	it would have been \$951.00
For the month of May 1969	it would have been \$874.00
Total for the 5 months	\$4562.00.

The Bonneville Power Administration has been adjusting their bill to the City of Heyburn for low power factor from the first of Jan. 1969. As we have corrected our own power factor, it is up to 93%, so the penalty is not too bad for us in dollars and cents. But from now on we will need to have as high a power factor as we can get so as to insure our electrical users the best possible service.

As the power supplier of the J.R. Simplot Co. plant in the City of Heyburn, we would like to give you notice that starting with the October 1st 1969 billing, the City of Heyburn will adjust the KW demand for power factor.

I hope that you can get the needed power factor correction installed on your plant system before this date as the power correction will do the City more good than the penalty.

If you have any questions please call me.

Yours truly,

(b) (6)

Don Hill
City of Heyburn

cc: Ross Corless
cc: City of Heyburn

TAB
22

ELECTRICAL REPORT FOR NOVEMBER - 1971 by Larry Surbank

METER SCHOOL AT SALT LAKE THE 11th & 12th OF NOVEMBER WAS SPONSORED BY SARGENT METER CO. & FOLE LINE DISTRIBUTING CO. THE SCHOOL PROVIDED A GOOD BASIC APPROACH TO MATHEMATICS REQUIRED IN METERING, METERING APPLICATIONS BOTH SINGLE PHASE & THREE PHASE, PRODUCT INFORMATION, & AN EXCELLENT DEMONSTRATION ON SAFETY INCLUDING WHAT HAPPENS WHEN METERS ARE PLUGGED IN ON FAULT CURRENTS.

WE ARE CURRENT ON NEW CONNECTIONS. ONE NEW NIGHT LIGHT CONTRACT HAS BEEN ADDED. ONE CONTRACT LIGHT WAS SOLD TO OWNER, & ONE NEW LIGHT WAS INSTALLED & SOLD.

CONTRACT PROPOSALS ARE AVAILABLE FROM R.W. BECK & ASSOCIATES & CH2M. IT IS RECOMMENDED THAT OUR ATTORNEY REVIEW THEM DURING COUNCIL MEETING.

ALL MATERIAL WITH A FEW MINOR EXCEPTIONS HAS ARRIVED FOR OUR RELIABILITY LOOP AT CITY SUBSTATION. WE SHOULD HAVE THE UNDERGROUND IN SERVICE SHORTLY. THEN WE WILL BE ABLE TO PROCEED WITH REMOVAL OF THE OVERHEAD FEEDER INTO THE SUBSTATION.

CONTEMPLATION OF AN INCREASED LOAD AT SIMPLOTS AUTOMOTIVE SHOP HAS POSED PROBLEMS AS TO LINE CONSTRUCTION TO SERVICE INCREASING LOAD. THIS INCREASE SHOULD BE PUT ON 12.5 KV IF AT ALL FEASIBLE. ART & I ARE STILL PROBING POSSIBLE ROUTES OF PRIMARY LINE.

CAPACITORS ON SIMPLOT FEEDER WERE TAKEN OUT OF SERVICE FRIDAY THE 24th & RETURNED TO SERVICE MONDAY THE 29th TO STABILIZE THE VOLTAGE TO RESIDENTIAL USERS OVER THANKSGIVING WEEKEND. A STUDY IS UNDERWAY TO DETERMINE IF THE VOLTAGE VARIANCE IS CRITICAL ENOUGH TO WARRANT AUTOMATIC CAPACITOR SWITCHING.

THE SERVICE FOR THE SEWER LIFT STATION ON "U" STREET IS COMPLETE. SERVICE FOR THE STONE ADDITION & NEAR CHRISTENSENS HAS BEEN ENGINEERED. THESE NEW SERVICES ARE THREE PHASE & REQUIRE ADDITIONAL TRANSFORMERS & WIRING.

SNAKE RIVER POWER ASSOCIATION MEETING DEC. 3rd AT POCATELLO, IDAHO, WITH CHAIRMAN EARL ROSE & LARRY SURBANK IN ATTENDANCE, CONVENED AT 1:00 P.M.

YUAN FALLS - GUFFER PROJECT - RECLAMATION PROJECT ON MOUNTAIN HOME DESERT CALLED "SOUTHWEST EDWARDS PROJECT" WITH APPROX. 9300 MEGAWATTS PEAKING POWER AVAILABLE. AT THE PRESENT TIME THIS PROJECT IS UNDER CONSIDERATION BY IDAHO WATER RESOURCES BOARD & AN INTERIM COMMITTEE OF THE LEGISLATURE. THIS PROJECT WILL REQUIRE FULL LEGISLATIVE APPROVAL. IDAHO POWER & THE STATE ARE NEGOTIATING CONTRACTS AT THIS TIME. NO FEDERAL LICENSE HAS BEEN ISSUED. R.W. BECK HAS MADE AN ANALYSIS OF THIS PROJECT FOR THE ASSOCIATION.

RAFT RIVER GEO THERMAL STUDY - THERE IS A PW FILING WITH STATE WATER COMMISSION FOR AN EXPLORATORY PERMIT. KEITH HIGGINSON & STAFF ARE STUDYING FURTHER FILING REQUIREMENTS. LOCAL LAND OWNERS HAVE FILED PROTEST REGARDING CROSSING THEIR LAND. THEY HAVE PROPOSED LETTING RAFT RIVER USE IRRIGATION WATER FROM THEIR WELL IF IT IS RETURNED TO THEM AFTER GOING THROUGH HEAT EXCHANGER. ALL OF THIS WATER FOR 1/8 ROYALTY OF POWER SALES. THERE HAVE BEEN SEVERAL LARGE CORPORATIONS MAKING CONTACTS IN EFFORT TO GET A PIECE OF THE ACTION. THEIR IDENT, PURPOSE & AFFILIATION WAS

END OF THE

Jan meeting

WE HAVE CONNECTED FOUR MODULAR HOMES THIS PAST MONTH, THIS LEAVES ONE THAT HAS NOT BEEN SET ON THE FOUNDATION. FOUR OTHERS CONNECTED WERE BUILT BY LOCAL CONTRACTORS.

THE OUTAGES PRIOR TO THE REGULATOR OUTAGE HAVE BEEN CORRECTED BY INSTALLING NEW 100 AMP CUTOUTS ON "S" STREET BETWEEN 26TH AND 21ST, AND ON 20TH BETWEEN "K" AND "J" STREET. THE OLD CUTOUTS WERE OF 50 AMP CAPACITY WHILE THE LOAD THEY WERE CARRYING WAS IN EXCESS OF 50 AMPS. THE NEW CUTOUTS ARE 12.5 KV RATING, WERE MADE MORE ACCESSIBLE AND THE FUSE SIZE IS INDICATED ON THE POLE, THIS WILL SPEED UP FUSE REPLACEMENT TIME IN THE FUTURE. WE WON'T HAVE TO REMOVE THE FUSEHOLDER TO SEE WHAT SIZE THE FUSE IS AT THAT PARTICULAR POLE.

THE LIFT STATION FOR THE ROYAL MANOR ADDITION IS IN SERVICE. A NEW STREET LIGHT WAS INSTALLED AT THIS LOCATION ALSO. ANOTHER PHASE WIRE WAS STRUNG TO THE LIFT STATION FOR THE STONE ADDITION AND A STREET LIGHT WAS ALSO INSTALLED FOR THIS LIFT STATION. CONNECTION FOR THIS LIFT IS WAITING ON HARTWELL'S ELECTRICIAN.

JOE AND GEORGE HAVE PAINTED THE LINE TRUCK AND IT LOOKS REAL GOOD. AT THIS SAME TIME ART INSTALLED A BACK-UP LIGHT ON THE HI-RANGER AND SOME LIGHTS INSIDE THE STORAGE BINS, THIS WILL REALLY INCREASE OUR EFFICIENCY AFTER DARK. A LARGE MAP OF THE CITY WAS OBTAINED FROM SOUTHERN IDAHO SURVEYS, IT WILL BE USED TO MAP THE UTILITIES IN THE CITY. THE METER ROOM HAS BEEN REMODELED AND ADDITIONAL STORAGE AREA ADDED.

A NEW LUCALOX FIXTURE HAS BEEN ORDERED FOR THE CORNER OF RIVER ROAD AND "Y" STREET. IT IS A 240 WATT FIXTURE AND WILL BE METERED. ALSO A METER HAS BEEN INSTALLED ON A 400 WATT MERCURY VAPOR FIXTURE. THE LUCALOX FIXTURE OF THIS SIZE WILL MATCH THE LARGER MERCURY VAPOR IN CANDLEPOWER OUTPUT WHILE CONSUMING CONSIDERABLY LESS "KWH". AFTER METER READINGS ARE AVAILABLE A COMPARISON CAN BE PRESENTED TO THE COUNCIL ON POWER COSTS. OUR PRESENT TRANSFORMER STOCK IS PRETTY GOOD AND AS WAS APPARENT TO MANY THE PRICES HAVE RISEN ON THIS ITEM, SINCE "PHASE II" WENT INTO EFFECT. ALL OF THE MATERIALS FOR THE RELIABILITY LOOP TO OUR SWITCH TOWER HAVE BEEN DELIVERED. ALL WE NEED NOW IS A BREAK IN THE WEATHER TO COMPLETE THE TERMINATIONS ON THE UNDERGROUND CABLE. ONE SECTIONALIZER HAS BEEN DELIVERED AND HAS BEEN INSTALLED ON THE UNDERGROUND CABLE IN THE McALLISTER ADDITION. THE TIME FOR INSTALLATION WAS FIFTEEN MINUTES.

CH2M ADVISES THAT THERE WILL BE NO FURTHER CHARGES ON THE REPORT. ALSO THERE WILL BE NO CHARGE FOR THE CONSULTATION ON THE RESULTANT PROBLEMS ON THE REGULATOR OUTAGE. MR. MOOSEY WAS ADVISED THAT ANY CONTRACT APPROVAL HAS BEEN TABLED UNTIL AFTER THE FINAL REPORT IS PRESENTED TO THE COUNCIL. FINAL CHOICE OF CONSULTING FIRM HAS NOT BEEN MADE AT THIS TIME.

OUTAGE OCCURRED 31 DECEMBER 1971 AT 1:10 P.M. WE WERE OFF FOR 11 MINUTES. THE OUTAGE OPENED THE MAIN BREAKER FEEDING SIMPLOT'S MAIN PLANT AND THEY WERE OFF FOR 16 MINUTES. MUCH SEARCHING AND PRICING WAS DONE TRYING TO LOCATE A NEW SINGLE UNIT REGULATOR FOR BONNEVILLE SUBSTATION. AFTER LEARNING OF THE NATURE OF THE PRICES IN THE 2000-2500 KVA RANGE, THE APPROACH OF REGULATING INDIVIDUAL FEEDERS WAS SERIOUSLY CONSIDERED AND IS CURRENTLY BEING SCRUTINIZED VERY CAREFULLY. I HAVE CONFERRED WITH AREA UTILITY PEOPLE AND ENGINEERS AND THEY CONCUR WITH THE CONCEPT OF INDIVIDUAL FEEDER REGULATION AT OUR SUBSTATION. SEVERAL INDIVIDUAL REGULATORS WOULD HAVE MOBILITY, WHEREAS A SINGLE UNIT WOULD WEIGH IN THE NEIGHBORHOOD OF 25 TONS AND WOULD HAVE TO BE MAINTAINED AND REPAIRED ON SITE.

ALL THREE REGULATORS ARE RATED AT 438 AMPS PER LEG AT 10% ABOVE OR BELOW REQUIRED VOLTAGE LEVEL. THE TEMPERATURE (AIR) ON THE DAY OF THE OUTAGE RAISED THAT RATING TO APPROXIMATELY 500 AMPS BECAUSE OF THE COOLING. OUR TOTAL LOAD AND FARMERS ELECTRIC LOAD PUT US NEAR THIS LEVEL. UNTIL WE GET A REPORT ON THE MALFUNCTION CAUSE WE ARE FIGURING IT WAS A ~~MECHANICAL~~ MECHANICAL FAILURE RATHER THAN STRICTLY OVERLOAD. CH2M INDICATED THAT THEIR RECORDS SHOWED THAT THE PERCENTAGE OF REGULATION HAD BEEN SET FOR 5% ABOVE AND BELOW REQUIRED LEVEL. THIS WOULD HAVE GIVEN US 370 AMP CAPACITY PLUS 10% FOR THE COLD TEMPERATURE. VISUAL INSPECTION SHOWED AN ACTUAL 10% ABOVE AND 7% BELOW. I HAD CONTACTED BPA TO ARRANGE TO CHECK THE REGULATORS ON THE AFTERNOON OF THE FAILURE.

WHILE WE WERE AT BONNEVILLE SUBSTATION AFTER THE OUTAGE, THE INDICATING AMMETERS SHOWED A LARGE FLUCTUATION IN LOAD ON ONE PHASE OF FARMERS ELECTRIC. THIS COULD HAVE BEEN A CONTRIBUTING FACTOR, BECAUSE IT WAS THE PHASE ON WHICH THE REGULATOR FAILED THIS TIME AND THE TIME PREVIOUSLY. ALL THREE REGULATORS WERE REMOVED AT A MINIMUM OF COST. THEY WERE SHIPPED TO SALT LAKE 7 JANUARY 1972. BPA ASSISTED IN LOADING THEM ON THE WESTINGHOUSE REPAIR SERVICE TRUCK THAT IS IN THIS AREA TWICE A WEEK. A WRITTEN REPORT HAS BEEN REQUIRED ON THE CAUSE OF THE FAILURE AND SO STATED ON OUR VOUCHER. A LETTER WILL ALSO BE SENT TO WESTINGHOUSE REPAIR SERVICE REMINDING THEM THAT ALL THREE REGULATORS WERE IN THEIR SHOP AND PRONOUNCED GOOD AND RETURNED TO @ SERVICE. ALSO WE WILL REQUEST THAT WESTINGHOUSE'S ENGINEER (JOE DEVINE) BE HERE TO PUT THE REGULATORS BACK IN SERVICE AFTER REPAIRS HAVE BEEN MADE. AND TO SET THE REGULATORS AT THE PERCENTAGE THAT WILL GIVE US THE GREATER CAPACITY. OUR INTENTIONS NOW ARE TO INSTALL THE REGULATORS IN THE CIRCUIT BETWEEN THE SWITCH TOWER AND THE SUBSTATION TRANSFORMERS. THIS WILL REGULATE EVERYTHING WITH THE EXCEPTION OF: SIMPLOT'S FREEZER, NEW ADDITION TO THE MAIN PLANT, PLANT'S SENIOR PUMPING STATION, PACIFIC COOP'S COMMERCIAL SERVICES, AND APPROXIMATELY 40 RESIDENCES. WITH THE REDUCTIONS MENTIONED ABOVE AND FARMERS OFF THE REGULATORS, PLUS BLOCKING THE REGULATION PERCENTAGE TO GAIN MORE CAPACITY WILL GIVE US SOME ROOM FOR GROWTH. THE REPAIRS WILL REQUIRE 40 DAYS MINIMUM, DURING THIS TIME WE WILL HAVE RECORDED ENOUGH VOLTAGE DATA TO MAKE A DECISION ON FUTURE REGULATION.

QUOTES AND AVAILABILITY ARE ON FILE FROM WESTINGHOUSE, GENERAL ELECTRIC, AND ALLIS CHALMERS. ALLIS CHALMERS HAD THE LOWEST QUOTE AND THE QUICKEST DELIVERY AT THE TIME OF INQUIRY...***GENERAL ELECTRIC HAD THREE 416.3 KVA SINGLE PHASE UNITS COMING OFF THE PRODUCTION LINE AROUND JANUARY 15TH ON A FIRST COME FIRST SERVED BASIS.

333 REGULATOR UNITS AS OF 23 DECEMBER 1971:

WESTINGHOUSE	\$4995.00	14 WEEKS DELIVERY
GENERAL ELECTRIC	\$4570.00	9 WEEKS DELIVERY
ALLIS CHALMERS	\$4515.00	IN STOCK (PORTLAND)

416.5 KVA REGULATORS

WESTINGHOUSE	\$5895.00	14 WEEKS DELIVERY
GENERAL ELECTRIC	\$5731.00	*** IN PRODUCTION
ALLIS CHALMERS	\$5336.00	IN STOCK (PORTLAND)

(GENERAL ELECTRIC HAS A CHARGE OF \$180.00 FOR FIELD ENGINEER SERVICE.
WESTINGHOUSE AND ALLIS CHALMERS PROVIDE FREE SERVICE.)

A 2500 KVA unit would cost in the vicinity of \$63,000.00.

REGULATION PROBLEM

1. WILL WE REGULATE OUR COMPLETE SYSTEM THROUGH ONE LARGE REGULATOR AT BPA SUBSTATION OR WILL WE REGULATE INDIVIDUAL FEEDERS WITH SINGLE PHASE UNITS IN OUR SUBSTATION?
2. WILL WE TAP UNDERGROUND CABLE AT THE MANHOLES (HONDO'S, MCGILL'S, AND BLACK'S) OR USE THIS CIRCUIT STRICTLY AS AN UNTAPPED FEEDER TO THE SWITCH TOWER IN OUR SUBSTATION?

***** SUGGESTIONS *****

1. OUR LARGEST LOAD IS SIMPLOT'S AND ALTHOUGH THIS LOAD WILL CAUSE OUR WHOLE SYSTEM TO SAG, IT WILL REQUIRE MORE REGULATION THAN OUR OTHER LOAD. HOWEVER UNTIL THE CITY PROPER IS CONVERTED TO 12.5 KV, ALL OF OUR LOAD AT 4.16 KV WILL BE REGULATED IF WE INSTALL THE REGULATORS AS BEFORE MENTIONED (BETWEEN THE SWITCH TOWER AND THE TRANSFORMER BANK).
2. THE CAPACITY OF THE UNDERGROUND FEEDER IS 600 AMPS PER PHASE AND WILL BE EXCEEDED BY 1982 ACCORDING TO BPA FORECASTS. IN THE LONG RUN WE SHOULD PLAN ON TAPPING THE CABLE AS LONG AS WE PROVIDE LOOP CIRCUITS TO ALLOW BYPASSING A CABLE FAULT OUTAGE. IF WE GO THIS METHOD, WE SHOULD BRING FOR REBUILDING THE OVERHEAD FEEDER DOWN THE RAILROAD AND ONE OTHER HIGH CAPACITY FEEDER BY SOME OTHER ROUTE TO THE SWITCH TOWER. THERE IS TALK OF A SUBSTATION NEAR THE PONDEROSA IN THE FUTURE AND WE MAY BE ABLE TO GET A FEED OUT OF THIS STATION.
3. IF IT DOES NOT MATERIALIZE THAT BPA BUILDS A NEW SUBSTATION THERE, WE SHOULD MAKE CIRCUIT REARRANGEMENTS OUTSIDE OF KEYBURN-BPA SUB OR REQUEST ANOTHER FEEDER POSITION INSIDE THE SUB.
4. MAKE A LONG RANGE VOLTAGE STUDY (CHART RECORDINGS) BEFORE INVESTING IN NEW REGULATORS. THIS STUDY WILL ALSO DETERMINE IF THERE IS A NEED FOR AUTOMATIC CAPACITOR SWITCHING WHEN SIMPLOT'S DROP THEIR LOAD ON THE 4.16 KV DURING A SHUT DOWN. THIS WILL AFFECT THE @ 4.16 KV ONLY.
5. IN BUDGETING FOR THE COMING YEAR OR TWO, CONVERSION TO 12.5 KV AND CONSTRUCTION SHOULD BE OF PRIME IMPORTANCE. I WOULD SUGGEST THAT WE CONSIDER HIRING ANOTHER LINEMAN, PREFERABLY ONE WITH EXPERIENCE, HOWEVER IN CONSIDERATION OF OUR PAY SCALE IT APPEARS THAT AN APPRENTICE WOULD BE THE WAY TO GO.

6. AS FAR AS ENGINEERING SERVICES I SUGGEST WE TAKE ADVANTAGE OF FREE & SERVICES THAT ARE AVAILABLE FROM OUR SUPPLIERS. I HAVE INDICATED IN THE PAST THAT THERE ARE MANY EXPERIENCED AND QUALIFIED UTILITY PEOPLE WE CAN CALL ON FOR COUNSEL.

7. SYSTEM RELIABILITY SHOULD ALWAYS BE OUR FIRST CONCERN. WE MUST MAINTAIN QUALITY SERVICE, INCLUDING GOOD VOLTAGE LEVEL. THESE ITEMS ARE OF PRIMARY IMPORTANCE IN VIEW OF THE PROPOSED RATE INCREASE BY BONEVILLE POWER ADMINISTRATION. SYSTEM AND EQUIPMENT STATUS CANNOT BE TAKEN BY WORD OF MOUTH OR PRESENTS AND MUST BE CHECKED OUT. NEW STATUS RECORDS WILL REQUIRE MORE TIME BEING SPENT ON MAINTENANCE. THIS HOWEVER WILL RESULT IN FEWER OUTAGES AND MONEY SAVINGS.

records

MY APOLOGIES FOR SUCH A LONG REPORT. I DO THINK IT NECESSARY THAT SOME ONE BE MADE AWARE OF AS MANY FACTS AS ARE AVAILABLE AT THIS TIME.

ELECTRICAL DEPARTMENT REPORT FOR SEPTEMBER 1975

Sixteen permanent services were connected in September, fifteen were for underground residential and one was a three-phase overhead service for the Simplot Co. Temporary service for eight new residential units was also connected in September.

Overhead line was constructed in the alley between 18th and 19th from O Street to P Street to serve eight homes, one is presently under construction. Provisions were also made for eight homes between 14th and 15th from C Street to D Street, one is near completion.

The Imperial Estates subdivision is completed, with the exception of five homes that are still under construction. These five will be served overhead. All of the remaining area is totally underground primary and secondary power cables, feeder and drop cables for telephone and television were installed in a joint trench. Street lighting was also provided by underground lines.

Pole relocations were made at 17th and S Street for new residential additions and correction of alley right-of-way between 17th and 18th from O to S Streets. Poles in this alley were set approximately in the center of the alley by Rural Electric Company several years ago.

An outage of approximately one hour affecting the Simplot Co. freezer complex and starch plant was caused by the failure of an elbow connector on an underground cable. An outage was also caused by a construction company vehicle colliding with

a pad mounted transformer, the loss was completely covered by their insurance carrier. This latter outage concerned three residential units.

Meter reading is still being done by Raymond Burch and as long as the weather is favorable for construction work he will continue to do our meter reading. Because he is able to concentrate on just reading meters, without being called off for other problems, his time is considerably less than that required by other electric department personnel.

Maintenance work on street lighting, and sewer lift stations was done on an as-needed basis.

Bob Mooney of CH2M stopped by during his visit to Burley and Unity, and requested we set up a meeting late in October with BPA and CH2M to further evaluate delivery of 138KV to the City.

Bob Despain was in Everett, Washington for a week attending an underground distribution school on all phases of underground from initial installation through mapping and locating faults. A request for acquiring a fault finder and cable locator will be included in the budget for 1976.

An incident involving a meter reconnection by Carol Yearick/ or person unknown was referred to our attorney and a letter of intent to prosecute should it occur again was prepared by our legal counsel. A separate bill was submitted to Ms. Yearick for disconnect charges.

As the year draws to a close I would ask you to evaluate the possibility of additional manpower for the electrical department. When one man is absent because of vacation, schooling,

sick leave, etc. the work progress slows considerable. Also administrative and planning requirements need to be covered more concertedlly than at present. If construction next year resumes at the present rate we will definitely need additional help. Your views are requested.

Larry Burbank
Electric Superintendent

ELECTRIC DEPARTMENT REPORT FOR OCTOBER 1975

Nine new residential connections were made in October and four temporary services for construction were made also.

Additional three phase line was extended into and through the Circle Triangle addition from S across T Street and this area was converted to higher voltage. Also Mac's Market and adjacent homes were converted to 12.5KV.

The City Electrical Code has been revised to reflect changes in wording required by changes in the National Electrical Code and name changes of State organizations. Also the possibility of requiring access for reading meters is being researched. After our legal counsel reviews the code changes, action will be required by ordinance to change the existing code.

Additional areas have been prepared for conversion to 12.5KV by installing dual voltage transformers. We definitely need to continue with conversion efforts as much as weather will allow. Our target date for total conversion to 12.5KV is summer 1976.

Bob Mooney of CH2M/Hill was here on 30 October to further explore taking delivery at 138KV. Bill Miller of BPA Idaho Falls District office and Wes Fields of Walla Walla Area Office were also present. BPA has requested additional load forecast data before okaying delivery at 138KV. The Engineering Coordinator from J. R. Simplot Company was contacted and asked to up date their construction schedule and also to project their anticipated construction beyond 1978. No decisions have been reached at this time.

An outage occurred on 23 October at 7:30 P.M. in the vicinity of 20th and S Street. Absolute evidence as to the actual cause was never found. We found a bullet hole in a street light that lined

up with a phase wire and we did find a wire with an impression that resembled a projectile mark. To further complicate matters, the vacuum circuit breaker protecting the circuit involved did not operate. The main breaker at Bonneville Substation just saw the fault as an added load and consequently all four wires burned down. The outage would have been of a shorter duration had the breaker operated properly. A defective battery charger circuit and phase trip circuit were found and repaired. Spare circuit boards are now in stock for future repairs.

Another breaker position serving the J. R. Simplot Co. was energized late in October. The east side of town will also be served from this breaker after conversion to 12.5KV.

There will be a BPA customer meeting on 20 November 1975 at the Ramada Inn please see attached letter.

I am still concerned about our work load. Authoritative sources are predicting an upswing in construction for 1976. This will definitely affect our completion of total conversion to 12.5KV. We also need to spend more time on substation maintenance, meter testing, equipment testing and maintenance, line and transformer maintenance, etc. There is sufficient money available in the department to add another man, qualified or apprentice. Your opinions are requested as to whether we hire another full time man or continue with our same work force and continue to work overtime hours as much as feasible. If we continue as we presently are doing, may we supplement by hiring part time help during the summer?

Here are some items for your consideration on the 1976 budget:

Replacement of the HiRanger manlift as early in 1976 as possible.
A complete new unit (truck, bed, and HiRanger unit).

Fault locator and test equipment for underground high voltage cables. The nearest locator rental available is in Portland.

A rubber glove tester (high voltage). As we convert more line to higher voltage (12.5KV) safety requirements become more stringent.

Additional meter test training. A specialist is available for on-site training with our equipment.

Mapping equipment to up-date and maintain a system map.

Additional radio communications units.

Professional engineering services on an as-needed-basis.

An automatic door opener for the electric shop vehicle door.

Continued purchase of time certificates for future system needs.

Additional manpower and/or overtime labor expenses.

Materials and equipment for routine system operation and growth.

Larry Burbank
Electric Superintendent

There were three new all-electric services connected in January. One service was changed to all-electric and three temporary services for construction were connected.

Blocks 197, 204, 207 and 212 were changed to the higher voltage. Line maintenance was performed prior to changing voltages. This included the Primrose Lane area, the Hide-Out Bar area, H Street from 7th to 14th Street.

A meeting prior to December Council Meeting was held. Bob Mooney discussed future system expansion and load forecasting. A rough draft of load forecast should be available for your review and comments prior to submitting the results to BPA. In my opinion we need to confirm our intentions to supply our industrial customer load and submit a corresponding load forecast to BPA in the very near future.

See the copy of the letter from the City of Burley as to their intentions of serving the area west of Z Street.

Meter testing, repair, adjustment, and replacement was done in January. As time permits during bad weather conditions we will test and rotate every meter that has been in service over two years. This will increase our revenues and at the same time give us a chance to inspect the meter installations for proper connections.

Trees were also trimmed and removed this month.

A power factor check was made by BPA, at their substation on our circuits, at our request. The test results were forwarded

to CH2M for evaluation. Equipment for power factor correction is on hand and can be installed immediately upon receipt of advise from our engineering consultant, if deemed necessary.

As the weather warms up we will continue with conversion to higher voltage. Our goal is for complete conversion during 1976. All indications show an increase in residential construction this year, hopefully we will be able to keep up and accomplish total conversion also.

The electric code ordinance has been revised to replace the existing chapter in its entirety and will require adoption by ordinance.

Larry Burbank
Electric Superintendent

ELECTRIC SUMMARY FOR 1976

Fifty-eight new services were connected in 1976, of these, eight were underground. One 500HP industrial service was connected. Eight homes were changed to all-electric. Thirty-four temporary services were provided for construction.

A metering mistake was discovered at Western Seed Co., during a routine metering up-date, that has resulted in a \$2400.00 increase in revenue per year.

Power factor penalties in the amount of \$3700.00 was collected from the J. R. Simplot Co. for 1976.

Conversion to 12.5KV was completed in 1976. The last 2400 volt transformer was removed in mid-December.

The City system was interconnected with Farmer's Electric for 17 hours during an outage caused by equipment failure. Without the interconnection an extended outage would have been suffered by our neighbors on Farmer's, Dee-15 and Empire.

We participated in restoring service to customers of Fall River Electric in the Wilford area east and south of St. Anthony during the week immediately following the Teton Dam flood. Our efforts were greatly appreciated. We were reimbursed.

The insulating oil, in the 2500 KVA transformers that serve the 4160 volt delivery point for the Simplot Company, was tested for dielectric strength and contamination. Gas chromatography tests indicated a minor insulation deterioration caused by overheating. Relocation, by adding more spacing between the transformers, will correct this situation.

There were seven outages in 1976. Only one was a complete system outage which lasted about six minutes. The outage was a

result of a lightning stroke which destroyed a BPA 138KV disconnect switch. The city crew helped replace the damaged switchgear a few days later. The other outages were on small feeders that affected few customers for short periods of time, ranging from 20 minutes to an hour and one-half. Icing, high winds and faulty equipment accounted for 5 outages. The causes on the other two were unknown.

The arrival of a new Hi Ranger unit in 1976 proved very useful and enlightening. When it was used with the old unit, many previously hazardous and time consuming jobs were easily and safely accomplished. In view of the increased safety and productivity obtained with two units, I would request consideration of budgeting for another unit to replace the older unit in two or three years. Now that we are completely converted to 12.5KV, it is absolutely unsafe to touch energized conductors while working from a pole. Many utilities and states do not allow contact, while wearing rubber gloves, with anything above 5000 volts (5KV).

No commitments or answers were received from BPA concerning the 138KV transmission line connecting Heyburn, Burley and Unity substations. I personally do not expect any action from BPA until well after the new political appointments are confirmed and the leader transition completed. Funds for construction should be budgeted for 1977. No expenditures are necessary until agreement approval and commitment are in hand.

The rough draft and ground work on a territorial agreement with Rural Electric Company was done in 1976. This involves a policy decision that could be binding and could override any future legislation in favor of city expansion. No firm action was taken. My recommendation is to let Rural's Board initiate any action and to just sit on it for now.

We are now represented in the negotiations with the Public Power Council and BPA because of your decision to participate in the Small Preference Agency Group. This is the first time the small users have had an organized input and voice in planning. BPA served notice that hydro-generation would be insufficient in 1983. Signing up for participation in Washington Public Power Supply System nuclear plants was our only hope to alleviate future shortages. Delays because of many and varied reasons have left us with a grim picture as far as power supplies in the near future. There is definitely a need to establish a voluntary curtailment program and your permission to proceed is hereby requested. Your permission to establish and on-going conservation program is also requested. The conservation program should include promotion of increased insulation and also to set levels of required insulation for new buildings and resale of older buildings. Conservation could be promoted through education in the school systems by initiating the "Energy and Man's Environment" program. The EME program is already funded and available. No relief is in sight until the nuclear plants come on-line.

Larry Burbank
Electric Superintendent

LB:ld

ELECTRIC DEPARTMENT REPORT FOR AUGUST 1976

Three overhead services, one underground, and four temporary services were connected for residential use. Capacity was increased (transformers and new service installed) for the Simplot river pumping station.

The complete three phase line and transformers were removed that served Conida Warehouse. The building and all equipment was dismantled and removed. Power usage at this installation did not pay for construction costs and salvage costs. We need to consider a method to insure pay out on services requiring extensive construction and equipment.

Blocks 4, 27, 28, 29, 32, 33, 62, 63, 64, 65 and 69 of the State Addition were changed over to the higher primary voltage. This completely unloads any city service from the 2400/4160 volt transformers. Simplot Co. is now the only customer on this bank of transformers. A small stepdown transformer bank 12.5/4.16KV on the alley between 17th and 18th at P Street serves the few remaining city loads at 4160 volts.

Line reconductoring was done from S Street east to Q Street in the alley between 15th and 16th and then south to the sewage disposal plant. The residential services in this area was converted to 12.5KV.

Substation maintenance was done to bring the load side voltage on the 4160 volt transformers back to standards. Tap changers were reset during an eight minute outage, cooling fans were serviced and fittings tightened. An overhead bypass circuit to this bank was energized to allow maintenance on

the underground serving the 4160 volt transformers. New current transformers for metering were also installed. Additional power factor metering was installed on the circuit to the Simplot Freezer and fresh storage areas.

The lighting on the bridge was changed during the period the state crews were repairing the bridge deck.

A minor outage affecting a small area of the west side occurred on 2 August 1976 during working hours, after patrolling the lines no cause found. Another outage occurred on 22 August 1976 at approximately 7:30 P.M. when lightning struck the Bonneville Power switch structures causing extensive damage to a three gang 138 KV switch. The city crew assisted BPA and a factory maintenance engineer in removing the damaged gear and installing the new switches. The outage lasted less than 5 minutes.

Mayor Hurst and Larry Burbank attended a meeting at Richland, Washington with Washington Public Power Supply System participants and voted on committee designations. The council needs to designate by motion and authorize one committee member to represent our share. I strongly recommend we endorse Alan Jones. Mr. Jones is the manager of a ^{municipal} ~~Public Utility~~ ~~District~~ and very much aware of Municipal utilities needs and operation. A tour of the WPPSS plants under construction was very interesting and informative.

Councilmen J. R. Brown and Earl Rose attended a meeting with CH2M engineers Bob Mooney and Mike Elliott and BPA personnel from the Idaho Falls District concerning the proposed

138 KV line for Heyburn, Burley and Unity Light & Power. No good answers or responses were obtained. Bob Mooney will continue to pursue the request at Walla Walla with area management.

Lightning apparently caused damage to the air conditioning system in the main office. The meter was also damaged and had to be replaced.

The new Hi Ranger will be ready possibly sometime the latter part of September. It was delivered from the Hi Ranger factory to Pingree's over Labor Day weekend. The utility body will be installed in Salt Lake City, painted and then delivered to us in Heyburn.

Larry Burbank
Electric Superintendent

ELECTRIC DEPARTMENT REPORT SEPTEMBER 1976

Seven overhead permanent services, one underground permanent service, six temporary services and five services which were converted to all-electric were connected in September.

Lightning damage required repairing the air conditioning refrigeration compressor unit that cools the main office building.

New high voltage metering equipment was connected during a short outage on Labor Day. A reliability by-pass circuit and isolation switches were installed and are now in service on the underground circuit serving the J. R. Simplot Co. 2400/4160 volt connection.

Underground primary and secondary services were extended for 15th Street Drive. Tree Trimming and street light maintenance was also done.

Additional negotiations and personal contacts were made with Elmer Heiner and Harold Hunter. Mr. Heiner preferred to remain on Rural Electric Co. service. This decision pretty much set the "B" Canal as a boundary. I also contacted the AIC legal counsel on electric legislation concerning the proposed territorial agreement with Rural Electric Co. Mr. Pete Wilson, AIC Counsel, said an agreement could only strengthen the cities positions. Final description of the area and agreement on a franchise percentage payable to the General Fund, in the event that future city growth extends into area served by Rural Electric, are forthcoming for council action.

The new Hi-Ranger unit was delivered on the 9th of October. Negotiations with BPA are still pending on delivery of 138KV.

Larry Burbank
Electric Superintendent

ELECTRIC DEPARTMENT REPORT FOR OCTOBER 1976

One overhead and two underground permanent services, two temporary services and one change over to oil electric were connected. Plus a new 12.5KV delivery point was connected for the Simpson Co. fire protection water storage tank. The connected horsepower is approximately 500 at this location. This required reconductoring with 4/0 aluminum and a primary voltage metering installation. A tie line west from H Street on 14th Street to Western Seed Co. was constructed to allow reconductoring without any service interruptions.

The four large transformers that serve Simpson Co. at 2400/4160 volts had samples of oil removed and tested. The oil is in good condition. A gas Chromatography test will also be made to determine the condition of the windings and internal connections.

Street lighting near Western Seed Co. was re-arranged to attempt prevention of collision with poles by DWI citizens. The previous lighting at Ortho Fertilizer could have possibly caused the appearance that the road did not curve in that area. The high pressure sodium lamps in the street lights are intended to emphasize the curve in the highway.

Two accidents required replacement of two fixtures and one poles.

The new Hi Ranger was delivered and all accessories were received. The unit operates very satisfactorily and greatly contributes to safety in working energized lines.

It is apparent that further information and discussion are necessary concerning the territorial agreement with Rural Electric Co. If necessary I would request that the press be excused and

some decision be made at council meeting. At the same time would you please give me some opinions on whether or not to proceed with the acquisition of Reed Jensen, John Morrison, Clyde Sillin (Peterson property) and Mike Badger as city electric customers.

A copy of the draft letter to BPA is presented for your study. CH2M is requesting comments from BPA before sending a formal letter. I should have some cost estimates on the line construction in time for council meeting on 10 November.

*Estimates on construction by CH2M -
H. Elliott - post insulators 1 angle 1 tower
for material purchased by city \$83000.00*

Larry Burbank
Electric Superintendent

*We contracted \$183000.00 material & labor
Towers and footings \$56000.00
transfer of distribution \$17000.00*

approximately \$75000.00 per mile

3 overhead services
1 underground services
2 temporary services

Line construction for 480 volt 3 phase service to Simplot

Carpenter shop and paint shop.

Line Construction from alley between 16th and 17th at C Street, north to alley between 17th and 18th and then east in alley to A Street. Energize line and transfer existing services to new line.

Replace secondary cables between 14th and 15th in alley between A & B Street. Line was damaged by a shed fire.

Maintenance:

Street Lights
Security Lights
Sewer Lift Station
750mcm underground cable - dig in
Cable location for H&K Construction
Office heating & Cooling system.

Vehicles:

Paint and install material and tool bins on new bucket truck, install spot light, wire reel holder, bucket entrance ladder, rotating beacon, etc.

Information on contracts, agreement, negotiations etc. with BPA to Steve Tuft for Portland law suit.

Attended customer information meeting at Idaho Falls to hear explanation of proposed BPA rate increase. It is very important that we prepare and present specific comments at the meeting on 7 November 1978 in Idaho Falls. This will be an evening event.

Requested a meeting with all parties concerned with 138KV transmission line as soon as possible. This should be held prior to final decision on method of calling for bids.

Larry Burbank.

ELECTRIC REPORT FOR DECEMBER 1978

Services Connected:

- 1 underground
- 2 overhead
- 1 temporary

Line maintenance and re-arrangement at Simplot River Pump
and Full Circle during Simplot's shutdown for Christmas.

Vehicle maintenance - repair hydraulic lines, pole grabber
and install winch line.

Maintenance:

- Sewer Lift Station
- Meter Test Equipment
- Street Light
- Switchgear - Christmas Lights
- Tree Trimming

Install Christmas Lights and decorations

Test and repair watthour meters

Install outlets in police office

Wire separate outlet for computer

Remove antenna (TV) to clear high voltage hazard at
Danny Boswell's

Residential and commercial meter reading

Attend House hearing (Dingel Committee)
present testimony on regional power legislation

Assist BPA in switching to avert an outage for maintenance
work at BPA substation

Safety film on Pole top rescue and resuscitation

Outage 28 December from S Street east to Z Street
approximately 20 customers off for 20 minutes

Outage 30 December 1 customer - replace transformer.

The Mayor, Art and Larry attended a meeting with Elliott and
Mooney of CH2M, City of Burley, Unity Power & Light and BPA to

discuss the 138 KV transmission line. All permits have been obtained, BPA has answered our major questions and we should be able to call for bids in January or February.

There is a meeting the 16th and ¹⁷~~16~~th of January in Portland concerning how we will be impacted by the National Energy Act.

Larry Burbank

TAB
23

AN ORDINANCE OF THE VILLAGE OF HEYBURN, IDAHO, ESTABLISHING RATES FOR THE SALE OF ELECTRICAL ENERGY FOR RESIDENTIAL USERS, COMMERCIAL USERS, AND INDUSTRIAL USERS; DEFINING RESIDENTIAL USERS, COMMERCIAL USERS, AND INDUSTRIAL USERS; PROVIDING FOR DISCOUNT OF CERTAIN ELECTRICAL RATES; PROVIDING FOR MINIMUM CHARGES; PROVIDING FOR SERVICE CONTRACTS UNDER CERTAIN CONDITIONS; PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE; AND REPEALING ALL ORDINANCES IN CONFLICT HEREWITH.

BE IT ORDAINED BY THE CHAIRMAN OF THE BOARD OF TRUSTEES AND THE MEMBERS OF THE BOARD OF TRUSTEES OF THE VILLAGE OF HEYBURN, IDAHO:

SECTION I. DEFINITIONS:

A. A Residential User as used in this ordinance is defined as any user of electrical energy in a single, private dwelling, and any individual, family apartments or trailer houses, or any other place of abode in the service area of the Village of Heyburn, who uses electrical service for general domestic use.

B. A Commercial User as used in this ordinance is defined as any person, corporation, firm or place of business that uses electrical energy within the service area of the Village of Heyburn who demands and receives three-phase power at his or its premises, and who uses from 0 to 499 KW Demand.

C. An Industrial User as used in this ordinance is defined as any person, corporation, firm or place of business that uses electrical energy within the service area of the Village of Heyburn who demands and receives three-phase power

at his or its premises, and who uses 500 KW Demand or more.

SECTION II. ELECTRICAL RATES:

A. A Residential User who is connected to the Village of Heyburn Electrical Service Lines shall pay a minimum of \$1.40 per month whether or not the said Residential User shall use electricity. A Residential User shall be considered to be connected to the Village of Heyburn electrical service lines even though he fails to have a separate meter and connects his electric service lines to another Residential User who has a meter which meters electrical energy coming from the Village of Heyburn electrical system. The rate for the electrical energy used by the said residential users, and each of them, shall be as follows:

The first 50 KWH	@ 5.5¢ per KWH
The next 50 KWH	@ 3.5¢ per KWH
The next 500 KWH	@ 1½¢ per KWH
All over 600 KWH	@ .9¢ per KWH.

The rates above stated shall apply to each residential user within the said Village, and in the event that more than one residential user is being supplied electricity by the Village of Heyburn through one meter, then and in that event, the rate above shall be increased by the number of residential users using through one meter, and this applies to the minimum charge, also. For example, if one residential user is receiving electrical energy from the Village of Heyburn which is metered, and another residential user connects into the electric lines of the said residential user having a meter, but fails to have a meter of his own, then the charging rate for the electricity going

through the said meter shall be as follows, to-wit:

The first 100 KWH	@	5.5¢ per KWH
The next 100 KWH	@	3.5¢ per KWH
The next 1000 KWH	@	1½¢ per KWH
All over 1200 KWH	@	.9¢ per KWH.

The schedule above set out shall not be applicable to electrical service supplied to dwellings where a portion of the dwelling is used regularly for the conduct of commercial activities or where a portion of the electricity supplied is consumed for purposes other than domestic, except where such portions are metered separately and charged accordingly under the appropriate schedule. When separate circuits are not provided by the user the entire premises shall be qualified as non-residential, and as a commercial and/or industrial user, and charges rendered accordingly.

B. The rate for electricity used by a Commercial User within the Village of Heyburn, Idaho, shall be as follows:

Demand Charge

First 10 KW		No Charge
Each Additional KW	@	\$1.10 per KW

Energy Charge

First 150 KWH	@	\$.04 per KWH
Next 1350 KWH	@	2.5¢ per KWH
Next 13,500 KWH	@	1¢ per KWH
Next 85,000 KWH	@	.9¢ per KWH
Over 100,000 KWH	@	.6¢ per KWH
All energy in excess of 360 KWH - KW of Demand		
@ .3¢ per KWH.		

C. The rate for electricity used by industrial users within the Village of Heyburn, Idaho shall be as follows:

Demand Charge

\$2.50 per KW for the first 10 KW of Demand
1.15 per KW for each additional KW of Demand.

Energy Charge

1.15¢ per KWH for the first 100 KWH per KW of Demand
1.05¢ per KWH for the next 15000 KWH
.7¢ per KWH for the next 25000 KWH
.4¢ per KWH for the next 150 KWH per KW of Demand
.285¢ per KWH for all additional KWH

The average KW supplied during the 15 consecutive minute period of maximum use during the month adjusted for the power factor shall be the demand determination. Where the industrial users' power factor is less than 85% lagging, as determined by measurement under actual load conditions, the Village of Heyburn may adjust the KW measured to determine the demand by multiplying the measured KW by 85 and dividing by the actual power factor. The minimum monthly charge shall be the highest of the following: 1) The demand charge for the current month's maximum demand but not less than \$8.50. 2) An amount sufficient to make the total charge for electrical service for the twelve month's period ending with the current month equal to 9.5 times the maximum demand charge billed for any month during the twelve month period preceding the billing.

The billing demand under this industrial rate shall be the higher of the following: 1) The measured demand for the month, adjusted for power factor; or 2) Seventy percent (70%) of the highest measured demand, after adjusting for power factor, during the preceding eleven months; provided however, that the difference in demand as computed by this section, and the actual demand shall be billed at 75¢ per KW of demand rather than the charges above set out in the demand charge.

D. The rate for the sale and use of electrical energy used for space heating purposes shall be .625¢ per KWH per month.

SECTION III. DISCOUNT:

The Residential Users and Industrial Users of the said electrical energy in the Village of Heyburn shall be entitled to a ten percent (10%) cash discount in the event the said users shall pay the current monthly charge for the electrical energy used on or before the 10th day of the month following the month that the said electrical energy is used in, and provided that no other account for electrical energy furnished by the Village of Heyburn remains unpaid to the said Village from said user. Provided further that in the case of an industrial user only that portion of the bill which is billed for actual KW Demand is to receive a discount, and not that portion of the bill that is billed by reason of Section II, Subparagraph C, 2, above.

SECTION IV. The Village reserves the right to require a prospective electrical energy customer to execute a service contract specifying a higher minimum monthly charge than provided under Section II. of this ordinance when necessary to justify the Village's investment in the service facilities.

SECTION V. All ordinances, resolutions and/or parts of ordinances or resolutions in conflict with the provisions contained herein are hereby repealed.

SECTION VI. This ordinance shall be in full force and effect from and after its passage by the Board of Trustees and approval by the Chairman of the Board of Trustees, and its publication in the Minidoka County News, a newspaper published in the City of Rupert, County of Minidoka, State of Idaho, and

having a general circulation in the village of Heyburn, County of Minidoka, State of Idaho, which is hereby designated as the newspaper of the said Village for the publication of this ordinance.

Passed under the suspension of the statutes and rules and duly enacted as an ordinance of the Village of Heyburn, Idaho, at a regular meeting held on the 8th day of April, 1964.

Approved by the Chairman of the Board of Trustees this 8th day of April, 1964.

(b) (6)

Chairman of the Board of Trustees

ATTEST:

(b) (6)

Village Clerk

1968
ORDINANCE NO. 1700

AN ORDINANCE OF THE CITY OF HEYBURN, IDAHO, ESTABLISHING RATES FOR THE SALE OF ELECTRICAL ENERGY FOR RESIDENTIAL USERS, COMMERCIAL USERS, AND INDUSTRIAL USERS; DEFINING RESIDENTIAL USERS, COMMERCIAL USERS AND INDUSTRIAL USERS; PROVIDING FOR DISCOUNT OF CERTAIN ELECTRICAL RATES; PROVIDING FOR MINIMUM CHARGES; PROVIDING FOR SERVICE CONTRACTS UNDER CERTAIN CONDITIONS; PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE; AND REPEALING ALL ORDINANCES, IN CONFLICT HERewith.

BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF HEYBURN, IDAHO:

SECTION I. DEFINITIONS:

A. RESIDENTIAL USERS: A Residential User, as used in this ordinance, is defined as any user of electrical energy in a single, private dwelling, and any individual family apartments or trailer houses, or any other place of abode in the service area of the City of Heyburn, who uses electrical service for general domestic use.

B. COMMERCIAL USERS: A Commercial User, as used in this ordinance, is defined as any person, corporation, firm or place of business that uses electrical energy within the service area of the City of Heyburn who demands and receives electrical energy for any purpose other than domestic purposes and who receives from 0 to 99 KW Demand.

C. INDUSTRIAL USERS: An Industrial User, as used in this ordinance, is defined as any person, corporation, firm or

place of business that uses electrical energy within the service area of the City of Heyburn who demands and receives electrical energy at his or its premises, and who receives and uses 100 KW Demand or more.

SECTION II. ELECTRICAL RATES:

A. RESIDENTIAL USERS: A residential user who is connected to the City of Heyburn Electrical Service Lines shall pay a minimum of \$1.40 per month, whether or not the said residential user shall use electricity. A residential user shall be considered to be connected to the City of Heyburn electrical service lines even though he fails to have a separate meter and connects his electric service lines to another residential user who has a meter which meters electrical energy coming from the City of Heyburn electrical system. The rate for the electrical energy used by the said residential users, and each of them, shall be as follows:

The first 100 KWH	@ 4.5¢ per KWH
The next 500 KWH	@ 1.2¢ per KWH
All over 600 KWH	@ .75¢ per KWH

The rates above stated shall apply to each residential user within the said City, and in the event that more than one residential user is being supplied electricity by the City of Heyburn through one meter, then and in that event, the rate above shall be increased by the number of residential users using through one meter, and this applies to the minimum charge, also. For example, if one residential user is receiving electrical energy from the City of Heyburn which is metered, and another residential user connects into the electric lines of the said residential user having a

meter, but fails to have a meter of his own, then the charging rate for the electricity going through said meter shall be as follows, to-wit:

The first	200 KWH	@ 4.5¢ per KWH
The next	1000 KWH	@ 1.2¢ per KWH
All over	1200 KWH	@ .75¢ per KWH

The schedule above set out shall not be applicable to electrical services supplied to dwellings where a portion of the dwelling is used regularly for the conduct of commercial activities or where a portion of the electricity supplied is consumed for purposes other than domestic, except where such portions are metered separately and charged accordingly under the appropriate schedule. When separate circuits are not provided by the user, the entire premises shall be qualified as non-residential, and as a commercial and/or industrial user, and charges rendered accordingly.

B. COMMERCIAL USERS: The rate for electricity used by a Commercial User within the City of Heyburn, Idaho shall be as follows:

A minimum of \$5.00 per month, whether or not said Commercial User shall use electricity:

Demand Charge:

First 10 KW	No Charge
Each Additional KW	@ \$1.00 per KW

Energy Charge:

First	100 KWH	@ 4.5¢ per KWH
Next	900 KWH	@ 1.2¢ per KWH
Next	14,000 KWH	@ .9¢ per KWH

All energy in excess of 15,000 KWH @ .8¢ per KWH

C. INDUSTRIAL USERS: The rate for electricity used by Industrial Users within the City of Heyburn, Idaho, shall be as follows:

Demand Charge:

\$1.00 per KW for each KW of Demand

Energy Charge:

1¢ per KWH for the first 100 KWH per KW of Demand
.8¢ per KWH for the next 40,000 KWH
.4¢ per KWH for the next 150 KWH per KW of Demand
.285¢ per KWH for all KWH used in excess

The average KW supplied during the 15 consecutive minute period of maximum use during the month adjusted for the power factor shall be the demand determination. Where the industrial users' power factor is less than 95% lagging, as determined by measurement under actual load conditions, the City of Heyburn may adjust the KW measured to determine the demand by multiplying the measured KW by 95 and dividing by the actual power factor. The minimum monthly charge shall be the highest of the following: 1) The demand charge for the current month's maximum demand but not less than \$5.00. 2) An amount sufficient to make the total charge for electrical service for the twelve-month period ending with the current month equal to 9.5 times the maximum demand charge billed for any month during the twelve-month period preceding the billing.

The billing demand under this industrial rate shall be the higher of the following: 1) The measured demand for the month, adjusted for power factor; or 2) Seventy percent (70%) of the highest measured demand, after adjusting for power factor, during the preceding eleven months; PROVIDED, HOWEVER, that the difference in demand as computed by this section, and the actual demand shall be billed at 75¢ per KW of Demand rather than the charges above set out in the Demand Charge.

D. SPACE HEATING RATE: The rate for the sale and use of electrical energy used for space heating purposes shall be .625¢ per kWh per month.

SECTION III. DISCOUNT:

The Residential Users of the said electrical energy in the City of Heyburn shall be entitled to a ten percent (10%) cash discount in the event the said users shall pay the current monthly charge for the electrical energy used on or before the 10th day of the month following the month that the said electrical energy is used in, and provided that no other account for electrical energy furnished by the City of Heyburn remains unpaid to the said City from said user. Commercial users and/or Industrial users of said electrical energy in the City of Heyburn shall be entitled to a 10% discount in the event the said users shall pay the current monthly charge for electrical energy used on or before the 15th day of the month following the month that the said electrical energy is used; and provided that no other account for electrical energy furnished by the City of Heyburn remains unpaid by the said user. Provided further, that in the case of an industrial user, only that portion of the bill which is billed for actual KW Demand is to receive a discount, and not that portion of the bill that is billed by reason of Section II, Subparagraph C 2 above.

SECTION IV. The City reserves the right to require a prospective electrical energy customer to execute a service contract specifying a higher minimum monthly charge than provided under Section II of this ordinance when necessary to justify the City's investment in the service facilities.

SECTION V. All ordinances, resolutions and/or parts of ordinances or resolutions in conflict with the provisions contained herein are hereby repealed.

SECTION VI. This ordinance shall be in full force and effect from and after its passage by the City Council and approval by the Mayor, and its publication in the Minidoka County News, a newspaper published in the City of Rupert, County of Minidoka, State of Idaho, and having a general circulation in the City of Heyburn, County of Minidoka, State of Idaho, which is hereby designated as the newspaper of the said City for the publication of this ordinance.

Passed under the suspension of the statutes and rules and duly enacted as an ordinance of the City of Heyburn, Idaho, at a regular meeting held on the 10th day of April, 1968.

APPROVED by the Mayor and the City Council of the City of Heyburn, Idaho, this 10th day of April, 1968.

(b) (6)

Mayor

Attest:

(b) (6)

City Clerk

*

ORDINANCE NO. 17B

AN ORDINANCE OF THE CITY OF HEYBURN, IDAHO, AMENDING ORDINANCE NO. 175 AND ESTABLISHING RATES FOR THE SALE OF ELECTRICAL ENERGY FOR RESIDENTIAL USERS AND PROVIDING FOR THE EFFECTIVE DATE OF SAID ORDINANCE.

BE IT ORDAINED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF HEYBURN, IDAHO:

SECTION I. That Section II A. of Ordinance No. 175 of the City of Heyburn be amended to read as follows:

"SECTION II. ELECTRICAL RATES:

A. RESIDENTIAL USERS: A residential user who is connected to the City of Heyburn Electrical Service Lines shall pay a minimum of \$1.40 per month, whether or not the said residential user shall use electricity. A residential user shall be considered to be connected to the City of Heyburn electrical service lines even though he fails to have a separate meter and connects his electric service lines to another residential user who has a meter which meters electrical energy coming from the City of Heyburn electrical system. The rate for the electrical energy used by the said residential users, and each of them, shall be as follows:

The first 100 KWH	@ 4¢ per KWH
The next 500 KWH	@ 1¢ per KWH
The next 900 KWH	@ .75¢ per KWH
All over 1500 KWH	@ .60¢ per KWH

The rates above stated shall apply to each residential user within the said City, and in the event that more than one residential user

is being supplied electricity by the City of Heyburn through one meter, then and in that event, the rate above shall be increased by the number of residential users using through one meter, and this applies to the minimum charge, also. For example, if one residential user is receiving electrical energy from the City of Heyburn which is metered, and another residential user connects into the electric lines of the said residential user having a meter, but fails to have a meter of his own, then the charging rate for the electricity going through said meter shall be as follows, to-wit:

The first 200 KWH	@ 4¢ per KWH
The next 1000 KWH	@ 1¢ per KWH
The next 1800 KWH	@ .75¢ per KWH
All over 3000 KWH	@ .60¢ per KWH

The schedule above set out shall not be applicable to electrical services supplied to dwellings where a portion of the dwelling is used regularly for the conduct of commercial activities or where a portion of the electricity supplied is consumed for purposes other than domestic, except where such portions are metered separately and charged accordingly under the appropriate schedule. When separate circuits are not provided by the user, the entire premises shall be qualified as non-residential, and as a commercial and/or industrial user, and charges rendered accordingly."

SECTION II. That all the other provisions of Ordinance No. 175 shall remain in full force and effect except as just above amended.

SECTION III. This ordinance shall be in full force and effect from and after its passage by the City Council and approval by the Mayor and its publication in the Minidoka County News, a newspaper published in the City of Rupert, County of Minidoka, State of Idaho and having a general circulation in the City of Heyburn, County of Minidoka, State of Idaho, which is hereby designated as the newspaper of the said City for the publication of this ordinance.

Passed under the suspension of the statutes and rules and duly enacted as an ordinance of the City of Heyburn, Idaho, at a meeting held on the 7th day of October, 1968.

APPROVED by the Mayor and the City Council of the City of Heyburn, Idaho, this 7th day of October, 1968.

(b) (6)

Mayor

Attest:

(b) (6)

City Clerk

*

ORDINANCE NO. 256

AN ORDINANCE OF THE CITY OF HEYBURN, MINIDOKA COUNTY, IDAHO, REPEALING SECTIONS 5-9-2 AND 5-9-3 OF THE CITY CODE, WHICH SECTIONS PROVIDE FOR ELECTRICAL RATES, CHARGES AND DISCOUNTS; AND, ADOPTING IN THEIR PLACE, NEW SECTIONS MODIFYING SUCH RATES, CHARGES AND DISCOUNTS; PROVIDING FOR DECLARATION OF EMERGENCY AND EFFECTIVE DATE.

BE IT ORDAINED by the Mayor and City Council of the City of Heyburn, Minidoka County, Idaho, as follows:

SECTION 1.

Sections 5-9-2 and 5-9-3 of the Heyburn City Code are hereby and herewith repealed in their entirety.

SECTION 2.

In the place of Section 5-9-2 of the Heyburn Code, the following shall be adopted:

5-9-2: Electrical Rates:

A. Residential Rate. A residential user who is connected to the City's electrical service lines shall pay a customer charge of \$3.50 per month whether or not said residential user shall use electricity.

The rate for electrical energy used by said user shall be as follows:

First 500 KWH per month at 1.6 cents per KWH.
Next 500 KWH per month at 1.3 cents per KWH.
Over 1500 KWH per month at 1.05 cents per KWH.

B. Commercial Rate:

A commercial user who is connected to the City's electrical service lines shall pay a customer charge of \$5.00 per month for single phase customers and \$7.50 for three phase customers.

The rate for electrical energy used by the commercial user served by the City shall be as follows:

First 15,000 KWH per month at 1.35 cents per KWH.
Next 50,000 KWH per month at 1.1 cents per KWH.
Over 65,000 KWH per month at .95 cents per KWH.

In addition to the customer and energy charges above specified, there will also be a demand charge for commercial users, which shall be as follows:

First 10 KW of demand per month - no charge.
Over 10 KW per month at \$1.60 per KW.

Demand may, at the City's option, be adjusted for lagging power factor. Adjustment, if made, shall be made by increasing the measured demand for each month by one percent (1%) for each one percent (1%) or major fraction thereof by which the lagging power factor, at which the energy is supplied during such month, is less than ninety-five percent (95%).

C. Industrial Rate:

An industrial user who is connected to the City's electrical service lines shall pay a customer charge of \$100.00 per month, whether or not said user shall use electricity.

The rate for electrical energy used by the industrial users within the service area of the City's electrical system shall be (.72) cents per KWH for all energy consumed, plus any applicable demand charge.

Demand Charge:

December 1 to May 31	\$2.70 per KW.
June 1 to November 31	\$1.90 per KW.

Minimum Charge:

The minimum monthly charge shall be the customer charge plus the applicable monthly demand charge as computed below.

Determination of Demand Charge:

The average KW demand supplied during the 15 consecutive minute period of maximum use during the month adjusted for power factor shall be the demand determination. The demand charge shall be adjusted for power factor by increasing the measured demand for each month by one percent (1%) for each one percent (1%) or major fraction thereof by which the average

lagging power factor, at which the energy is supplied during such month is less than ninety-five percent (95%) as determined by measurement under actual load conditions.

The demand charge under the industrial rate shall be the higher of the following:

1. The measured demand for the month, adjusted for power factor; or
2. Seventy percent (70%) of the highest measured demand, adjusted for power factor, during the preceeding eleven (11) months. The City may, at its option, determine the average leading power factor. If leading power factor as well as lagging power factor is determined, the adjustment for power factor shall be made by increasing the measured demand for the month by one percent (1%) for each one percent (1%) or major fraction thereof by which the average lagging or the average leading power is less than ninety-five percent, which ever results in the larger adjustment.

SECTION 3. In place of Section 5-9-4 of the Mayburn Code shall be the following:

5-9-4 Discounts:

A residential, commercial or industrial user served by the City's electrical distribution system shall be entitled to a ten percent (10%) cash discount in the event the said user shall pay the current monthly charge for electrical energy used the previous month on or before the 10th day of the month following the current utility billing, provided that no other account for electrical energy furnished by the City remains unpaid to the City from said user. Provided, further, that in the case of a commercial or industrial user, no discount will be given for that portion of the bill which has been adjusted for power factor below ninety-five percent (95%).

SECTION 4.

An emergency existing, which emergency is declared to exist, the foregoing new Sections of the Heyburn Code providing for adjustments and increased in electrical rates, charges and discounts shall be effective with the billing period commencing with the 20th day of February, 1980, and thereafter, this Ordinance being effective upon one reading, approval and passage by the City Council and publication as provided by Idaho Law.

PASSED BY THE CITY COUNCIL OF THE CITY OF HEYBURN THIS 13th DAY OF FEBRUARY, 1980.

APPROVED BY THE MAYOR OF THE CITY OF HEYBURN THIS 15th DAY OF FEBRUARY, 1980.

(b) (6)

HAROLD R. HURST
MAYOR OF THE CITY OF HEYBURN

ATTEST:

(b) (6)

Ila Despain
City Clerk

**J. R. Simplot Company**

FORD DIVISION

December 3, 1975

*Rec'd after
letter to DerSima
was mailed*

Mr. Larry Burbank
City of Heyburn
Heyburn, Idaho

Dear Mr. Burbank:

Re Electrical Loads, Heyburn, Idaho.

The letter of May 5, 1975 in which I projected electrical requirements at our Heyburn plant is still the best I have to date.

That projection will probably extend through 1978 without any major increases. By that I mean the requirements through 1976 will serve us without any major increases through 1978.

You have asked for a projection from 1979 through 1982. The heaviest loads that might be anticipated would be due to steam generation by electrode boilers. This would be governed by the economics and availability basically. If these two conditions proved to be favorable (which present indications do not show) some replacement or expansion of steam generation would be considered. The range would be somewhere near 30 and 40 MW.

Yours truly,

(b) (6)

GS/cs

Gerald Sullivan
Engineering Coordinator

cc: Hugo DalSoglio
Paul Hansen
Spencer Bryant
Jack Beckwith
Ross Corless

Enc. Letter of 5/7/75

KEMA NORD INC.



KemaNord Inc.

Nobel Industries

December 2, 1988

Thomas C. Wendt, Strategic Planning Manager
Public Utility District of Grant County
P.O. Box 878
Ephrata, WA 98823

Dear Mr. Wendt:

I would like to summarize the information we have discussed with you during our site evaluation process regarding the operation of our two processes; the schedule for start up and remaining electrical service issues.

My letter to you, dated October 24, 1988, described the two processes, the separate products produced and the market plan for each product we plan to manufacture.

Each of the processes will be approximately equal size electrically. Presently, we estimate the initial load of each to be 10 megawatts capacity which will operate at a load factor of 90-95%. We plan to expand each process in the future as market conditions warrant. Our near term plans provide for expansion to 15 megawatts capacity each.

Though the two processes will be located in the same building they will be operated independently of each other. We intend to commence operation of the facilities and of each future expansion in a manner that does not trigger the New Large Single Load provisions of the Northwest Regional Power Act. Since our initial load for each process will be close to the 10 average megawatts allowed in the first twelve months of operation, we plan an orderly commissioning and start up of each process so as to insure that the 10 average megawatt limit on load growth is not exceeded.



KemaNord Inc.

Nobel Industries

December 1, 1988
Page 2

Though KemaNord, Inc. has not made the final decision to locate in Grant Count, staff has been authorized to pursue final arrangements in all siting aspects. Since the cost effectiveness of our siting decision hinges on electrical power costs, the New Large Single Load determination is a critical factor.

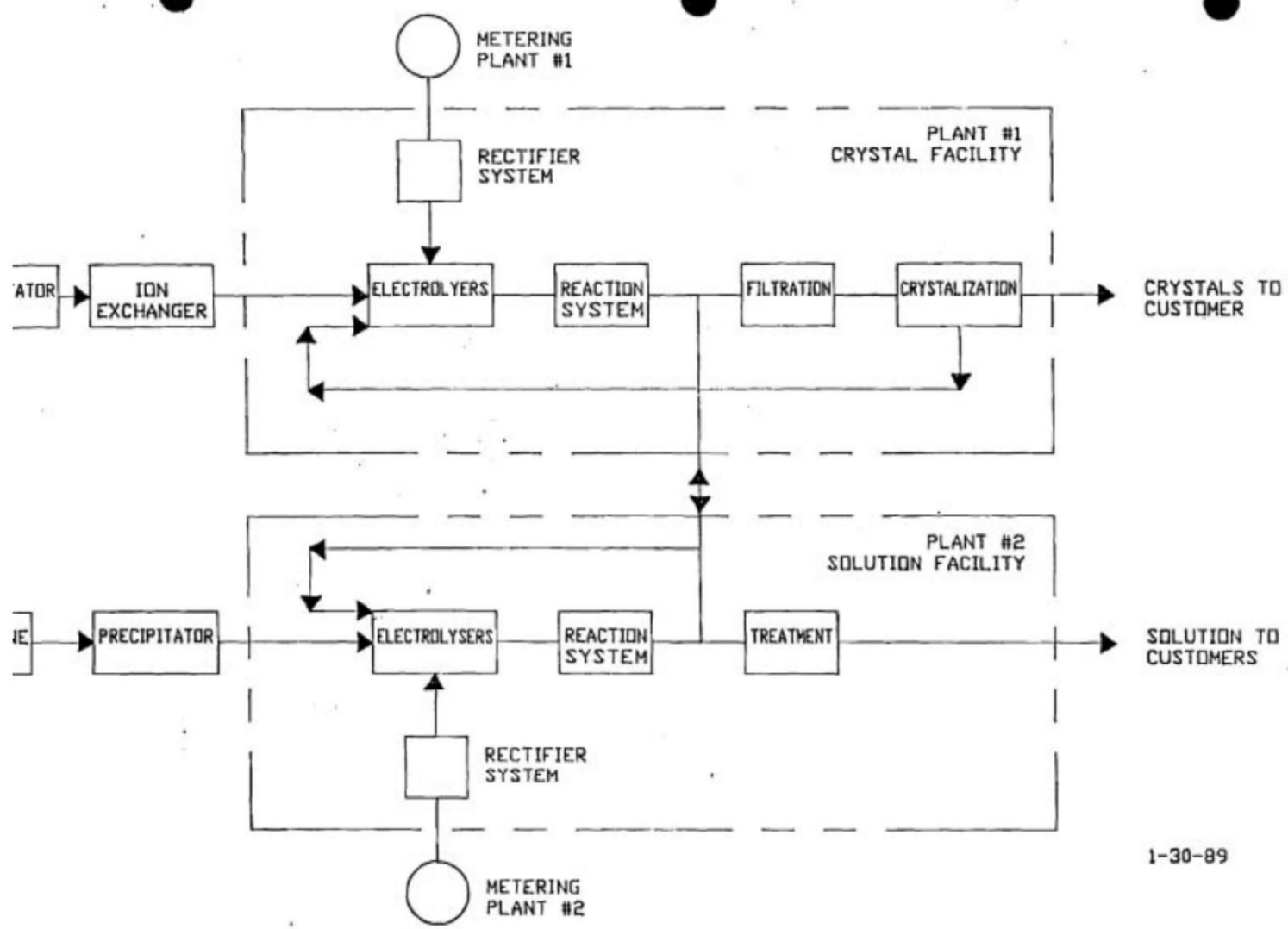
We plan to continue electrical service and contract negotiations with you and anticipate making a final commitment near the end of the first quarter 1989.

Sincerely,

(b)(6)

Bo Welander
President

BW:tt



LEWIS COUNTY PUD



Department of Energy

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

EXECUTIVE OFFICE

AUG 12 2009

In reply refer to: PSW- 6

Mr. David J. Muller
Manager
Public Utility District No. 1 of Lewis County
P.O. Box 330
Chehalis, WA 98532-0330

Dear Dave:

On October 24, 2008, you sent a letter to Tina Ko, then Power Services Account Executive, Bonneville Power Administration (BPA), asking that BPA make a determination under section 3(13)(A) of the Northwest Power Act, P.L. 96-501, that the Transalta (successor in interest to the Washington Irrigation and Development Company, owner of the mine in 1979) Centralia Mine Site (Centralia Mine) load, is a Contracted For or Committed To (CFCT) load of 10 aMw. Transalta purchased the mine, together with the Centralia power plant, from its prior utility owners in 2000. Your letter states that a power sales contract existed between Lewis PUD and Centralia Mine for service to the Centralia Mine on September 1, 1979. Billing records submitted by Lewis PUD substantiate that a load of 10 aMw was served at the Centralia Mine on September 1, 1979.

BPA's NLSL policy requires contemporaneous documentary evidence of either a contractual agreement to serve or a written obligation or commitment to serve the consumer facility's load, including the amount of service to be taken by the utility. Lewis PUD has provided contemporaneous documents which refer to the written contract with the prior owners of the mine now owned by Transalta for service to the Centralia Mine contemporaneous with September 1, 1979. Lewis PUD has also provided billing information to substantiate the size of the Centralia Mine load in September 1, 1979 and other pertinent data.

BPA's policy requires the Administrator to make a CFCT determination whenever a qualifying customer presents a prima facie case documenting a load's CFCT status. The BPA's policy states in part ... "While BPA may agree with the comment that closing out the class would likely result in administrative efficiencies, the statute does not provide BPA a basis for taking such action. Therefore, consistent with section 3(13), BPA's existing policy is retained and CFCT status may be applied for at any time." (2001 NLSL Policy ROD at page 14, (March 27, 2002).

BPA has reviewed the documents and other information provided by Lewis PUD in support of its request for a CFCT determination for the Centralia Mine. Based on this information, (see attached Centralia Mine CFCT Determination), I find that the Lewis PUD load at the Centralia Mine was a CFCT load on September 1, 1979. The Centralia Mine CFCT load was served or anticipated to be served in the amount of 10 average megawatts. The floor for measuring any increases in load from that date shall be 10 average megawatts for purposes of any calculations under section 3(13) of the Northwest Power Act.

Sincerely,

(b) (6)

Stephen J. Wright
Administrator and Chief Executive Officer

bcc:
Adm. Chron. File – A-7
S. Wright – A-7
A. Burns – D-7
C. Andrews – DB-3
C. Lockman – KSC-4
T. Miller – L-7
P. Norman – P-6
S. Cooper – PF-6
T. Ko – PFE-6
J. Shaughnessy – PFE-6
M. Gendron – PS-6
R. Aho – PSS-6
R. Anderson – PSS-6
C. Forman – PSW-6
CCIS Authentication – KSC-4
Official File – PSW-6 (PM-11-3)

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Lewis County PUD
Contracted for or Committed To Determination
For the Centralia Coal Mine

On October 24, 2008 Mr. David Muller, Manager, Lewis County PUD (Lewis PUD) a Washington State public utility district customer of the Bonneville Power Administration (BPA), sent a letter to Tina Ko, then Power Services Account Executive, asking that BPA make a determination under section 3(13) (A) of the Northwest Power Act, P.L. 96-501, that prospective service for the Transalta Centralia Mine Site (Centralia Mine) load by Lewis PUD, which includes all electrical loads at the Centralia Mine Site, in Centralia, WA, would be Contracted For or Committed To (CFCT) load of 10 aMw.

The Centralia Mine was owned by Washington Irrigation & Development Company (WIDCO) from its initial operation in 1971 until the mine was sold to Transalta in 2000. Pacific Power and Light (PP&L) was the majority owner of WIDCO. Lewis PUD served the Centralia Mine load from 1973 until December 1986 when PP&L took over serving the load. During the first year of service by PP&L, the load exceeded 10 aMw in a consecutive 12-month period and BPA made a formal determination that the Centralia Mine Load was a New Large Single Load (NLSL) load on PP&L.

Lewis PUD, Transalta and PP&L, with periodic involvement by BPA, have been pursuing a change back to Lewis PUD being the electric service provider for the Centralia Mine load since 2003. Negotiations between Transalta and PP&L regarding transmission services and facilities in particular held up the change back to Lewis PUD providing electric service to the Centralia Mine load for several years. Those issues have now been resolved, Transalta's current contract for service from PP&L expires September 30, 2009 and Lewis PUD and Transalta intend to enter into an electric service agreement whereby Lewis PUD would serve the Centralia Mine load effective October 1, 2009.

BPA has been including the Centralia Mine load in the Lewis PUD forecasts for rates and Regional Dialogue contracts purposes for several years, including the forecasts for the WP-07 Supplemental and WP-10 power rate cases and for the determination of Slice amounts and Transition HWMs for the Regional Dialogue contracts. In late November 2006, Transalta ceased mining operations at Centralia Mine. Residual coal processing and water pumping loads of around 3 aMws continue.

Although Lewis PUD was not able to provide a copy with parties' signatures, unsigned contracts between Lewis PUD and PP&L dated 1973, Lewis billing records, agreements between BPA and Lewis PUD for a "Centralia Mine" Point of Delivery under the wholesale power sales contract between BPA and Lewis PUD and copies of Lewis' wholesale power bill from BPA showing the metered amounts of service to the Centralia Mine clearly show a commitment by Lewis PUD to serve the Centralia Mine on September 1, 1979 and the level of service being provided. Billing records submitted by Lewis PUD substantiate a load of 10 aMw at the Centralia Mine on September 1, 1979.

It is BPA policy to take a "hard look" review of contemporaneous documents to determine if either a contractual agreement to serve or a written obligation or a commitment by the utility to

serve the consumer load existed on or prior to September 1, 1979, including the amount of service to be taken. Such evidence may include contracts, bills, meter readings, meeting notes, letters, actions taken, and other relevant documents.

The pending request raises an issue under BPA's NLSL Policy regarding CFCT determinations. BPA must decide whether Lewis PUD's service to the Centralia Mine load is eligible for CFCT status—as its pre-Act and prospective utility service provider—even though the load has received service from another utility, PP&L, from late 1986 to today. The issue is whether the original serving utility retains CFCT eligibility when the load/facility and the serving utility in 1979 continue to exist regardless of the intervening years and changes in the utility serving the facility load. BPA's policy is to review all utility customer requests for CFCT determinations when they are made. The Northwest Power Act does not provide a time limit for such requests or a basis for closing the class of eligible load that may qualify for CFCT status. (See page 14, 2001 BPA NLSL Policy Record of Decision (March 27, 2002)).

BPA's NLSL policy sets out the requirements for a CFCT determination. A utility customer is required to request a CFCT determination. The customer is required to make a demonstration, supported by facts contemporaneous to 1979, of the existence of a "contracted for, committed to" obligation to serve the load. Such a demonstration can only be made by proffering authenticated, written documents showing contemporaneous service existing or anticipated in the year 1979, that in fact the utility had contracted for or committed to serve the load in question. (See page 15, 2001 NLSL Policy ROD). In accordance with the policy Lewis PUD provided documentation supporting the following:

- The load at the Centralia Mine was served by Lewis PUD prior to and on September 1, 1979, consuming between 4 and 7 aMw of power (Enclosure 1). Metered peak demand of the Centralia Mine for the billing month of September, 1979 which included September 1, 1979, was 9.98 Mws (Enclosure 2);
- Service to the mine was subsequently taken over by PP&L in December of 1986; during the first year of service by PP&L the load was over 10 aMw in a consecutive 12-month period (Enclosure 2);
- The load was declared a NLSL on PP&L by an Administrator's Record of Decision dated September 20, 1988. The effective date of the determination is December 23, 1986. December 24, 1986 was the first day of service of the Centralia Mine load by PP&L (Enclosure 3);
- Transalta, who purchased the mine in 2000, now seeks to take service from Lewis PUD. Transalta's request raises the issue whether the Centralia Mine load will be eligible for CFCT status if served by Lewis PUD.
- Lewis PUD did not previously request a CFCT determination for the load at the time of its signing the 1981 contract.
- Lewis PUD has presented evidence that there was an "Electric Service Agreement" (Service Agreement) between Lewis PUD and the owners of the Centralia Mine on September 1, 1979.
- On October 24, 2008 Lewis PUD formally requested that BPA make a CFCT determination for the Centralia Mine facility.

- A CFCT determination establishes that the utility had a contract or a commitment to serve the load in 1979 and also establishes the level of the commitment expressed as annual demand (annual aMw).
- Congress did not specify any time limitation on CFCT determination requests. Utilities, including Lewis PUD, have an ongoing right to request CFCT determinations at any time, no matter how much time has passed.

Time Line

{This is based on the actual documentary evidence provided by Lewis County.}

September 1973: the Centralia Mine Load (WIDCO, subsequently Transalta) becomes a customer of Lewis PUD. Energy load in 1973 is approximately 5 aMw.

September 1, 1979: On the Northwest Power Act deadline WIDCO is a customer of Lewis County PUD with a peak demand load of 9.97 Mw.

December 23, 1986: WIDCO leaves Lewis PUD service and becomes a customer of PP&L

September 20, 1988: BPA Administrator (Jack Robertson, Acting) issues a Record of Decision finding that in fact the WIDCO load is a load on PP&L (for NLSL purposes) (ROD page 2) served by transfer over BPA's system and is a NLSL on PP&L.

August 2003: Lewis PUD informs BPA by e-mail that it wants to discuss establishing a new Point of Delivery so that Lewis PUD can serve the Transalta Centralia Mine load and the Centralia Steam Plant station service and start-up load.

June 28, 2005: Lewis PUD and Transalta gave BPA notice that they intended to return Transalta's Centralia Mine load to service by Lewis County PUD. BPA and Lewis PUD begin discussions of the need for a CFCT determination and the information needed by BPA to make a CFCT determination.

October 24, 2008: Lewis PUD requests a CFCT determination on the WIDCO (now Transalta) Centralia Mine load should it return to service by Lewis PUD.

Enclosures:

Lewis PUD has provided the following contemporaneous documentary evidence:

Enclosure One: Letter from Lewis PUD dated October 24, 2008, requesting a CFCT determination by BPA and enclosing copies of the amended Power Sales Contract (14-03-72797) executed on October 12, 1973 between BPA and Lewis; excerpts from the General Contract Provision section of Lewis PUD's 1981 Power Sales Contract; a draft of an agreement between Lewis PUD and PP&L dated August 1, 1981 and copies of bills from BPA to Lewis PUD showing service to the Centralia Mine POD.

Enclosure Two: A copy of a 1979 internal BPA Historical Data Base analysis sheet for Lewis PUD showing metered peak demand of 9.97 Mws for the Centralia Mine for the billing month of September, 1979 (which included September 1, 1979)..

Enclosure Three: A copy of the Administrator's Record of Decision declaring the Centralia Mine Load (WIDCO) a NLSL on PP&L dated September 20, 1988.

Enclosure Four: Notice to BPA of the intent of Lewis PUD and Centralia Mine (Transalta) to return to service by Lewis County dated June 28, 2005.

Enclosure Five: A copy of a November 15, 1985 letter from BPA to Lewis PUD referring to the end of Lewis PUD service to the WIDCO Centralia Mine load and proposing a revision to Lewis' BPA power contract Exhibit H. signed by George Reich, Area Power Manager.

Findings:

Based on the forgoing information BPA finds that the load at the Centralia Mine facility was served by Lewis PUD prior to and on September 1, 1979, consuming between 9 and 11 aMw of power. Lewis PUD presented evidence of an "Electric Service Agreement" (Service Agreement) between Lewis PUD and the owners of the Centralia Mine on September 1, 1979. Lewis PUD has not previously requested a CFCT determination for the load. Congress did not specify any time limitation on a request for CFCT determinations. Utilities, including Lewis PUD, have an ongoing right to request CFCT determinations at any time, no matter how much time has passed.

BPA further finds that service to the mine was taken over by PP&L in December of 1986 and during the first year of service by PP&L the load was over 10 aMw in a consecutive 12-month period which resulted in a NLSL on PP&L (Administrator's Record of Decision (ROD) dated September 20, 1988). The Administrator's ROD stated that Lewis PUD had served the load from 1971 to 1986. ROD at page 1. Transalta, the current owner of the Centralia Mine, now seeks to take service from Lewis PUD. Lewis PUD was eligible for a CFCT determination when earlier serving the mine load. The interim service by PP&L raises the question of whether the Centralia Mine load would be treated as a NLSL or if the load can come back to service from Lewis PUD as eligible for CFCT status and receive service with power purchased at the Priority Firm power rate.

BPA has no policy that states a utility serving a load in 1979 has its eligibility extinguished because the consumer/owner obtains service from another utility. BPA has not proposed a policy on CFCT eligibility that interprets section 3(13) of the Northwest Power Act to make a utility's CFCT eligibility dependent upon continuous service to the consumer. The Northwest Power Act section 3(13)(A) distinguishes between a utility that served the load in 1979 and a utility that did not serve the load in 1979. The utility serving in 1979 may qualify for a CFCT but the later serving utility does not qualify. The fact that an end consumer load has taken service from another utility during an interim period and became a NLSL of that utility does not make the end consumer load a NLSL of the utility that was serving the load in 1979 when the load resumes taking service from the original serving utility.

Assuming a facility load of 10 aMws or more, BPA's interpretation of section 3(13) has been that a CFCT designation is only available for the facility load of a utility that was the serving utility

as of September 1, 1979. The applicable rate for power sold to such a utility for service to CFCT load is the PF rate. A utility that was not serving that load on September 1, 1979 but does so after that date will not be sold federal power at the PF rate for the facility load. Instead such load will be determined a NLSL and power supplied to the utility for service to the load will be charged the NR rate. This interpretation was first set out in the 1982 Boise Cascade letter and has been applied ever since.

In 2002 BPA interpreted the statute as imposing *no time limitation* on when a CFCT determination can be made; therefore, a CFCT request/determination can and will be made at any time a utility makes a request. As happened here, the utility made a request at a time when the Transalta facility load is seeking to return to service from Lewis PUD. BPA was provided facts which show that the utility previously served the load in 1979 which qualifies the load for CFCT status, and allows the utility to buy requirements power at the PF rate to serve the load. The statute does not require the utility to continuously serve the load. The service by PAC was declared a NLSL simply because PP&L, as serving utility, was not "that utility" which served the load in 1979 and the load was over 10 aMws.

BPA current policy and interpretation of Section 3(13)(A) of the Northwest Power Act requires that a load at a consumer facility that was served or planned to be served by the utility in question on September 1, 1979 based on contemporaneous documentary evidence that it was in fact served or planned to be served by the utility. If such service is established, then the utility is eligible for a determination of CFCT status for the consumer load no matter how many years or intervening service providers pass.

Based on the information provided and BPA's review of that information, I find that the Transalta load at the Centralia Mine was a CFCT load of Lewis PUD on September 1, 1979. The CFCT load was served or anticipated to be served by Lewis PUD in the amount of 10 average megawatts. The floor for measuring any increases in the Centralia Mine load from that date shall be 10 average megawatts for purposes of any calculations under section 3(13) of the Northwest Power Act.

Dated this 12th day of August, 2009

(b) (6)

Stephen J. Wright, Administrator

MASON COUNTY PUD



Department of Energy

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

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKI

APR 12 1984

Mr. Dennis E. Rohr
General Manager
Public Utility District No. 3 of Mason County
P.O. Box 490
Shelton, Washington 98584

Dear Mr. Rohr:

On January 14, 1984, Public Utility District No. 3 of Mason County (Mason) requested that Bonneville Power Administration (BPA) determine that the load at Simpson Timber Company Waterfront Operation located at Shelton, Washington is not a New Large Single Load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act. Mason requested the determination on the basis that such load was contracted for between Mason and Simpson Timber Company, as of September 1, 1979.

In making such determination, and in determining the size of the loads contracted for to establish a floor upon which future increases, if any, at such facility may be measured, the following documents were considered:

Contracts

(a) January 20, 1975, power sales agreement between Mason and Simpson Timber Company.

Correspondence

(a) A January 12, 1984, memo from George T. Reich, Puget Sound Area Power Manager, BPA, to David J. Anderson, Chief, Contract Negotiation Branch.

(b) A January 14, 1984, letter from Dennis E. Rohr, Mason County PUD No. 3 General Manager, to Peter T. Johnson, BPA Administrator.

BPA has determined that your contracted for, or committed to load for purposes of inclusion in your Power Sales Contract No. DE-MS79-84BP91672, Exhibit K, Table 2, is 15.0 average MW.

The enclosed Exhibit K, Table 2, is included in your section 5(b) Power Sales Contract. If you have any questions regarding this determination please contact this office.

Sincerely,

(b)(6)

Administrator

Enclosure:
Exhibit K, Table 2

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-84BP91672
Public Utility District No. 3
of Mason County
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of
P.L. 96-501 and section 8 of this contract as of the effective date set forth
above.)

Table 2

List of Purchaser's Loads and Amounts Which Were
Contracted For, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)</u>
Simpson Timber Company Waterfront Operation	Shelton, Washington	15.0

(WP-PKI-4194b)

Power Manager's
Briefing Memo

Contract: Public Utility District No. 3 of Mason County (Mason), Power Sales Contract No. DE-MS79-84BP91672, request for a Regional Act Section 3(13)(A) contracted for or committed to determination.

Existing Circumstances: The Regional Act provides that a load associated with a new facility, an existing facility, or an expansion of an existing facility is not a New Large Single Load, if it was contracted for, or committed to, as determined by the Administrator, prior to September 1, 1979. If served by a public agency customer, such portion of load at the facility is served at the Priority Firm Rate, or successor rate. If served by an investor-owned utility the cost of resources to serve such portion may be included in the utility's Average System Cost for purposes of the Residential Purchase and Sale Agreement. In a letter dated, January 14, 1984, Mason, requested that BPA determine that the facility loads at Simpson Timber Company Waterfront Operation were so contracted for.

Changes Required/Impact on Existing Circumstances: A contract dated January 20, 1975 between Mason and Simpson Timber Company established that Mason agreed to furnish 15.0 average MW.

In the attached Decision Paper BPA staff recommends that the Administrator determine that the contracted for, or committed to load to be entered in Power Sales Contract, Exhibit K, Table for Simpson Timber Company Waterfront Operation is 15.0 average MW.

Policy Implications: This determination represents no change in policy.

Financial Management Concerns: None

General Counsel Concerns: Review documentation.

NEPA Determination: The Environmental Coordinator for the Office of Power and Resources Management has determined that this action is categorically excluded. This action does not individually or cumulatively have a significant effect on the human environment, and may be implemented.

Signature Instructions: The attached letter should be signed by the Administrator. The Power Manager should review the letter, the exhibit, and the Decision Paper.

Area Acceptance: George T. Reich, Area Power Manager for Puget Sound Area, concurs in this determination.

(WP-PKI-4194b)
RFreeman

Decision Paper

JANUARY 14, 1984, REQUEST BY MASON COUNTY PUBLIC UTILITY DISTRICT NO. 3 (Mason) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, MASON HAD COMMITTED TO SERVE LOADS AT SIMPSON TIMBER COMPANY WATERFRONT OPERATION IN THE AMOUNT OF 15.0 AVERAGE MW.

ISSUE: Were the Simpson Timber Company Waterfront Operation loads contracted for, or committed to, as of September 1, 1979, by Mason and Simpson Timber Company, and if so what was the size of such load for purposes of establishing a floor upon which future increases in load at such facility, if any, can be measured.

BACKGROUND: On January 14, 1984, Mason requested that BPA determine that the loads at Simpson Timber Company Waterfront Operation are not New Large Single Loads under Section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). Mason alleges that the loads at Simpson Timber Company Waterfront Operation were contracted for prior to September 1, 1979.

In determining whether the loads were contracted for as of September 1, 1979, the following information was considered:

CONTRACTS:

January 20, 1975, contract between Mason and Simpson Timber Company.

CORRESPONDENCE:

1. January 12, 1984, letter from George T. Reich, Puget Sound Area Power Manager, to David J. Anderson, Chief, Contract Negotiation Branch.
2. January 14, 1984, letter from Dennis E. Rohn, Mason County PUD No. 3 General Manager, to Peter T. Johnson, BPA Administrator.

RECOMMENDATION:

Simpson Timber Company Waterfront Operation: A January 20, 1975, contract establishes that Mason contracted to serve Simpson Timber Company load in the amount of 15.0 average MW.

It is the recommendation of BPA staff, that the Administrator determine that the contracted for, or committed to load to be entered in Exhibit K, Table 2, of Mason Power Sales Contract, No. DE-MS79-84BP91672 shall be 15.0 average MW at Simpson Timber Company Waterfront Operation facility located at Shelton, Washington.

(WP-PKI-4194b)

MONTANA POWER CO.



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

May 25, 1989

OFFICE OF THE ADMINISTRATOR

In reply refer to: PMCG

Mr. Bob Miller, Executive Assistant
Power Management
Montana Power Company
40 East Broadway
Butte, MT 59701

Dear Mr. Miller:

The Bonneville Power Administration (BPA) has determined that the electrical load at Montana Resources, Inc. (MRI) served by Montana Power Company (MPC) constitutes a New Large Single Load (NLSL) of MPC. This determination is made based on information supplied by MPC and pursuant to section 3(13) of the Northwest Power Act and section 8 of the Power Sales Contract between BPA and MPC, Contract No. DE-MS79-81BP90427.

The MRI load increased MPC's total load by approximately 31 average megawatts for the twelve consecutive months after commencement of commercial mining operations on July 21, 1986. The minimum load increase associated with a NLSL is 10 average megawatts over twelve consecutive months. Details of the determination can be reviewed in the enclosed Decision Document.

We have prepared the attached Revision 2 of Table 1 of Exhibit K (New Large Single Load Determination Exhibit) which adds MRI as a NLSL of MPC effective July 21, 1986. The previous Table 1 of Exhibit K may be discarded. Please retain the existing Table 2 of Exhibit K, the list of loads contracted for or committed to prior to September 1, 1979.

Thank you for your cooperation in this determination. Please contact George Eskridge, Missoula District Manager, at (406) 329-3060 if you have any questions or concerns.

Sincerely,

(b)(6)

Administrator

2 Enclosures

SEGFurst:sgf:3555 (VS6-PMCG-5273b)

cc:

Admin. Chron. File - A
T. Miller - APP
C. Meyer - DR
M. Federovich - DRE
C. Malchel - DREF
T. Scanlon - DREF
R. Freeman - DSA (w/ orig. Exhibit)
Deputy Area Managers - L, T, U, W
W. Helm - LB
G. Lenzen - LB
District Managers - LG, UW, WL, WI
J. Curtis - P

S. Melton - PM
D. Metcalf - PM
L. Kitchen - PMC
C. Combs - PMCG
S. Furst - PMCG
G. Moorman - RMI
W. Lee - U
A. Harlow - UC
G. Eskridge - UM
D. Hawkins - UM
Official File - PMCG (PM 12-2)

Revision No. 2
Exhibit K
Table 1, Page 1 of 1
Contract No. DE-MS79-81BP90427
The Montana Power Company
Effective at 2400 hours on
July 20, 1986

NEW LARGE SINGLE LOAD DETERMINATION EXHIBIT

(This Exhibit reflects determinations made pursuant to Section 3(13) of
P.L. 96-501 and Section 8 of this Contract as of the Effective Date set forth
above.)

TABLE 1

LIST OF PURCHASER'S LOADS WHICH ARE NEW LARGE SINGLE LOADS

<u>Description of Facility</u>	<u>Location</u>
Stauffer Chemical Company The estimated load is 55 average megawatts	Silver Bow, Montana
Montana Resources, Inc. The estimated load is 35 average megawatts	Butte, Montana

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

(b)(6)

By

RUTH J. S. ALON

Date

5-25-89

(VS5-PMCG-4037c)



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

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKI

NOV 17 1983

Mr. Richard F. Cromer
Director, Power Contracts
The Montana Power Company
40 E. Broadway
Butte, MT 59701

Dear Mr. Cromer:

On October 6, 1983, the Bonneville Power Administration (BPA), after consultation with representatives of each of BPA's customer groups, agreed to apply a 100 percent load factor to all Regional Act, section 3(13)(A) contracted for, or committed to determinations involving contract demand contracts. Previously, as part of a negotiated agreement with the Public Power Council, BPA had applied a 100 percent load factor to consumers of public agency customers with contract demand contracts. This action reflects recognition of changed conditions since passage of the Regional Act and BPA's desire to play a positive role in the economic recovery of the region. This criteria change will allow a consumer's facility which had a contract or commitment, prior to September 1, 1979, to achieve the maximum contracted for, or committed to load floor without triggering the New Large Single Load consequences of the Regional Act. BPA will retroactively apply a 100 percent load factor to all past determinations with contract demand contracts or commitments.

Enclosed is a revised signed and dated Exhibit K, Table 2, reflecting the increase in your previous contracted for, or committed to determination. The increase results from application of a 100 percent load factor to the load BPA determined was contracted for, or committed to prior to September 1, 1979. This amended Exhibit should be attached to your utility power sales contract.

Your existing Exhibit K, Table 2, may be discarded. Should you have any questions regarding this exhibit revision please contact your BPA Area or District office.

Sincerely,

(b)(6)

Administrator

Enclosure

Revision No. 1
Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90427
The Montana Power Company
Effective on the date of the above
power sales contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of
P.L. 96-501 and section 8 of this contract as of the effective date set forth
above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
Champion International Corporation's Frenchtown Mill facility	12 miles northwest of Missoula, Montana, on the north fork of the Clark River.	55

(b)(6)

Bonneville Power Administrator

NOV 17 1983
Date

(WP-PK1-3627b)



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

OFFICE OF THE ADMINISTRATOR

APR 13 1983

In reply refer to: PKI

Mr. Richard F. Cromer
Director, Power Contracts
The Montana Power Company
40 E. Broadway
Butte, MT 59701

Dear Mr. Cromer:

On February 16, 1983, Montana Power Company (Montana), requested pursuant to section 3(13) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act), that Bonneville Power Administration (BPA) make a determination that Montana, as of September 1, 1979, "committed to" serve Champion International's Frenchtown mill facility (Frenchtown) up to 65 MW (peak).

In making the committed to determination and determining the size of the committed to load at Frenchtown, as of September 1, 1979, BPA considered the following information: (1) The agreements between Montana and Hoener-Waldorf's (later Champion's) Frenchtown mill facility from 1964 to 1980; (2) correspondence from 1973 to 1979 related to the planned expansion at the Frenchtown mill facility; (3) discussions held between BPA staff and Montana at BPA Headquarters on March 11, 1983; and (4) numerous other conversations between BPA and Montana staff relating to this committed to determination.

Based on the above, BPA has determined that as of September 1, 1979, Montana had committed to serve the increase in load at Frenchtown up to the amounts noted below. This commitment led to a contract between Montana and Champion, which was executed on May 12, 1980, and committed Montana to provide 55,000 kW to Frenchtown on a firm basis. A letter amendment offered by Montana and signed May 25, 1980, by Champion International makes it clear that Montana has no obligation under the May 1980 contract to provide an additional 10,000 kW to Frenchtown. This amendment gives Champion an "opportunity" to acquire the right to purchase an additional 10,000 kW of firm demand at Frenchtown. As a result, Montana's firm obligation is to provide only 55,000 kW peak.

Because Exhibit K, Table 2 is in average megawatts, BPA took the historical load factor at Frenchtown submitted by Montana and applied the 76 percent load factor for 1981 to the 55,000 kW peak to arrive at 41.80 average MW as the committed to load.

Enclosed is Exhibit K, Table 2, showing the committed to load at Frenchtown as 41.80 average MW. Please attach the enclosed Exhibit K to your BPA power sales contract dated August 25, 1981.

Sincerely,

(b)(6)

ref Administrator

Enclosure:
Exhibit K, Table 2

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90427
The Montana Power Company
Effective on the date of the above
power sales contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
Champion International Corporation's Frenchtown Mill Facility (WP-PKI-1705c)	12 miles northwest of Missoula, Montana, on the north fork of the Clark River.	41.80

Power and Resource Manager
Briefing Memo

Contract: Montana Power Company (Montana) entered into a contract with Champion International (Champion) to serve the increased load at Champion's Frenchtown mill facility (Frenchtown) near Missoula, Montana, on May 12, 1980, and by contract amendment of May 28, 1980. This contract resulted from talks that had gone on since 1973.

Existing Circumstances: On February 16, 1983, Montana asked BPA to make a determination that it had committed to serve the increase in load at Champion's Frenchtown mill facility near Missoula, Montana, in the amount of 65,000 kW (peak).

Changes Required/Impact on Existing Circumstances: The amount of any load found "committed to," pursuant to Regional Act, Section 3(13)(A), may be added to Montana's Average System Cost (ASC) and included in the "Residential Exchange." Loads which are New Large Single Loads are excluded from ASC.

Prior to Montana requesting this committed to determination from BPA, Montana had included Champion and Stauffer in their ASC methodology for the exchange. These two loads were removed from Montana's ASC by BPA because they appeared to be New Large Single Loads to Montana and because Montana had not yet requested a committed to determination for Champion's Frenchtown mill facility. The result has been to lower Montana's ASC so that they may have to pay BPA. Currently Montana cannot "deem" their ASC equal to BPA's until the rates change in November 1983. As a result Montana has asked BPA for: (1) a "retroactive deemer" (which there is no provision for in the exchange contract); and (2) an expedited committed to determination on Champion's Frenchtown mill facility. This determination is only dispositive of Montana's request for the expedited "committed to" determination.

Policy Implications: This committed to determination represents no change in policy.

Financial Management Concerns: The amount of the committed to determination ultimately will have an impact on Montana's ASC.

General Counsel Concerns: General Counsel's office should review the "paper trail" and the contracts.

NEPA Implications: The Administrator has determined that, pursuant to DOE NEPA guidelines and supplementary information, this action meets the criteria for "clearly not significantly affecting the quality of the human environment." This determination was made in a memorandum dated April 2, 1983.

Signature Instructions: The Administrator will sign first.

Area Acceptance: Art Harlow concurred on April 11, 1983

(WP-PKI-3000b)

DECISION PAPER

FEBRUARY 16, 1983, REQUEST OF THE MONTANA POWER COMPANY (MONTANA) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT, AS OF SEPTEMBER 1, 1979, MONTANA HAD COMMITTED TO SERVE AN INCREASE IN LOAD AT CHAMPION'S FRENCHTOWN MILL FACILITY (FRENCHTOWN) IN THE AMOUNT OF 65,000 KW (PEAK).

ISSUE: Was the increase in load at Frenchtown "committed to" as of September 1, 1979, and if so, what was the size of the load committed to at such facility.

BACKGROUND: On February 16, 1983, Montana requested that BPA make a determination that Montana's load at Frenchtown, which is located approximately 12 miles west of Missoula, Montana, on the north fork of the Clark River is not a new large load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). Montana requested the determination on the basis that the load at the Frenchtown was committed to between Montana and Champion as of September 1, 1979. Discussions between Montana and Hoerner-Waldorf (later Champion International), regarding a Phase II expansion of the mill, began in 1973 and culminated in a 1980 power sales contract between Montana and Champion. Montana is seeking a committed to determination of 65,000 kW (peak).

In making the committed to determination and the size of the load committed to at Frenchtown, as of September 1, 1979, BPA considered the following information:

CONTRACTS:

- (a) A June 1, 1964, contract between Montana and Waldorf-Hoerner Paper Products Company for 8,000 kilowatts of demand;
- (b) A September 1, 1965, contract between Montana and Waldorf-Hoerner Paper Products Company for 15,000 kilowatts of demand;
- (c) A November 20, 1974, contract between Montana and Hoerner Waldorf Corporation of Montana for 15,000 kilowatts of demand and 10,000 kilowatts of interruptible power;
- (d) In 1977 Hoerner Waldorf and Champion International Corporation merged.
- (e) An unexecuted 1979 contract between Montana and Hoerner Waldorf-Champion International Corporation for 55,000 kilowatts of demand; and
- (f) A May 12, 1980, executed contract between Montana and Champion Packaging Division of Champion International Corporation for 55,000 kilowatts of contract demand. Such contract states in section 1.2, p. 2, that when "additional demand becomes available to Company (Montana) during the term and all renewables because of the start-up of new facilities or otherwise, Company shall notify Customer and extend to Customer for 30 days the right to increase the contract demand by increments of 10,000 kilowatts." However, a May 8, 1980, letter which was executed May 25, 1980, by Champion amends the May 12, 1980, contract and clarifies the ambiguity about the additional 10,000 kW. It states:

"the clause does not give Customer first option on available supply resources and does not require the company to notify or serve 10 MW of

demand to Customer under the Agreement to the exclusion of other firm or interruptible customers. The purpose of the clause is to provide customer with an opportunity to acquire, by amendment of the Agreement, a contract right for an additional 10 MW of firm demand for an indefinite term in circumstances where such firm, long-term capacity would be available to and sold on a nonfirm basis to other utilities for resale."

The 10,000 kW being asked for beyond the 55,000 kW is not firm because the Customer has no contractual right to it and Montana has no obligation to serve except on an as available basis.

CORRESPONDENCE:

BPA reviewed the background documentation Montana submitted which dated from October 11, 1973 to August 14, 1979 when addressed the planned Phase II expansion of Frenchtown. (1) John Evans of Montana in a undated and handwritten memo wrote "we (Montana) committed to 55 megawatts in 1977."; (2) a February 28, 1978, Hoerner-Waldorf memo indicated that Montana had guaranteed demand capability of 55 megawatts; (3) a May 1, 1978, Hoerner-Waldorf memo noted that the total Phase I and II expansion would total 43,500 kilowatts; (4) December 7, 1978 Hoerner-Waldorf Division minutes indicated that Montana informed Hoerner-Waldorf in August 1978 that Montana intended to renegotiate their power sales contract; a January 15, 1979, Montana memo from Mr. Beagles to Mr. Gregg (Montana) stated it was reasonable to estimate a 70 percent annual load factor for Phase II; (6) a February 8, 1979, Montana Work Order noted Hoerner-Waldorf mill planned to have 36 megawatts of load by late 1979 or early 1980; and finally, (7) a August 14, 1979, Montana memo which stated that Hoerner-Waldorf wanted 65,000 kilowatts of firm capacity, that Montana offered them 55,000 kilowatts, and that Montana could not agree to provide and had to check on its ability to deliver the additional 10,000 kilowatts and subsequently determined by contract that the 10,000 kilowatts were not firm.

MEETINGS:

Also taken into consideration in the committed to determination by BPA was the input from the meeting held with Montana Power Company on March 11, 1983, at BPA Headquarters, Portland, Oregon, and discussions between Contract Negotiation staff and various Montana staff (Cromer, Miller, Strong). At the March 11 meeting various questions were raised and documents such as prior contracts, historical load forecast, and a document explaining the corporate changes from Hoerner-Waldorf to Champion International were asked for. These were supplied by Blair Strong, Attorney for Montana, on March 16, 1983.

Based on the above, BPA has determined that as of September 1, 1979, Montana had committed to serve 55,000 kilowatts (peak) at a 76 percent load factor (this is based on the historical load factor for 1982 submitted by Bob Miller, Montana) for a total of 41.80 average megawatts of firm power.

RECOMMENDATION:

It is BPA staff recommendation that the Administrator find the "committed to" load to be entered in the Exhibit K, Table 2 of Montana's BPA Power Sales Contract is 41.80 average megawatts.

(WP-PKI-2986b)

TIMELINE FOR MONTANA - CHAMPION FRENCHTOWN
MILL FACILITY DETERMINATION

<u>Date</u>	<u>Correspondence</u>	<u>Notation</u>
10/11/73	Montana Memo	Projected load 20,500 kW (purchased) + 8,000 kW (generation) Net purchased 45,000
4/7/77	Montana Memo	Montana can handle up to 55,000 kW. Want power factor of 95 percent.
3/22/77	Montana Memo	Not applicable to this transaction
2/14/77	Minutes of Hoerner Waldorf/Montana meeting	Three sources of power to Hoerner Waldorf mill. Mill 48 MW at present. Power factor of 82 percent
2/22/77	Hoerner-Waldorf letter to Montana	Reviewing its plans for expansion of Missoula plant electric energy capacity - 46,875 kW with peak to 55,000 kW
1/30/78	Montana Memo	Phase II expansion at Hoerner-Waldorf. Total delivered 78 MW; 10 MW self- generation; and 68 MW from Montana
undated	Handwritten/Montana	John Evans - Montana committed to 55 MW in 1977
2/17/78	Montana Memo	Notes change in Hoerner Waldorf Phase II expansion
2/28/78	Hoerner-Waldorf Memo	Peak prior to Phase I = 24 MW Estimated Phase I demand = 8 MW Estimated Phase II demand = 34 MW Total purchased power demand after Phase II = 66 MW = 78 MVA at .85 power factor At a meeting in February 1977 Montana guaranteed a demand capability of 55 MW. Present estimated requirement of 66 MW does not create any foreseeable supply problems
3/8/78	Montana Memo	Avg. MW 1977 - 17.24 mid-1980 - 44.4
4/14/78	Montana Letter	Noted Montana entered into an Electric Contract with Hoerner-Waldorf on June 1, 1964

<u>Date</u>	<u>Correspondence</u>	<u>Notation</u>																		
7/78	Hoerner-Waldorf Memo (Project Memo)	Total Phases I and II is 43,500 kW																		
12/7/78	Hoerner-Waldorf Div., Champion Int'l. Corp. Project memo on meeting with Montana	Total existing and new loads at mill 67,100 kW. Total without power factor correction																		
12/7/78	Hoerner-Waldorf Div. Champion Int'l. Corp. minutes of meeting of Phase II expansion	Montana notified Hoerner-Waldorf August 1978 of intention to renegotiate power contract																		
12/18/78	Montana memo on 12/7/78 meeting with Hoerner- Waldorf	January 1980, Hoerner-Waldorf Will add 10,800 kW with a 70 percent demand factor. May 1980, Hoerner-Waldorf will add 19,300 kW at 70 percent demand factor. After Hoerner-Waldorf Phase II complete total load on Hoerner-Waldorf 67 MW at 0.89 power factor. Peak would exceed 67 MW.																		
1/11/79	Montana memo Burke to Sherwood discussed 12/7/78 meeting with Hoerner- Waldorf	Discussed addition of 700 ton per day papermill to their existing two papermills. Present load is 33,000 kW. Addition will add 30,000 additional kW																		
1/15/79	Montana memo Beagles to Gregg	Reasonable to estimate a 70 percent annual load factor for Phase II																		
		<table border="1"> <thead> <tr> <th></th> <th>Total Peak MW Demand</th> <th>Total Energy</th> </tr> </thead> <tbody> <tr> <td>4/79</td> <td>34</td> <td>24</td> </tr> <tr> <td>7/79</td> <td>36</td> <td>25</td> </tr> <tr> <td>10/79</td> <td>37</td> <td>26</td> </tr> <tr> <td>1/80</td> <td>48</td> <td>33</td> </tr> <tr> <td>5/80</td> <td>67</td> <td>47</td> </tr> </tbody> </table>		Total Peak MW Demand	Total Energy	4/79	34	24	7/79	36	25	10/79	37	26	1/80	48	33	5/80	67	47
	Total Peak MW Demand	Total Energy																		
4/79	34	24																		
7/79	36	25																		
10/79	37	26																		
1/80	48	33																		
5/80	67	47																		
	70 percent demand factor	Until the contract is modified, the firm part of the load is 15 MW peak and 13.7 MW average energy																		
2/8/79	Montana Work Order for Hoerner-Waldorf Substation No. 5 Bank	Hoerner-Waldorf plans to add 36 MW of of load in late 1979 and early 1980																		
4/79	Montana Memo	Hoerner-Waldorf wants 65,000 kW of firm capacity. Montana offered them 55,000 kW. Montana would have to check on 10,000 kW																		

(WP-PKI-2960b)

(406) 329-3860

OKK

April 7, 1983

Richard F. Cromer
Manager of Power Contracts
Montana Power Company
40 East Broadway
Butte, Montana 59701

Dear Dick:

Bonneville Power Administration (BPA) acknowledges receipt of your October 7, 1982, letter notifying BPA, pursuant to section 8(c) of Montana Power Company's (MPC) Power Sales Contract No. DE-MS79-81BP90427 and Exhibit F of your Residential Exchange Agreement No. DE-MS79-81BP90605, that Stauffer Chemical Company (Stauffer) constitutes a New Large Single Load on MPC's system. Stauffer's load increased MPC's resource responsibilities by approximately 55 average megawatts as of October 1, 1982.

We have prepared the attached Table 1 to Exhibit K of the Power Sales Contract listing Stauffer as a New Large Single Load as of October 1, 1982.

BPA has determined that it is able to acquire resources to serve MPC's Stauffer load. Therefore, pursuant to section 5(b) and 9(c) of the Power Sales Contract, BPA will include Stauffer as a firm load in Montana's Estimated Firm Load and Actual Firm Load for planning purposes beginning October 1, 1984.

Sincerely,

George E. Eskridge
Montana District Manager

Enclosure

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LETTER - G H Brandenburger
October 7, 1982
Page 2

In accordance with your request, I am enclosing one copy of our
Contract for electric service between MPC and Stauffer Chemical.

Please let me know if my understanding of the tentative arrange-
ments for care of BPA facilities in use to serve the Stauffer load
is contrary to your understanding.

Sincerely yours,

(b)(6)

Richard F Cromer
Director, Power Contracts

RC/jb
Enclosure

GENERAL OFFICES 40 EAST BROADWAY BUTTE, MONTANA 59701 • TELEPHONE 406/723-5511

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RE: Transfer of Stauffer Chemical Load to
The Montana Power Company (MPC)

As you well know, The Montana Power Company (MPC) has assumed electric utility service responsibility for the Stauffer Chemical Plant at Silver Bow, Montana effective on October 1, 1982. We wish to hereby "officially" notify BPA that the Stauffer Chemical load represents a New Large Load as defined in our Power Sales Contract No. DE-MS79-81BP90427 which will increase MPC's resource responsibilities by approximately fifty-five average megawatts beginning October 1, 1982. This notification is given now in anticipation of the possibility that seven years from the date of this notice, MPC may want to impose this load on BPA's system, as a part of its "requirement obligation" to MPC and as a portion of MPC Contracted Requirements purchases.

Sincerely yours,

(b)(6)

RFC/jb

NEW LARGE SINGLE LOAD DETERMINATIONS

Introduction

This paper discusses both New Large Single Load (NLSL) Determination and contracted For, Committed To (CF,CT) Determinations under the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). It will address NLSL and CF,CT Determinations in general, New Large Single Loads in the specific case of Stauffer Chemical Company of Montana and will have attached a list of NLSL and CF,CT Determinations from the inception of the Regional Act to date.

New Large Single Load Determinations (General)

New Large Single Loads are defined under the Regional Act (Public Law 96-501) in Section 3(13)(A) - (Contracted For, Committed To) and Section 3(13)(B) NLSLS. Section 8(c) of the Utility Power Sales Contract requires the utility to notify BPA of any new load meeting the definition in Sections 3(13)(A) or (B) of the Regional Act. Once this notification takes place and Customer Service staff reviews the information to see if the load meets the criteria of Section 3(13)(A) CF,CT or falls into the category of a New Large Single Load. Once this determination has been made, Customer Service staff will draft a revised Exhibit K, either a Table I in the case of an NLSL or revised Table II in the case of a CF,CT load. These proposed exhibits are then routed through

a 568 process and are then sent out under the Administrator's signature to the utility in question. Authenticated copies of revised Exhibit K's are then entered in the contract books for the utility both in Customer Services and in Financial Management. This constitutes the Administrator's NLSL determination process.

Stauffer Chemical Company (Stauffer) NLSL Determination

In accordance with Section 8(c) of Montana Power Company's (MPC) Power Sales Contract, MPC submitted a letter dated October 7, 1982 notifying BPA that Stauffer Chemical Company (Stauffer) constituted a NLSL on MPC's system. Stauffer's load increased MPC's resource responsibilities by approximately 55 average megawatts as of October 1, 1982. MPC did not request that Stauffer be CF,CT under Section 3(13)(A) of the Regional Act as the Stauffer load did not qualify.

After review, Power Marketing staff drafted a Memorandum addressing this issue and a revised Table I Exhibit K for MPC's Power Sales Contract listing Stauffer as a New Large Single Load as of October 1, 1982. This Memorandum was dated March 30, 1983 and was forwarded to the Montana District Manager for delivery to MPC. This was done in a letter dated April 7, 1983 (attached). Because MPC admitted Stauffer's NLSL status from the beginning, Power Marketing staff did not feel that the revision of MPC's Exhibit K Table I needed to be reviewed in a 568 process.

Prior NLSL/Contract For, Committed to Determinations

Only one NLSL determination has been made since the Regional Act went into effect in 1980. That is, the Stauffer Chemical Company plant served by MPC with a load of 55 average megawatts. A list of Contracted For, Committed To Determinations follows:

To date, 13 utilities, representing 23 facilities, have been determined to be exempt from the rate impacts of the NLSL provisions. Two other utilities and facilities are pending approval. In total, the 15 utilities and 25 facilities represent an obligation on the Administrator of 1335 average megawatts. A large share of this total is not currently being served, with either firm or nonfirm power. This unserved load would appear to provide the Administrator with an opportunity for serving additional loads, without NLSL rate limitations, of approximately 600 average megawatts. Additionally, large utilities, such as Seattle and Tacoma have not received final determinations under this section.

MONTANA POWER COMPANY NEW LARGE SINGLE LOAD HISTORY

ACT: Section 5(C)(7)(A) of the Northwest Power Acts prohibits the inclusion in the ASC Methodology of "the cost of additional resources in an amount sufficient to save any new large single load of the utility."

PRECEDENT: On October 18, 1982, Montana Power Company (MPC) submitted an ASC filing (BPA Docket No. 4-04-8202) which characterized Stauffer Chemical Company as an NLSL. BPA excluded both Stauffer's loads and associated costs in its ASC report issued on February 22, 1983.

ARGUMENT:

PRO: The Methodology requires revenues from Sales/Resale to be subtracted from a utility's expenses. Because resources committed to Stauffer could no longer provide revenues from Sales/Resale, the Stauffer service would be a lost opportunity cost which would increase the ASC.

Additionally, BPA asserted that the words "additional resources" meant any resources used to serve an NLSL which did not exist prior to September 1, 1979. BPA argued that if MPC's available resources were used to serve the Stauffer load, these resources would be unavailable to serve future small farm and residential load growth. Replacement energy to serve these customers would need to be acquired at some future time. Passing these costs along to regional ratepayers would constitute the very condition Congress sought to prevent.

The costs of the excluded loads were determined using the hierarchical process specified in footnote 15(4) of the 1981 ASC Methodology. (Now essentially expressed in Footnote f of the 1984 ASC Methodology.

2

CON: MPC challenged BPA's exclusion of Stauffer, however, on the basis that although Stauffer was admittedly an NLSL, no adjustments were allowable. MPC asserted that additional resources (emphasis added) had not been needed to serve the Stauffer load. (Earlier closure of Anaconda Copper facilities had left MPC with substantially greater resources than load).

APPEAL: Predictably, MPC appealed to FERC. MPC argued that the resources used to serve Stauffer were not additional resources (emphasis added) within the meaning the Northwest Power Act, and that these resources should not have been excluded from the exchange.

In a "recommended decision" (non binding), the Presiding Judge concluded that BPA's exclusion of costs was in accord with the ASC Methodology. The Commission noted that the matter of whether the ASC Methodology was inconsistent with the Northwest Power Act was not before the Presiding Judge, and therefore no decision would be rendered on that point.

However on February 5, 1986, FERC approved a settlement agreement between the parties which provided for termination without specific reference to the NLSL issue. BPA's decision on NLSL was thus allowed to stand without a specific finding by FERC on the merits of the issues.

Control being taken - which leads

Recommendation:

Continue to observe the 1981 precedent.

VS1-DRE-5301e

non-binding opinion
Settlement dispute mentioned specifically - other object was by some
Did we apply method correctly - main issue
will meet away

NEWMONT GOLD & PRAXAIR

June 25, 1993

WC

Mr. Daniel L. Kessler, Jr.
General Manager
Wells Rural Electric Company
P.O. Box 365
Wells, NV 89835

Dear Mr. Kessler:

This letter is in response to Wells Rural Electric Company's (Wells) April 21, 1992 written request for several determinations based on section 8 of Wells' Power Sales Contract, Contract No. DE-MS79-81BP90571 (Power Sales Contract), with the Bonneville Power Administration (Bonneville). Section 8(a), Determination of a Facility, states in part "Bonneville and the Purchaser [Wells] shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a New Large Single Load****" These determinations are occasioned by planned load increases at the Newmont Gold Company's (Newmont's) Gold Quarry Mine which is a customer of Wells. These determinations are the result of extensive discussions and analysis by Bonneville, Wells and Newmont, of all the relevant facts surrounding the planned load increases and application of section 8 of the Power Sales Contract and all relevant Bonneville policies regarding new large single loads.

Wells requested that Bonneville determine that:

1. The Gold Quarry Mine pit, in which Newmont is planning to install electrical pumps for dewatering, is a separate facility from the ore processing facilities (mill and leach);
2. "Load normalizing" be allowed during renovation construction in measuring the planned increases at the existing mill load; and,
3. The planned Praxair oxygen plant which will supply oxygen to the increased mill load, is a separate facility from the ore processing facilities (mill and leach).

For the reasons set forth below, Bonneville has made the following determinations:

1. The Gold Quarry Mine pit is not a separate facility from the ore processing facilities (mill and leach) and its electrical load is to be allocated between those two existing facilities;

2. "Load normalizing" will be allowed when measuring increases in the mill load during renovation construction at the mill facility; and,
3. The Praxair oxygen plant is a separate facility from the ore processing facilities (mill and leach).

GOLD QUARRY MINE PIT

The following criteria listed in section 8(a) of the Power Sales Contract were applied to the facts surrounding the Gold Quarry Mine Pit dewatering:

1. whether the load is operated by a single consumer;
2. whether the load is in a single location;
3. whether the load serves a manufacturing process which produces a single product or type of product;
4. whether separable portions of the load are interdependent;
5. whether the load is contracted for, served or billed as a single load under the individual Purchaser's (Wells') customary billing and service policy;
6. consistent application of the foregoing criteria in similar fact situations; and
7. any other factors the parties determine to be relevant.

In determining that the Gold Quarry Mine pit dewatering is not a separate facility from the ore processing facilities (mill and leach), Bonneville found the following:

1. The load is operated by the same consumer, Newmont Gold Company, which operates the ore processing facilities (mill and leach);
2. The load is in the same location as the ore processing facilities;
3. The load serves two gold mining facilities (mill and leach) which produce a single product (gold ingots);
4. The ore processing facilities are interdependent with the load inasmuch as pit dewatering is necessary to provide them with a continuous supply of raw ore for their processes which are totally dependent upon such supply;

5. The load will be allocated between and billed, by Wells, as a part of the ore processing facilities (mill and leach);
6. This application of the criteria consistent with similar fact situations; and
7. The parties identified no other factors relevant to this determination.

The pit dewatering electrical usage will be allocated to the mill and the leach facilities based upon the mine pit gold ore output used by the mill and leach facilities. Newmont will provide Wells a monthly record of mill and leach pit ore production tonnage. Wells will allocate pro rata the monthly mine pit dewatering electrical usage to mill and leach electrical usage based upon mine pit ore production tonnage. Newmont will make Stockpile Reports available to Wells upon request for auditing mine pit production.

"LOAD NORMALIZING" (RENOVATION)

Section 8(h) of the Power Sales Contract states in part

***The following events shall not cause a load to be considered a New Large Single Load if such event does not result in an increase in power requirements of a Consumer on the Purchaser of 10 average megawatts or more during any consecutive twelve-month period as herein above provided:

"(2) relocation, replacement, or renovation of a Consumer's facility within the Purchaser's service area*** (emphasis added)"

The shutdown at the existing mill facility during the expansion construction is occurring because Newmont is renovating its mill facility by upgrading it to include a refractory (roasting) process. The goal of this renovation is to improve ore recovery efficiencies and increase the economic output of gold from the Gold Quarry Mine. Therefore, pursuant to section 8(h), this event will not cause the mill load to be considered a new large single load as long as consumption does not increase by more than 10 average megawatts during any consecutive 12-month period. Bonneville will apply the consumption level which occurred prior to construction of the renovation to the period of the renovation for measuring increases from renovation. Newmont will notify Wells of the date when the load is reduced for construction and of the date when service resumes after construction of the refractory process. Wells will, in turn, notify Bonneville.

PRAXAIR OXYGEN PLANT

In determining that the Praxair oxygen plant is a separate facility from the ore processing facilities (mill and leach), Bonneville applied the criteria of section 8(a) of the Power Sales Contract (listed above) and reached the following conclusions:

1. The Newmont ore processing facilities and the Praxair oxygen plant are operated by two separate and independent companies and consumers;
2. The load is in a single location;
3. The Praxair oxygen plant will produce oxygen for the purpose of enhancing the new refractory process at the existing mill facility, which produces gold ingots;
4. The proposed Praxair oxygen plant is a process that produces a separate product, oxygen, which is a part of an integrated economic system for the purpose of recovering gold from ore, however, Praxair may sell oxygen or other gases it produces to other parties;
5. The oxygen plant will be separately metered and billed to Praxair, Inc., under a contract with Wells separate from Newmont's contract with Wells;
6. Bonneville's finding of a separate facility for the Praxair oxygen plant is consistent with past determinations by Bonneville, and
7. No additional factors were identified.

If you have any questions, please contact Joe Rogers at (509) 522-6211, at the Snake River Area Office.

Sincerely,

(Sgd.) E. W. SIENKIEWICZ

Edward W. Sienkiewicz
Senior Assistant Administrator

(8174-PMCG-W:\PMC\NEWMONT1.DOC)

cc:

H. Spigal - AP
T. Miller - APP
W. Pollock - P
D. Wolfe - PG

S. Berwager - PM
M. Nelson - PMC
C. Combs - PMCG
G. Bell - PMCG

T. Wagenhoffer - W
Area Power Manager - LC, TC, UC, WC
District Manager - LG, UM, US, UW, WI, WL
Official File - PMC (PM-12-11-2 NLSL)
Official File - PMC (PM-12-2-396)

NORTHERN LIGHTS



NORTHERN LIGHTS, Inc.

Wm. T. Nordeen, General Manager

263-5141

P.O. Box 310

Sandpoint, Idaho 83864

July 23, 1980

*file
ASARCO
Legal*

COPY

Mr. A. A. Harlow, Area Power Mgr.
Bonneville Power Administration
Room 561, U.S. Court House
West 920 Riverside Avenue
Spokane, Washington 99201

Dear Art:

Enclosed are three (3) executed copies of proposed Trust Agreement, Contract No. DE-MS-79-80BP90141, providing for the ASARCO tap.

I am also enclosing three (3) certified copies of our Board resolution No. 228 authorizing the execution of the agreement and our check No. 31889 in the amount of \$150,000.

Please contact me if you have any questions.

Sincerely,

NORTHERN LIGHTS, INC.

Wm. T. Nordeen,
General Manager

WTN:blp

Enclosures

R E S O L U T I O N N O . 228

RE: TRUST AGREEMENT WITH BONNEVILLE POWER ADMINISTRATION

ASARCO TAP

WHEREAS, The Bonneville Power Administration has submitted a Trust Agreement, Contract No. DE-MS-79-80BP90141, providing for the design, modification and installation of facilities at the Troy Substation to serve the ASARCO Tap; and

WHEREAS, The Contract appears to be in the best interests of Northern Lights, Inc.;

NOW, THEREFORE, BE IT RESOLVED That the Board of Directors of Northern Lights, Inc., in regular session this 23rd day of June 1980, hereby acknowledges and accepts the provisions, terms and conditions of this Trust Agreement and authorizes its President and Secretary to execute the same for and on behalf of the Cooperative.

NORTHERN LIGHTS, INCORPORATED

(b)(6)

Arthur L. Jasman, President

ATTEST:

(b)(6)

Ardley P. Burt, Secretary-Treasurer

I, ARDLEY P. BURT, do hereby certify that the attached copy of Board of Directors' Resolution No. 228 re: TRUST AGREEMENT WITH BONNEVILLE POWER ADMINISTRATION-ASARCO TAP passed this 23rd day of June, 1980, is a true and correct copy of the Resolution of Northern Lights, Incorporated.

(b)(6)

Ardley P. Burt, Secretary

Dated June 23, 1980

5-29-80

GENERAL TRUST AND O & M AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

NORTHERN LIGHTS, INC.

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This GENERAL TRUST AND O & M AGREEMENT, executed _____, 19__,
by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by
and through the BONNEVILLE POWER ADMINISTRATION (Bonneville), and NORTHERN
LIGHTS, INC. (Cooperative), a corporation of the State of Idaho,

W I T N E S S E T H :

WHEREAS the parties hereto, on June 4, 1975, executed a power sales
contract, designated as Contract No. 14-03-59197 (which, as amended or
replaced, is hereinafter referred to as "Power Sales Contract") which provides
for the sale to the Cooperative of its firm power requirements by Bonneville;
and

WHEREAS the Cooperative from time to time requests Bonneville to design,
construct, and install facilities of the Cooperative which are interconnected
with the Federal Transmission System; and

WHEREAS the parties hereto desire to provide for such design and
construction upon the approval of Bonneville when the parties determine that
such design and construction are mutually beneficial; and

WHEREAS, from time to time, the parties wish to provide for Bonneville to
operate and maintain Cooperative-owned facilities; and

WHEREAS Bonneville is authorized pursuant to law to dispose of electric
power and energy generated at various Federal hydroelectric projects in the
Pacific Northwest, or acquired from other resources, to construct and operate
transmission facilities, to provide transmission and other services, and to
enter into agreements to carry out such authority;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Term of Agreement. This agreement shall be effective at 2400 hours on the date of execution and shall continue in effect until terminated by either party upon 60 days' written notice to the other. All liabilities accrued hereunder shall be and are hereby preserved until satisfied.

2. Exhibits. Exhibit A (Provisions Required by Statute or Executive Order), Exhibit B (Installation of Facilities), and Exhibit C, (Operation and Maintenance of Cooperative-Owned Facilities) are hereby made a part of this agreement. In Exhibit A, the Cooperative shall be the "Contractor" and all references to "the Administrator" are changed to "Bonneville."

3. Trust Deposit. The Cooperative hereby agrees to deposit with Bonneville an amount equal to the estimated total cost to Bonneville of performing the work specified in each table of Exhibit B. For each table of Exhibit B, the amount deposited shall be a Trust Deposit. Such amount shall be held in trust by Bonneville to defray the cost of performing the duties pursuant to section 4 which are to be done at the Cooperative's expense and specified in each such table. The Cooperative shall make payments of the estimated cost, as provided in the appropriate table to Exhibit B, in amounts and at the times requested by Bonneville. If at any time thereafter Bonneville estimates that such amounts are insufficient to pay the Cooperative's share of the cost of completing performance of such duties, the Cooperative shall advance to Bonneville, when Bonneville requests and in such installments as may be specified by Bonneville, such additional moneys as Bonneville estimates will be required for such completion.

At any time before completion of the duties specified in each table to Exhibit B, the Cooperative may elect to have the salvable equipment installed pursuant to such table removed and returned to the owner. In this event, Bonneville will cease all work pursuant to such table and proceed with such

removal and restoration of the facilities altered hereunder. The Cooperative will advance to Bonneville, when Bonneville so requests and in such installments as Bonneville may specify, any additional moneys Bonneville estimates will be required for such work. Any uncommitted funds remaining in the Trust Deposit on the effective date of the Cooperative's election to remove and salvage, shall be applied to Bonneville's cost of such removal.

The moneys so received by Bonneville together with all moneys, if any, advanced to it in trust under any other provisions of this agreement shall be placed in a trust account in the Bonneville Power Administration Fund in the United States Treasury subject to withdrawal for payment of Bonneville's cost of performing its duties pursuant to this agreement.

4. Duties of Bonneville.

(a) Bonneville shall perform the duties specified for it in each table of Exhibit B.

(b) All work done at the Cooperative's expense hereunder will be performed in whole or in part by force account, by contract, or by both, in the same manner and subject to the same limitations as if all funds being expended therefor were Government funds.

5. Duties of the Cooperative.

(a) The Cooperative shall perform the duties specified for it in each table of Exhibit B.

(b) The Cooperative may perform such duties in whole or in part by force account, by contract, or by both.

6. Extension of Time. Completion dates specified for a party in each table of Exhibit B may be extended for a time equivalent to such delays, if any, as are caused by events which such party could not reasonably avoid by the exercise of reasonable diligence and foresight.

7. Ownership of Facilities and Equipment.

(a) Ownership of facilities and equipment shall be as specified in each table of Exhibit B.

(b) The Cooperative shall identify its equipment installed in Government substations under each table of Exhibit B by permanently affixing thereto suitable markers plainly stating that the property so identified is owned by the Cooperative.

8. Additions to Exhibit B.

(a) Bonneville shall prepare, for execution by the parties hereto, an additional table to Exhibit B each time the parties agree that additional work is to be performed hereunder. Such table shall specify the facilities to be installed, the work to be performed by each party, ownership of facilities and equipment, and the amount of the Trust Deposit.

(b) Upon execution by the parties, new tables to Exhibit B shall be attached to and deemed to be a part of this agreement and shall be effective on the date specified therein.

9. Operation, Maintenance, and Removal of Cooperative-Owned Facilities, and Payment Therefor.

(a) Bonneville, at the Cooperative's expense, shall:

(1) operate and maintain the facilities of the Cooperative which are described in Exhibit C in the same manner in which Bonneville operates and maintains similar facilities of the Government, and the Cooperative shall, for such maintenance and upon election by Bonneville, either

- (i) provide all replacement parts at the Cooperative's expense;
- (ii) reimburse Bonneville for parts Bonneville may provide; or
- (iii) replace such parts in kind at Cooperative expense; and

(2) operate and maintain the Government's power system control facilities which are necessary to integrate the Cooperative's facilities

with the Government's control system, and, from time to time when Bonneville determines it is necessary, modify or replace such Government power system control facilities.

(b) In the event of a major failure of any of the Cooperative's facilities specified herein, the parties shall use every reasonable effort in good faith to negotiate and execute a mutually acceptable agreement providing for the replacement, repair, or removal of such equipment at the Cooperative's expense.

(c) At the end of each month during the applicable period specified in Exhibit C, the Cooperative shall pay Bonneville one-twelfth the annual amounts specified in Exhibit C for the duties specified in subsection (a) above. If Bonneville determines that the charges specified in Exhibit C must be adjusted to conform to Bonneville's cost of operating and maintaining like facilities, Bonneville may, upon 30 days' written notice to Cooperative, revise such charges. A revised Exhibit C incorporating such revised charges shall be prepared by Bonneville and made a part of this agreement effective as of the date specified in such notice. Except for the cost of the replacement parts pursuant to subsection (a) above, and major failure described in subsection (b) above, such monthly payment shall constitute payment in full for the cost of the operation and maintenance during each month. The Cooperative shall reimburse Bonneville in accordance with applicable provisions of section 7.1 of the General Rate Schedule Provisions, which are an exhibit to the Power Sales Contract. Payments made by the Cooperative under this subsection shall not be part of the Trust Deposit.

(d) If requested by the Cooperative, or if Bonneville determines it is necessary, Bonneville shall, at the Cooperative's expense, remove and return to the Cooperative at the Government's substation where such facilities are located, the salvable facilities which are owned by the Cooperative as

described in Exhibit C. After such removal, Bonneville may, at the Cooperative's expense, return the Government's facilities altered under the terms of this agreement to the configuration (1) existing before such agreement was executed, or (2) as mutually agreed by the parties. Any payment made by the Cooperative under this subsection shall not be part of the Trust Deposit.

(e) The Cooperative agrees to bear the cost of modifying or replacing any of the Cooperative's facilities specified in Exhibit C if and when Bonneville notifies the Cooperative that such procedure is necessary to make the operation of such facilities compatible with the operation of Government equipment. Bonneville shall provide reasonable notice consistent with the availability of equipment and budgetary planning to the Cooperative that a change in the Cooperative's facilities is necessary. Any such modification or replacement of equipment will be required only (1) when Bonneville, in keeping with prudent utility practice, replaces or modifies similar equipment owned by the Government at the same station, (2) as a part of a programmed project involving a significant portion of the Government's system, or (3) by mutual agreement of the parties.

(f) Exhibit C may be revised, as mutually agreed by the parties, to add or delete facilities.

10. Accounting.

(a) Within a reasonable time after completion of the work specified in each table of Exhibit B for which a deposit in trust has been made under the terms hereof, Bonneville shall make a full accounting in regard to such work to the Cooperative showing the receipts credited to, appropriate salvage values credited to, and the costs charged against, the Trust Deposit. Bonneville shall remit to the Cooperative any unexpended balance of the Trust Deposit within a reasonable time after accounting is made as herein provided.

(b) If at any time Bonneville requests the Cooperative to advance additional moneys pursuant to section 3 for work specified in a table of Exhibit B, Bonneville shall, within a reasonable time after the Cooperative so requests, make a full accounting to the Cooperative showing the receipts credited to, appropriate salvage values credited to, and the costs charged against, the Trust Deposit. Bonneville shall, at the same time, submit a statement to the Cooperative showing in detail Bonneville's estimate of the additional moneys required to pay the cost of completing performance of Bonneville's responsibilities specified in section 4.

(c) The cost of performing the work and furnishing the materials mentioned in section 4, as such work and materials relate to a table of Exhibit B, shall be proper charges against the Trust Deposit, and shall be determined by charging the cost elements exclusive of interest in the same manner as if Government funds were being expended, including among other items, labor, leave obligations, contributions, employee benefits, equipment use, tool and stores expense, expense of transportation of any materials or equipment which is not included as stores expense and overhead reasonably allocable thereto.

11. Approval of Agreement. This agreement shall not be binding on the parties if it is not hereafter approved by the Rural Electrification Administration and any other entity from whom the Cooperative borrows under an indenture which requires the lender's approval. The Cooperative shall notify Bonneville of any such entity prior to execution of this agreement by Bonneville. If so approved it shall be effective at the time stated in section 1 of this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in

several counterparts.

UNITED STATES OF AMERICA
Department of Energy

By _____
Bonneville Power Administrator

NORTHERN LIGHTS, INC.

By (b)(6) _____
Title President

ATTEST:

By (b)(6) _____
Title Secretary-Treasurer

0350A

1. Contract Work Hours and Safety Standards.

This contract, to the extent that it is of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), is subject to the following provisions and to all other applicable provisions and exceptions of such Act and the regulations of the Secretary of Labor thereunder.

(a) Overtime requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers, mechanics, apprentices, trainees, watchmen, and guards shall require or permit any laborer, mechanic, apprentice, trainee, watchman, or guard in any workweek in which he is employed on such work to work in excess of eight hours in any calendar day or in excess of 40 hours in such workweek on work subject to the provisions of the Contract Work Hours and Safety Standards Act unless such laborer, mechanic, apprentice, trainee, watchman, or guard receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of eight hours in any calendar day or in excess of 40 hours in such workweek, whichever is the greater number of overtime hours.

(b) Violation; liability for unpaid wages; liquidation of damages. In the event of any violation of the provisions of subsection (a), the Contractor and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer, mechanic, apprentice, trainee, watchman, or guard employed in violation of the provisions of subsection (a) in the sum of \$10 for each calendar day on which such employee was required or permitted to be employed on such work in excess of eight hours or in excess of his standard workweek of 40 hours without payment of the overtime wages required by subsection (a).

(c) Withholding for unpaid wages and liquidated damages. The Administrator may withhold from the Government Prime Contractor, from any moneys payable on account of work performed by the Contractor or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions of subsection (b) above.

(d) Subcontracts. The Contractor shall insert subsections (a) through (d) of this section in all subcontracts, and shall require their inclusion in all subcontracts of any tier.

(e) Records. The Contractor shall maintain payroll records containing the information specified in 29 CFR 516.2(a). Such records shall be preserved for three years from the completion of the contract.

2. Convict Labor. In connection with the performance of work under this contract, the Contractor agrees not to employ any person undergoing sentence of imprisonment except as provided by Public Law 89-176, September 10, 1965, (18 U.S.C. 4082(c)(2)) and Executive Order 11755, December 29, 1973.

3. Equal Employment Opportunity. (The following clause is applicable unless this contract is exempt under the rules, regulations, and relevant orders of the Secretary of Labor (41 CFR, ch. 60).)

During the performance of this contract, the Contractor agrees as follows:

(a) The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Administrator setting forth the provisions of this Equal Opportunity clause.

(b) The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Administrator, advising the labor union or workers' representative of the Contractor's commitments under this Equal Opportunity clause, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(e) The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity clause of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order

No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(g) The Contractor will include the provisions of paragraphs (a) through (g) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions, including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

4. Interest of Member of Congress. No member of or delegate to Congress, or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

INSTALLATION OF FACILITIES

Provide a 115 kV tap to Pacific Power & Light Company's (Pacific's) Troy-Libby 115 kV transmission line in the vicinity of the Government's Troy substation. Build a new 115 kV span through Troy substation. Install a new 115 kV terminus in Troy substation for Pacific's 115 kV line including a 115 kV load break disconnect switch to replace Pacific's existing disconnect switch. In addition, a 115 kV disconnect switch with a motor operator and accessory items will be provided and installed in the Troy substation terminus of the ASARCO tap.

1. Amount of Trust Deposit: The Trust Deposit shall be \$150,000.

2. Duties of Bonneville. Bonneville, at the expense of the Cooperative and as soon as reasonably practicable after the date of execution, shall provide all the necessary labor, equipment and materials, and provide a tap on the Troy-Libby 115 kV transmission line in the vicinity of Troy substation; and

(a) construct approximately 870 feet of a 115 kV line to reroute Pacific's Troy-Libby line into Troy substation;

(b) remove Pacific's existing disconnect switch, return it to Pacific, and install a load break disconnect switch;

(c) install a disconnect switch with a motor operator and accessory items in Troy substation for the ASARCO tap;

(d) modify existing 115 kV metering at Troy substation, including, but not limited to, replacing current transformers and adding temporary 115 kV metering for Pacific, and

(e) jointly with the Cooperative, test and energize the 115 kV tap facilities installed in this section 2.

3. Duties of the Cooperative. The Cooperative, at its expense, and as soon as reasonably practicable after the date of execution, shall provide all the necessary labor, equipment and materials, and

(a) construct the approximate 17 miles of 115 kV line from the Troy substation tap to the Cooperative's ASARCO point of delivery; and

(b) jointly with Bonneville, test and energize the 115 kV tap facilities.

4. Ownership. Title to and ownership of the facilities installed in section 2 shall be and remain in the Government. Title to and ownership of the facilities installed in section 3 shall be and remain in the Cooperative.

5. Operation and Maintenance of Facilities and Payment Therefor. The Cooperative, at its expense, shall operate and maintain the facilities installed in section 3.

EXHIBIT C
Table 1 - Page 1 of 1
Contract No. DE-MS79-80BP90141
Northern Lights, Inc.
Effective at 2400 hours on the date
of execution, and upon receipt of Trust
Deposit

OPERATION AND MAINTENANCE OF COOPERATIVE-OWNED FACILITIES

Facilities:

None

PCI-0350A



Department of Energy
Bonneville Power Administration
Spokane Area Office
Room 561, U.S. Court House,
West 920 Riverside Avenue
Spokane, Washington 99201

In reply refer to: OKC

June 20, 1980

Mr. William T. Nordeen
General Manager
Northern Lights, Inc.
P. O. Box 310
Sandpoint, Idaho 83864

Dear Bill:

Enclosed for consideration by your Board members are five copies of proposed Trust Agreement, Contract No. DE-MS-79-808P90141, providing for the ASARCO tap.

If your Board finds this agreement satisfactory, please have sufficient copies signed (name and title) to provide one for Bonneville and as many more as Northern Lights desires for its files.

All signed copies, including a certified copy of the resolution by your Board approving the contract, and a check in the amount of \$150,000 should be returned to this office. The signed copies will be sent to REA for approval, after which we will forward your copies to you. The date of execution on page 2 will be filled in by the Administrator.

Sincerely,

(b)(6)

A. A. Harlow
Area Power Manager

Enclosures

BPA LIVE - 1
MEE-82
TOWER 4

Pole 2

d_1

d_2

d_3

d_4

θ

Pile 1

d_1 67.50'

d_2

d_3

d_4

Δ 107°30'

MEASURED CLOSURE
FROM FOREIGN LINE

BPA _____
Sta No: _____

Diagram illustrating a leveling staff setup. Two vertical poles are shown, labeled Pole 1 and Pole 2. A curved line represents the line of sight or the ground surface. Labels include "Cond El" (Condition Elevation) at the top of each pole and "Cond El" (Condition Elevation) at the base of each pole. A note on the right states: "All elevations may be on assumed datum".

All elevations may be on assumed datum.

POLY 4

CLASS FOLLOWS

May 2, 1978

Montana Department of Natural
Resources and Conservation
Energy Planning Division
32 S. Ewing Street
Helena, Montana 59601

Attention: Gerald Mueller
Program Manager

Dear Gerald:

In reply to your letter of April 26, 1978, we submit the following information concerning the proposed transmission line for the ASARCO mining project.

1. We have not made any specifications for the insulators but will be using REA standard insulators and in the 115 Voltage class. A radio noise specification is not considered necessary.

2. The demand for the mine load is expected to be around 14 MW. This demand will probably occur from 0800 to 2400 with the demand from 0001 to 0800 being 1/2 to 1 MW less, as well as Saturday and Sunday. The main mill equipment will run 24 hours a day, 7 days a week.

We would appreciate receiving a copy of Engineering Consultant scope of work and study plans as they are finalized.

Very truly yours,

JAMES A. SEWELL & ASSOCIATES
Consulting Engineers

By _____
James A. Sewell

JAS:mm

cc: Northern Lights -
ASARCO
File

NDY



NORTHERN LIGHTS, Inc.

Wm. F. Nordeen, General Manager

263-5141

P.O. Box 310

Sandpoint, Idaho 83864

MEMO TO: Staff

FROM: Art Miller, Engineering Manager

DATE: June 8, 1979

SUBJECT: Bonneville Power Administration Meeting in Spokane, June 8, 1979.

On June 5, 1979, Ray Klesch, Vern Stolz and I attended a meeting in Spokane at Bonneville's office regarding the intertie line between Albeni Falls and Libby. Bonneville plans to upgrade this circuit in the near future to a double circuit—230 KV on one side, 115 KV on the other for most of the route.

Bonneville called together the utilities which would be involved in the construction of this line for discussion as to how best to accomplish the rebuild. Various members from Washington Water Power, Pacific Power and Light, Northern Lights, and Bonneville were present.

Don Spragg, Bonneville, projected the overall plans for the 230 KV integration into the existing 115 KV. Bob Ellingwood of Bonneville talked on the problems of microwave control at the Twin Lakes site at the start of the 230 KV line and the telemetry needed at Libby for Pacific Power and Light.

Lou Bohl, Project Engineer for Bonneville, talked on the route selected regarding visual impact, etc. One question raised by Washington Water Power concerned Bonneville's decision of setting their 500 KV substation on the north side of the existing right of way when Washington Water Power had a substation site available on the south side of the right of way.

Northern Lights would be involved when Bonneville replaced any section of line between Priest Lake substation through Troy. (Seven substation sites.) Plans will be made to coordinate load transfer as necessary between substations. A few of these substation sites cannot be served from any other source. Therefore, these will require special handling.

Bonneville plans to do this work over a two-year period and will possibly stretch to three. This construction will take place during the summer months of May through September.

After Bonneville gets from Albeni Falls through Sandpoint, Northern Lights' transfer problems will decrease. These should not cause any great inconvenience other than short outages while making direct taps to the substations.

On a related subject, Bonneville is progressing with acquisition of Pacific Power and Light's line from the Troy Substation to Libby. This would complete their intertie. At the same time, they are looking into the problems Northern Lights will have

MEMO TO: Staff

Page 2

in tapping the 115 KV line for ASARCO. This may require some modification of the Troy substation.

We also met with Gary Winters, Planning Engineer for Pacific Power and Light, on going "joint venture" on a 115 KV line from Sandpoint south into the Sagle area. Mr. Winters said Pacific Power and Light did not foresee the need of such a substation until they exceeded the capacity of the new substation now being constructed near Pack River Bridge toward Hope. He also stated that their area engineer from Kalispell and their line superintendent from Sandpoint favored having a substation in the Sagle area.

Late in the afternoon, we talked with Ten Rednour, Electrical Engineer for Bonneville, concerning the Trout Creek Substation. Bonneville favors the site we had selected north of the river, but this site would be environmentally unacceptable. However, mechanically and electrically, the site has been given approval. They have referred the environmental decision to the Portland Office for study. We should hear from them within a week.

The first site selected south of the river near the Durable Woods mill was approved for a station within Bonneville's right of way. Further negotiations with the land owner are planned.



NORTHERN LIGHTS, Inc.

Wm. T. Nordeen, General Manager

263-5141

P.O. Box 310

Sandpoint, Idaho 83864

December 14, 1979

Bonneville Power Administration
W. 920 Riverside
Spokane, WA 99204

ATTENTION: J. B. Sebby

Dear Mr. Sebby:

Please find enclosed our application for occupancy of BPA right of way,
together with the maps showing the proposed location.

Thank you for your consideration in this matter.

Sincerely,

NORTHERN LIGHTS, INC.

(b) (6)

Raymond T. Klesch, P.E.
Chief Engineer

RTK:jmm

Enclosures

APPLICATION FOR OCCUPANCY OF BPA R/W

Date 12-13-79

Name of applicant N. L. Inc.

Post office address P.O. Box 310 SNOPT. 1. 83824

Business of applicant ELECTRIC UTILITY

Address of home office if a corporation SALT

Duration of permit PERMANENT

Purpose for which property is to be used TO RUN AN UNDERGROUND ELECTRIC

DISTRIBUTION CABLE

LOCATION: Section 23 Township 27 N. Range 34 W. M. P. M.

County SANDERS Nearest town NEED State MONT.

If permit necessitates moving any existing structure, indicate ownership and changes necessary

DIRECT BURIAL TYPE 172M. No. 2 STRAPED PLAIN WITH CONDUCTORIAL ABUTAL

Loading TO 400V

Voltage 7500

Size

Number

Kind

MWT

CONDUCTORS

Size of crossarms

Make and catalog number of insulators

POST

CONFIGURATIONS



NORTHERN LIGHTS, Inc.

Wm. T. Nordeen, General Manager

263-5141

P.O. Box 310

Sandpoint, Idaho 83864

January 31, 1980

Mr. Art Harlow, Power Manager
Bonneville Power Administration
Room 561 -- U.S. Court House
West 920 Riverside Avenue
Spokane, WA 99201

SUBJECT: ASARCO LINE Trust Fund

Dear Art:

We have reviewed the estimated cost of providing metering and 115 KV line changes near the Troy Substation.

Northern Lights, Inc. and ASARCO agree to provide a Trust Fund of approximately \$131,000. Please proceed with engineering and equipment procurement.

We are attempting to construct the 115 KV line from Troy to Little Joe this year. The section from Little Joe to the mine site has been completed and is energized at 13 KV.

If any additional information is required, please advise us.

Sincerely,

NORTHERN LIGHTS, INC.

(b) (6)

Wm. T. Nordeen
General Manager

WTN:hvs

cc: Raymond T. Klesch, Chief Engineer
Jim Sewell, Consulting Engineer

Serving more than 30,000 Idaho, Montana and Washington Residents with Electricity

27760060



NORTHERN LIGHTS, Inc.

Wm. T. Nordeen, General Manager

263-5141

P.O. Box 310

Sandpoint, Idaho 83864

February 4, 1980

Mr. Art Harlow, Power Manager
Bonneville Power Administration
Room 561 - U.S. Courthouse
West 920 Riverside Avenue
Spokane, WA 99201

SUBJECT: ASARCO Line Trust Fund

Dear Art:

Ted Rednour has advised me that we overlooked an energization date for the ASARCO line.

The tentative date for 115 KV energization will be October 1, 1980.

Please proceed with the design and construction of the required line changes.

Thank you.

Sincerely,

NORTHERN LIGHTS, INC.

(b) (6)

Raymond T. Klesch, P.E.
Chief Engineer

RTK:hvs

cc: Wm. T. Nordeen, General Manager
Jim Sewell, Consulting Engineer



FILE

NORTHERN LIGHTS, Inc.

Wm. T. Nordeen, General Manager

263-5141

P.O. Box 310

Sandpoint, Idaho 83864

April 14, 1980

Mr. Ansel Peterson
Area Engineer
Bonneville Power Administration
W. 920 Riverside Ave.
Spokane, WA 99201

Dear Ansel:

Ted Rednour has advised us that Bonneville Power Administration would like to change the energization date of the 115KV A.S.A.R.C.O. line at Troy, Montana.

The original date was October 1, 1980. Apparently all B.P.A. equipment will not be available at that time.

We have reviewed the matter with A.S.A.R.C.O. and can change the date of energization to January 2, 1981.

We are confident that all line construction will be completed by that time.

Very Truly Yours,

NORTHERN LIGHTS, INC.

(b) (6)

Raymond T. Klesch, P.E.
Chief Engineer

RTK:jmn

cc: Wm. T. Nordeen
Bob Stuart (ASARCO)
Jim Sewell

AGREEMENT FOR ELECTRIC SERVICE

THIS AGREEMENT made by and between NORTHERN LIGHTS, INC., hereinafter called "Northern", and ASARCO, INC., a New Jersey Corporation, with respect to the ASARCO owned Troy Mine, Mt. Vernon, Montana, hereinafter called "ASARCO".

WITNESSETH that:

Northern hereby agrees to provide ASARCO with contractual capacity in the transmission line equal to the total load of ASARCO at it's Troy Mine, Mt. Vernon, Montana as hereinafter set forth:

1. SERVICE CHARACTERISTICS

Service hereunder shall be alternating current, three phase, three wire, sixty cycles, 115,000 volts.

2. PAYMENT

a. ASARCO shall pay Northern for service hereunder at the rates and upon the terms and conditions set forth in the rate entitled "Large Power Service-Schedule No. 4" as it now exists, and as it may be amended from time to time. A copy of Schedule No. 4 is attached hereto and made a part hereof by this reference.

- b. In consideration of ASARCO's reimbursable payments made to Northern in aid of line extension construction, Northern agrees said payments shall be returned to ASARCO without interest in the form of a monthly credit of eight and one-quarter ($8\frac{1}{4}$) per cent of the power bill each month over the period commencing at the start of ASARCO's full operation of their mine, mill, pumps and other uses at the Troy Mine. Credit of 4% will be made when ASARCO is operating at less than fifty (50) per cent of rated mining production during the billing period. When ASARCO has recovered the total of the payments made, the monthly credits will cease.
- c. The initial billing period under this Agreement shall start when ASARCO begins using electric power and energy, or sixty (60) days after Northern notifies ASARCO in writing that service is available hereunder, whichever shall occur first.
- d. Bills for service hereunder shall be paid at the office of Northern in Sandpoint, State of Idaho. Payment in full shall be due on the 10th day of each month for service furnished during the preceding monthly billing period. If ASARCO shall fail to make payment in full within ten (10) days after such payment is due, Northern may discontinue

service to ASARCO upon written notice to ASARCO of it's intention to do so, provided, however, that such discontinuance of service shall not relieve ASARCO of any of it's obligations under this agreement. The monthly credit to ASARCO, pursuant to Sub-section (b) above will also be suspended in the event of any discontinuance of service.

- e. The minimum monthly charge shall be the amount specified in Schedule 4 but in no event shall be less than \$25,000.00.

3. MEMBERSHIP

ASARCO agrees to become a member and to comply with Northern's Articles of Incorporation, By-Laws and Member Service Policies as now constituted and as the same may be amended from time to time.

4. CONTINUITY OF SERVICE

a. Northern shall use reasonable diligence to provide a regular and uninterrupted supply of electric power and energy. If the supply of electric power and energy shall fail or be interrupted, or become defective by reason of, but not limited to, acts of God, governmental authority, actions of wholesale power suppliers, action of the elements, public enemy, accident, strikes, labor trouble, required maintenance work, inability to secure right of way, insufficient power supply, or for any other

reason, Northern shall not be liable for personal injuries, property damages, or loss of profits resulting therefrom, nor shall failure constitute a breach of this agreement for service.

b. Should Northern's power supply be insufficient for any reason to service it's entire system or any portion thereof, Northern may, at it's option and in it's discretion, allocate it's power in the best interests of all of it's members without incurring liability to ASARCO. Northern further reserves the right to reduce the supply of power hereunder due to curtailment or proration requirements of governmental regulations or power suppliers without incurring any liability beyond penalties which may be imposed upon it's suppliers.

5. MAINTENANCE

a. Northern hereby agrees to provide such repair and maintenance on Northern's lines as may be required in a prompt and efficient manner to assure reasonable continuity of service.

b. Maintenance of ASARCO's facilities including any transmission line taps, substations, and underbuilt distribution lines will be the responsibility of ASARCO.

c. Under emergency conditions Northern will provide repairs for ASARCO facilities, and ASARCO agrees to reimburse Northern for said repairs.

6. RIGHT OF ACCESS

Duly authorized representatives of Northern shall be permitted to enter ASARCO's premises at all reasonable times in order to carry out the provisions hereof.

7. TERM

The term of this agreement shall be from the date hereof to and including eighteen (18) years or the life of the Troy Mine.

8. SUCCESSION AND APPROVAL

a. This agreement shall be binding upon and inure to the benefit of the successors, assigns or legal representatives of the respective parties hereto. Any assignee, grantee, successor in interest or legal representative of ASARCO or Northern shall be required to comply with all of the terms and conditions of this agreement and shall make the payments as specified and provided herein.

b. It is agreed that in the event of proceedings at law or in equity being instituted by Northern for the enforcement of this agreement, then and in that event Northern shall be entitled to recover in

addition to the sums then due hereunder all costs
and expenses of such proceedings, including a
reasonable attorney's fee.

DATED this 13 day of Apr, 1980.

NORTHERN LIGHTS, INCORPORATED

BY: (b) (6)
WILLIAM T. NORDEEN
General Manager

ATTEST:

BY: (b) (6)
Title: Asst Mgr

ASARCO, INCORPORATED

BY: (b) (6)
Title Nat'l Executive

ATTEST:

BY: (b) (6)
Title Assistant Secretary



NORTHERN LIGHTS, Inc.

Wm. T. Nordeen, General Manager

963-5141

P.O. Box 310

Sandpoint, Idaho 83864

October 23, 1979

COPY

Mr. J. P. Bingham, Project Mgr.
ASARCO, Incorporated
Box 868
Troy, Montana 59935

Dear Jack:

Enclosed are the executed copies of our construction agreement
for 17 miles of line between Troy Substation and your mine property.

Thank you for your cooperation in this matter.

Sincerely,

NORTHERN LIGHTS, INC.

Wm. T. Nordeen,
General Manager

WTN:blp

Enclosures

Serving more than 30,000 Idaho, Montana and Washington Residents with Electricity

27760060

ASARCO

get
Samuel

Troy Project
J. P. Bingham
Project Manager

October 16, 1979

Ed
T. H.

Mr. William I. Nordeen
General Manager
NORTHERN LIGHTS, INC.
P. O. Box 310
Sandpoint, Idaho 83864

Dear Bill:

Herewith is the agreement between ASARCO and NORTHERN LIGHTS, INC. for construction of \pm 17 miles of 115 KV power line. The agreement is signed on behalf of ASARCO. Please sign and return three (3) copies to this office.

You will note the second paragraph of Article 6 page 3 and paragraph 6 of Article 19 on page 7 have been amended to include wording omitted due to typing errors. Also on page 3 paragraph 2 "50% of full load" has been changed to "50% or more of rated mining production." Rated production is 8500 tpd which is a known quantity at this time. Please initial these changes.

(b) (6)

J. P. Bingham
Project Manager

JPB/jbr

c.c. F. D. Owsley

enc.

This agreement made the 11th day of October, 1979 by and between Northern Lights, Inc., whose address is Sandpoint, Idaho 83864 (hereinafter called "Northern") and ASARCO Incorporated, a corporation of the state of New Jersey, whose address is 120 Broadway, New York, N.Y. 10005, and the Troy Mine, Mt. Vernon, Montana (hereinafter called "Asarco").

WITNESSETH:

ARTICLE 1. SCOPE OF THE WORK:

Northern shall furnish the preliminary design, secure the required construction permits, provide final detailed design engineering, specifications, etc. and provide construction services as required to build a \pm 17 mile, 115 KV Transmission line from the BPA Troy substation to the Troy Mine at Mt. Vernon.

Transmission of power from the BPA Troy substation will require upgrading about 11 miles of existing distribution line and construction of about 7 miles of new line cross country from Highway 56 (previously 202) to Asarco's Mt. Vernon substation. To provide construction power for development of the Troy Project, Northern agrees to build the 7 mile section of 115 KV transmission line from Highway 56 to Asarco's Mt. Vernon substation and transmit 13.2 KV power from Northern's existing line servicing the Bull Lake Valley.

The line design is to be based on REA standards for 115 KV construction, and adapted as required to provide reliable service under local conditions. Asarco shall have the right to review and approve the design before construction and to inspect the actual construction and any special testing required by law.

If, during or after construction of the 7 miles of transmission line from Highway 56 to the mine, Asarco elects not to go ahead with the

entire project, or upon the termination of the life or the use of the mine by Asarco, Northern will remove the line and facilities and restore the right-of-way as required by permits from any Federal, State, or local agencies.

ARTICLE 2. TIME OF COMPLETION:

The work to be performed under this agreement was commenced in January, 1979. The 7 miles of new 115 KV Transmission line shall be completed as soon as possible with the target date of December 31, 1979, assuming all easements, permits, rights-of-way, and clearing are obtained and completed on or prior to October 1, 1979, to provide necessary construction power required by Asarco to enable field construction of its Troy Project. Northern shall not be responsible for completing said 7 miles of new 115 KV transmission line if work is interrupted because of weather, acts of God, union disputes, or other occurrences not within the control of Northern Lights. The balance of the work is to be scheduled and performed by mutual agreement.

ARTICLE 3. EASEMENTS:

All easements from St. Regis on the 7 mile section of line being constructed pursuant to this contract shall be obtained and paid for by Asarco. Said easements shall have Northern named as grantee and be subject to Northern's approval prior to their being obtained. Northern shall procure all necessary additional easements along the existing distribution line and any costs in conjunction therewith shall be reimbursed by Asarco.

ARTICLE 4. MAINTENANCE:

Northern hereby agrees to provide, with all costs for its account provided damage is not caused by Asarco or its agents, such repair and

ARTICLE 5. POWER AGREEMENT:

ARTICLE 6. REIMBURSEMENT:

Northern is to receive no other payment or remuneration for services rendered hereunder with the exception that title to the work defined hereunder shall remain in the name of Northern. In consideration of Asarco's payments hereunder, Northern agrees such total payments shall be returned to Asarco without interest in the form of a monthly credit of 6% of the power bill each month over the period commencing at the start of Asarco's full operation of their mine, mill pumps and other uses.

Page -3-

without the prior written approval of Asarco; such written approval shall not be unreasonably withheld.

ARTICLE 7. PROGRESS PAYMENTS:

Asarco shall make payments required by this agreement as follows:

As early as possible after the first day of each calendar month, Northern shall present to Asarco a statement of all reimbursable costs incurred during the preceding month. This statement shall be accompanied by copies of supporting invoices together with any other information reasonably requested by Asarco to verify the accuracy of the statement. Within ten (10) days after receipt of such statement, Asarco shall pay to Northern the sum shown on such monthly statement as herein provided.

ARTICLE 8. COMPLIANCE WITH LAWS AND ORDINANCES:

Northern and Asarco shall give all notices and comply with all laws, ordinances, rules and regulations, bearing on the conduct of the work as drawn and specified. If either party performs any work knowing it to be contrary to any such law, ordinance, rule or regulation, and without notice to the other party, the party violating said law, ordinance, rule or regulation, shall bear all cost arising therefrom.

ARTICLE 9. CONTRACTORS:

Northern shall require its Contractors to sign a standard REA Construction Contract. Northern shall provide Asarco with copies of all executed contracts between Northern and its Contractors and/or suppliers.

ARTICLE 10. INSURANCE CERTIFICATE:

Prior to commencement of this work Northern shall file with Asarco completed certificates of insurance from Contractors.

ARTICLE 11. INSPECTION OF WORK:

Asarco and its representatives shall at all times have access to the work being performed pursuant to this agreement. Asarco may make

examination of such work, and if so requested, the work must be uncovered by Northern's Contractor. If such work is found to be in accordance with the agreement, Asarco shall pay the cost of examination and replacement. If such work is not in accordance with the agreement, Northern's Contractor shall pay such costs.

ARTICLE 12. COORDINATION OF WORK:

The parties shall conduct the work so as to cause a minimum of interference with the other Party's construction operation. Where interference with a Party's operations becomes necessary, notification shall be made as soon as practical, but not less than seventy-two (72) hours in advance, after said interference is known to be necessary.

ARTICLE 13. RECORDS AND ACCOUNTS, INSPECTION AND AUDIT:

Northern shall keep at its offices, records and books of account showing the actual cost of all items of freight, cartage, labor, materials, equipment and subcontracts and all other expenditures of whatever nature which enter into the Cost of the Work. All books, records, and papers of Northern relating to the Cost of the Work shall be kept in accordance with the uniform Federal System of Accounts as specified by the Rural Electrification Administration and shall be available for inspection and audit by Asarco during Northern's business hours, and shall be preserved as required by said System of Accounts, but in any event not less than five years after the completion of this agreement.

ARTICLE 14. TITLE TO SURPLUS MATERIALS AND EQUIPMENT:

In the event of any surplus supplies and/or equipment remaining at the completion of the work, Northern agrees at Asarco's option, to either sell such surplus with all revenues, less selling, handling, and other costs, for Asarco's account or deliver surplus to Asarco's mine

site for disposition of Asarco's choice. Should Northern so elect, it may purchase such surplus at prices to be mutually acceptable to both parties.

ARTICLE 15. LIENS:

The final payment shall not become due until Northern, if required, shall deliver to Asarco a complete release of all liens arising on account of labor, materials, machinery or equipment in respect of which such payment is to be made, or receipt in full in lieu thereof and, if required in either case, an affidavit that so far as Northern has knowledge or information releases or receipts include all the labor and materials for which a lien could be filed.

ARTICLE 16. TERMINATION:

Asarco may at any time terminate Northern's services under the agreement for any reason whatsoever by giving Northern not less than thirty (30) days written notice of termination setting forth the effective date of termination. In the event of such termination, Asarco shall pay to Northern (a) it's reimbursable costs for services performed prior to the effective date of such termination, less payments previously paid by Asarco on account thereof, (b) all other reasonable costs and expenses, including but not limited to any obligations to Northern's contractors under the standard REA contract and obligations of Northern under the requirements of any Federal, State, or other governmental agency's, rules and regulations, which Northern may incur as a direct or indirect result of such termination, and such other costs and expenses as may be approved by Asarco. Payments to be made by Asarco under this Article shall be due and payable within fifteen (15) days after Asarco's receipt of Northern's invoices therefore.

Northern may stop and/or terminate this agreement upon Asarco's not

complying with the terms and conditions of this agreement and shall be entitled to reimbursement pursuant to the above paragraph.

ARTICLE 17. HOLD HARMLESS CLAUSE:

Each party hereto shall save harmless and indemnify the other party from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of each of the parties, arising out of its own negligence or the negligence of its Contractors, and/or Subcontractors which is in any way caused by or connected with, or grows out of the execution and performance of this agreement by each of the parties, their Contractors or Subcontractors; provided however, that each party shall not be required to indemnify the other party against any loss caused solely by the negligence or willful fault of that party or its employees. Each party accepts all risk of injury or damage and all responsibility for any claim or damages whatsoever resulting from the use, misuse, or failure of the equipment used by the said party even though such equipment be furnished or loaned by the other party.

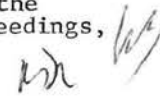
ARTICLE 18. APPLICABLE LAW:

This agreement shall be construed and enforced in accordance with the laws of the State of Idaho.

ARTICLE 19. SUCCESSION AND APPROVAL:

a. This agreement shall be binding upon and enure to the benefit of the successors, assigns or legal representatives of the respective parties hereto.

b. It is agreed that in the event of proceedings at law or in equity being instituted by either party for the recovery of any sum due hereunder or for the enforcement of this agreement, then and in that event the prevailing party shall be entitled to recover in addition to the sums then due hereunder all costs and expenses of such proceedings,



including a reasonable attorney's fee.

ARTICLE 20. ENTIRETY CLAUSE:

This agreement constitutes the entire agreement between the parties, and except as may be specifically set forth herein no changes can be made herein except by an agreement in writing duly executed by the parties or their duly authorized agents.

ARTICLE 21. ASSIGNMENT:

The parties shall not assign nor sublet this agreement in whole or part, nor shall they assign any monies due or to become due them hereunder without the prior written consent of the other party, such consent shall not be unreasonably withheld.

ARTICLE 22. ARBITRATION:

All disputes which arise hereunder shall be submitted to and determined by arbitration. Demand for arbitration shall be filed in writing by either party with the other within a reasonable time after cause thereof has arisen and in no case later than the time for final payment. No one shall act as an arbitrator who is in any way financially interested in this agreement or is or has been connected or interested in the business affairs of either Asarco or Northern. The award of the arbitrator shall be in writing and shall be binding on both parties. Except as and to the extent otherwise provided by the Idaho State Law: no party may have recourse to legal proceedings (other than to enforce this arbitration Article) unless and until an arbitration award has been made; the award of the arbitrator shall not be open to objections on account of the form of the proceeding or the award; and there shall be one arbitrator who shall be chosen by the American Arbitration Association, whose arbitration rules shall be followed.

ARTICLE 23. SURETY BOND:


Asarco reserves the option to request any and all Subcontractors performing work under this agreement to furnish a surety bond guaranteeing and conditioned for the full, complete and faithful performance of the work and for the payment of claims for labor performed or materials furnished in connection herewith all in accordance with the terms of the bonds. The premium for the bonds will be paid by Asarco.

ARTICLE 24. CAPTIONS AND PARAGRAPHS:

The captions to the paragraphs of this agreement are for convenience only and shall not be deemed to enlarge, diminish, explain or in any manner affect the meaning of such paragraphs.

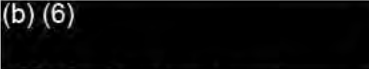
IN WITNESS WHEREOF - the parties have executed this agreement the day and year first above written.

NORTHERN LIGHTS, INCORPORATED

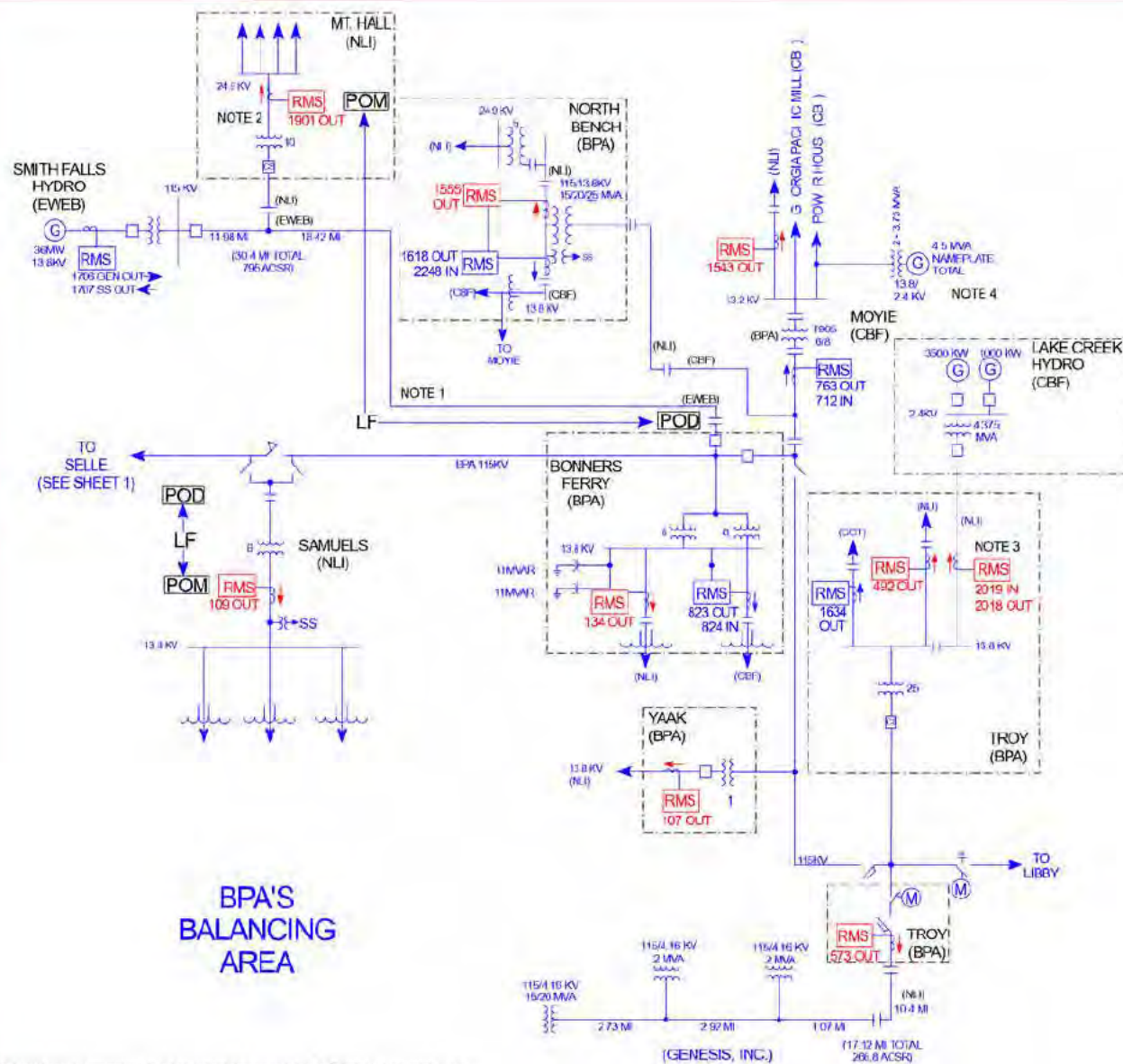
By: 
Wm. T. Nordeen

Title: General Manager

ASARCO INCORPORATED

By: 
William A. Bennis

Title: Vice President-Purchasing



LEGEND:

BPA - BONNEVILLE POWER ADMIN.
CBF - CITY OF BONNERS FERRY
COT - CITY OF TROY
NLI - NORTHERN LIGHTS INC.
PP&L - PACIFIC POWER & LIGHT
EWEB - EUGENE WATER & ELECTRIC BOARD
SS - STATION SERVICE

RMS REMOTE METERING SYSTEM POLLED AUTOMATICALLY BY THE RMS MASTER OR THE MV90 SYSTEM

↓ ARROWS ADJACENT TO METERS SIGNIFY DIRECTION OF ENERGY FLOW OUT OF TEL

— CHANGE OF OWNERSHIP

— SUBSTATION BOUNDARY

(ALL TRANSFORMERS RATED IN MVA)

NOTES:

1. NORTHERN LIGHTS DISTRIBUTION LINE IS UNDER-BUILT ON EWEB'S SMITH FALLS 115 KV LINE BETWEEN BONNERS FERRY AND MT HALL
2. SINCE THERE ARE NO SIGNIFICANT BPA FACILITIES BETWEEN BONNERS FERRY AND MT HALL, THIS METER POINT IS NOT SUBJECT TO REACTIVE PENALTIES
3. THE LAKE CREEK HYDRO FEEDER SERVES GENERATION ONLY AND THEREFORE IS NOT USED TO COMPUTE ANY OF NLI'S LOAD
4. SEE BONNERS FERRY METER DIAGRAM FOR EXPLANATION OF MOYIE METERING.

REVISED: 2/21/2008

SHEET 2 OF 2

BONNEVILLE POWER ADMINISTRATION
Customer Service Engineering
Meter Diagram

NORTHERN LIGHTS INC.
Customer #10278

CUSTOMER SERVICE ENGINEER:
BRIAN MARKHAM - TPC/SPOKANE

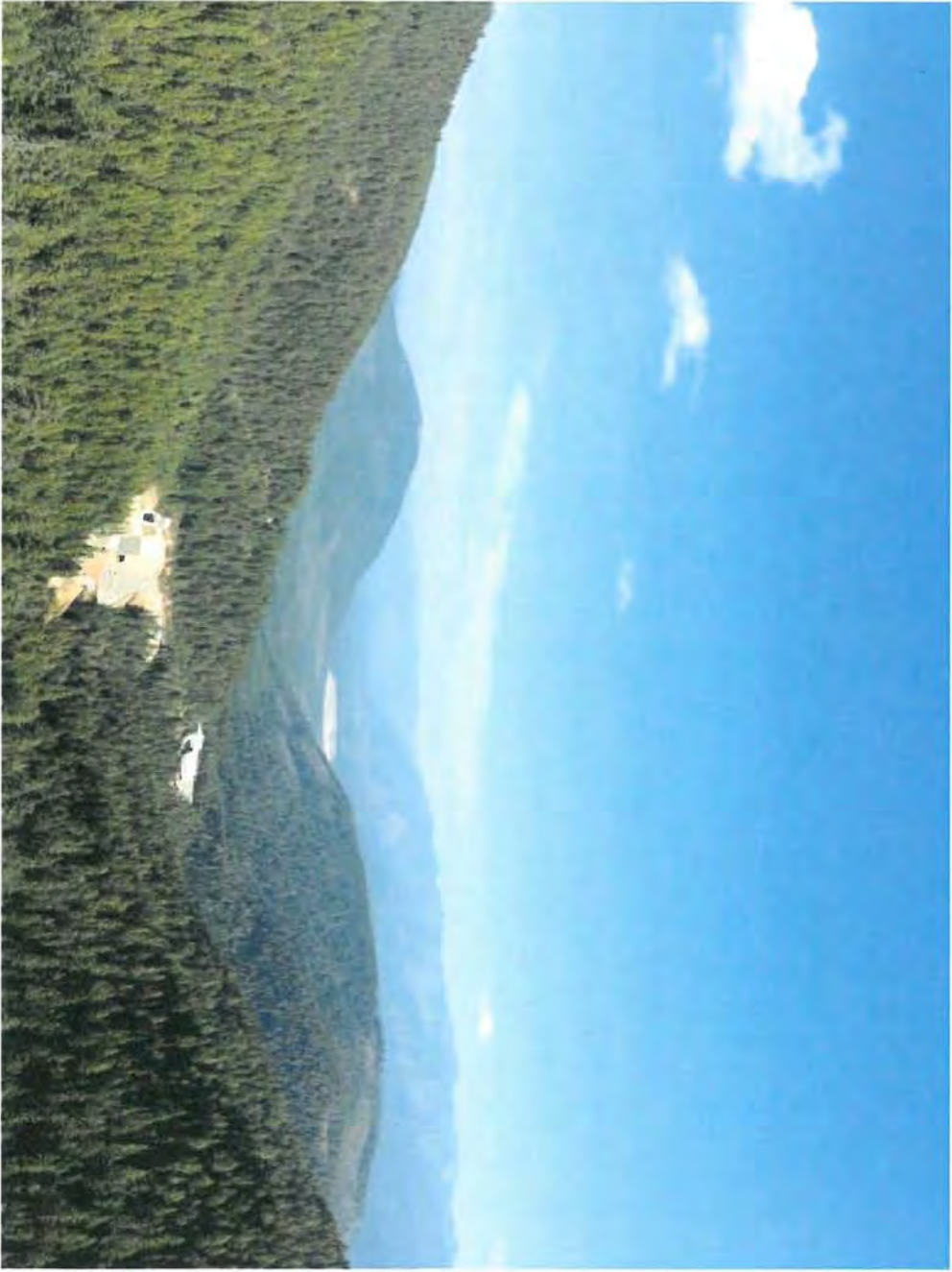
RS1F0110CIMETERING DIAGRAMS\SPOKANE\NORTHERN2_METER.SKf

Mine Compound Entrance

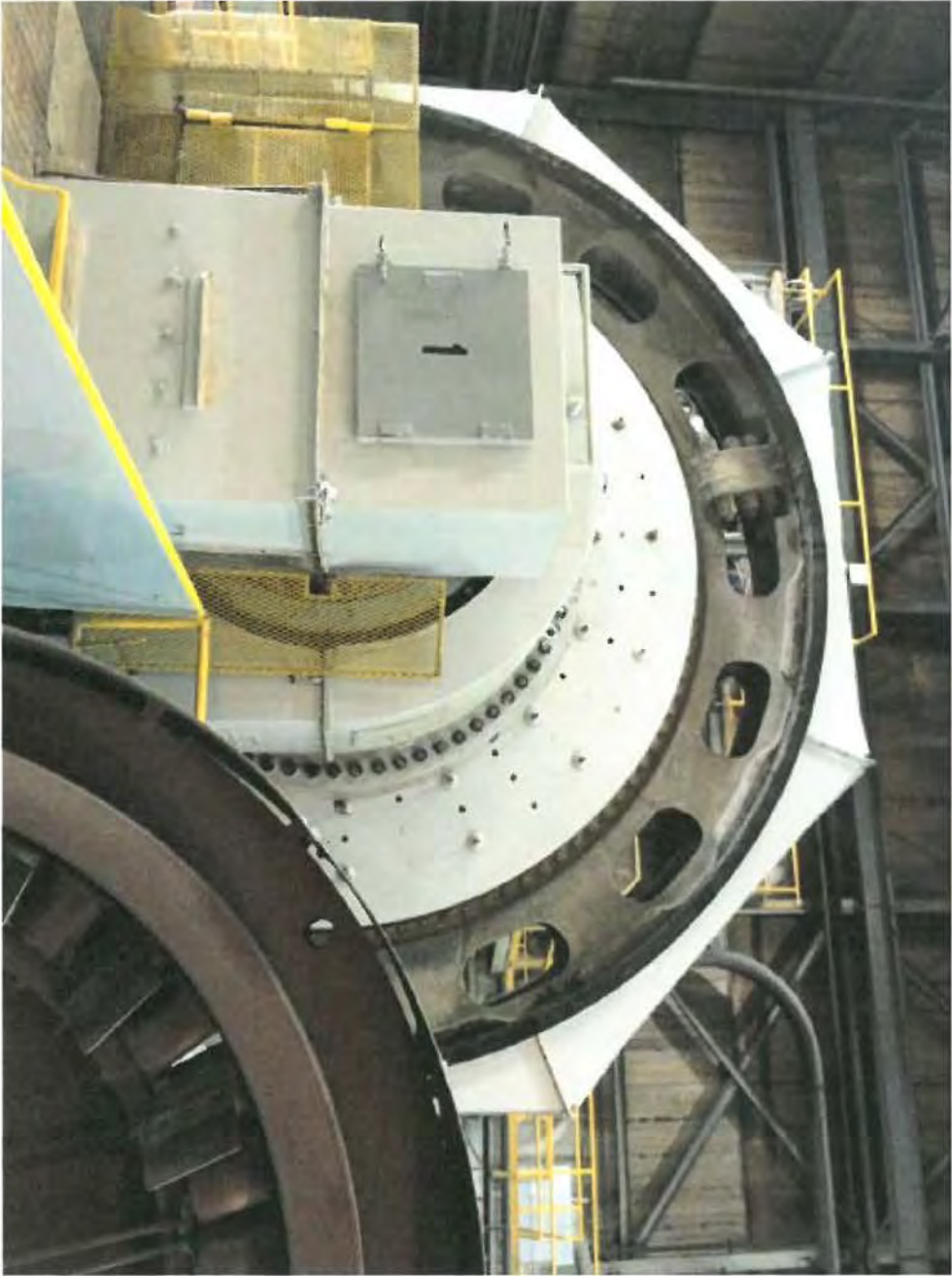


Troy Mine Tunnel Entrance





Down the hill, ORE Processing plant, offices and shops, settling ponds



Ore Grinder (2,500 HP Motor)

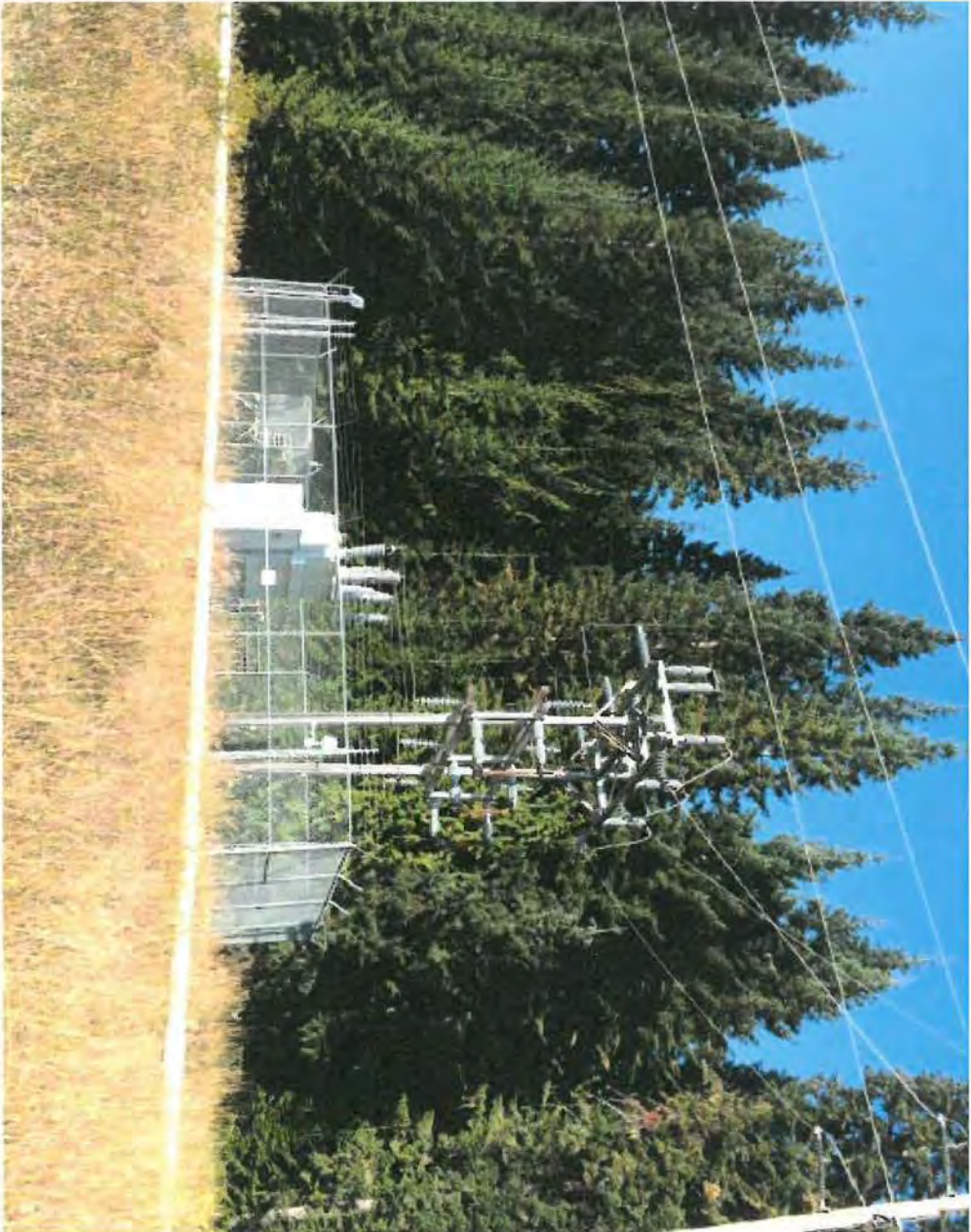
Troy Mine 115 CV Tap at BPA Substation



ORE Processing Complex (Primary on left) (Secondary on right)

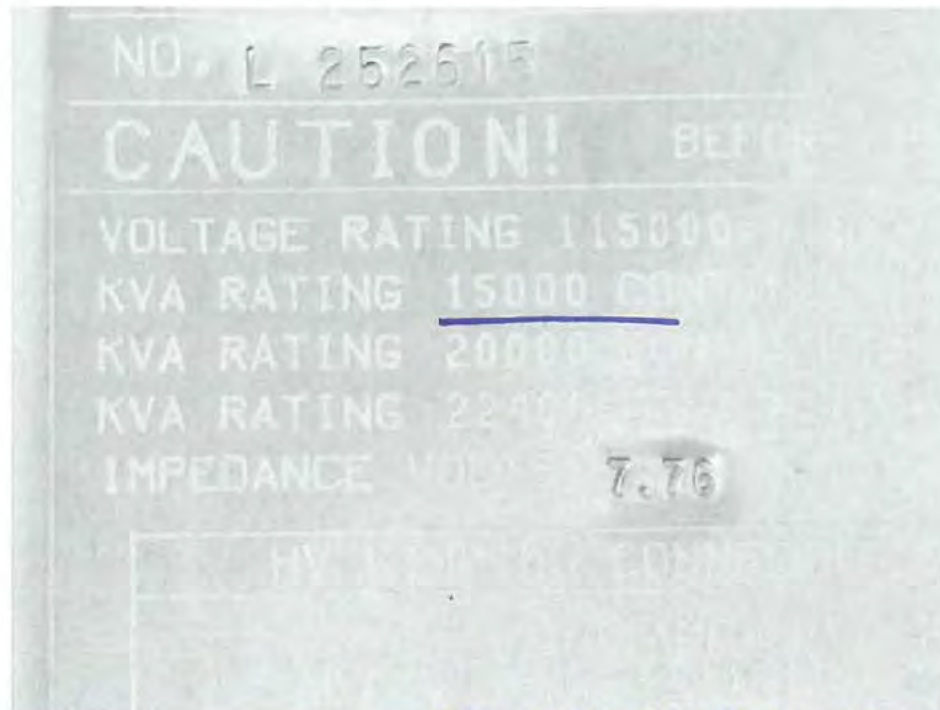


Troy Mine Middle Substation





TROY MINE - LOWER SUB.



TROY MINE - UPPER SUB TRANSFORMER

TROY MINE - LOWER SUB. TRANSFORMER



ASARCO

not
sent

Troy Project
J. P. Bingham
Project Manager

October 16, 1979

1-2000
10/16

Mr. William T. Nordeen
General Manager
NORTHERN LIGHTS, INC.
P. O. Box 310
Sandpoint, Idaho 83864

Dear Bill:

Herewith is the agreement between ASARCO and NORTHERN LIGHTS, INC. for construction of \pm 17 miles of 115 KV power line. The agreement is signed on behalf of ASARCO. Please sign and return three (3) copies to this office.

You will note the second paragraph of Article 6 page 3 and paragraph 6 of Article 19 on page 7 have been amended to include wording omitted due to typing errors. Also on page 3 paragraph 2 "50% of full load" has been changed to "50% or more of rated mining production." Rated production is 8500 tpd which is a known quantity at this time. Please initial these changes.

(b) (6)

J. P. Bingham
Project Manager

JPB/jbr

c.c. F. D. Owsley

enc.

This agreement made the 11th day of October, 1979 by and between Northern Lights, Inc., whose address is Sandpoint, Idaho 83864 (hereinafter called "Northern") and ASARCO Incorporated, a corporation of the state of New Jersey, whose address is 120 Broadway, New York, N.Y. 10005, and the Troy Mine, Mt. Vernon, Montana (hereinafter called "Asarco").

WITNESSETH:

ARTICLE 1. SCOPE OF THE WORK:

Northern shall furnish the preliminary design, secure the required construction permits, provide final detailed design engineering, specifications, etc. and provide construction services as required to build a \pm 17 mile, 115 KV Transmission line from the BPA Troy substation to the Troy Mine at Mt. Vernon.

Transmission of power from the BPA Troy substation will require upgrading about 11 miles of existing distribution line and construction of about 7 miles of new line cross country from Highway 56 (previously 202) to Asarco's Mt. Vernon substation. To provide construction power for development of the Troy Project, Northern agrees to build the 7 mile section of 115 KV transmission line from Highway 56 to Asarco's Mt. Vernon substation and transmit 13.2 KV power from Northern's existing line servicing the Bull Lake Valley.

The line design is to be based on REA standards for 115 KV construction, and adapted as required to provide reliable service under local conditions. Asarco shall have the right to review and approve the design before construction and to inspect the actual construction and any special testing required by law.

If, during or after construction of the 7 miles of transmission line from Highway 56 to the mine, Asarco elects not to go ahead with the

entire project, or upon the termination of the life or the use of the mine by Asarco, Northern will remove the line and facilities and restore the right-of-way as required by permits from any Federal, State, or local agencies.

ARTICLE 2. TIME OF COMPLETION:

The work to be performed under this agreement was commenced in January, 1979. The 7 miles of new 115 KV Transmission line shall be completed as soon as possible with the target date of December 31, 1979, assuming all easements, permits, rights-of-way, and clearing are obtained and completed on or prior to October 1, 1979, to provide necessary construction power required by Asarco to enable field construction of its Troy Project. Northern shall not be responsible for completing said 7 miles of new 115 KV transmission line if work is interrupted because of weather, acts of God, union disputes, or other occurrences not within the control of Northern Lights. The balance of the work is to be scheduled and performed by mutual agreement.

ARTICLE 3. EASEMENTS:

All easements from St. Regis on the 7 mile section of line being constructed pursuant to this contract shall be obtained and paid for by Asarco. Said easements shall have Northern named as grantee and be subject to Northern's approval prior to their being obtained. Northern shall procure all necessary additional easements along the existing distribution line and any costs in conjunction therewith shall be reimbursed by Asarco.

ARTICLE 4. MAINTENANCE:

Northern hereby agrees to provide, with all costs for its account provided damage is not caused by Asarco or its agents, such repair and

maintenance on Northern's lines as may be required in a prompt and efficient manner to assure maximum continuity of service.

ARTICLE 5. POWER AGREEMENT:

In consideration of payments hereunder, Northern hereby agrees to provide Asarco with contractual capacity in the transmission line equal to the total load of Asarco as defined in a power contract to be executed between Northern and Asarco. Northern can only provide that electric energy and capacity in the future that is supplied to Northern by the Bonneville Power Administration and any other present and future sources of power to Northern.

ARTICLE 6. REIMBURSEMENT:

In consideration of the performance of this agreement, Asarco agrees to reimburse Northern for all expenses incurred by Northern in the performance of the work as set forth in Article 1. Northern is to provide copies of invoices and any other substantiating documentation reasonably requested by Asarco to validate each request by Northern for reimbursement by Asarco of expenses incurred.

Northern is to receive no other payment or remuneration for services rendered hereunder with the exception that title to the work defined hereunder shall remain in the name of Northern. In consideration of Asarco's payments hereunder, Northern agrees such total payments shall be returned to Asarco without interest in the form of a monthly credit of 6 $\frac{1}{4}$ % of the power bill each month over the period commencing at the start of Asarco's full operation of their mine, ^{mill} pumps and other uses. *WST*

WST No credit will be made except when Asarco is operating at 50% ~~of full~~ ^{of} or more ^{rated} *WST* ^{ining production during} ~~lead-throughout~~ the billing period. When Asarco has recovered total construction costs, the monthly credits will cease. Such total expenses are estimated to be \$1,500,000.00 and shall not exceed such figure

without the prior written approval of Asarco; such written approval shall not be unreasonably withheld.

ARTICLE 7. PROGRESS PAYMENTS:

Asarco shall make payments required by this agreement as follows:

As early as possible after the first day of each calendar month, Northern shall present to Asarco a statement of all reimbursable costs incurred during the preceding month. This statement shall be accompanied by copies of supporting invoices together with any other information reasonably requested by Asarco to verify the accuracy of the statement. Within ten (10) days after receipt of such statement, Asarco shall pay to Northern the sum shown on such monthly statement as herein provided.

ARTICLE 8. COMPLIANCE WITH LAWS AND ORDINANCES:

Northern and Asarco shall give all notices and comply with all laws, ordinances, rules and regulations, bearing on the conduct of the work as drawn and specified. If either party performs any work knowing it to be contrary to any such law, ordinance, rule or regulation, and without notice to the other party, the party violating said law, ordinance, rule or regulation, shall bear all cost arising therefrom.

ARTICLE 9. CONTRACTORS:

Northern shall require its Contractors to sign a standard REA Construction Contract. Northern shall provide Asarco with copies of all executed contracts between Northern and its Contractors and/or suppliers.

ARTICLE 10. INSURANCE CERTIFICATE:

Prior to commencement of this work Northern shall file with Asarco completed certificates of insurance from Contractors.

ARTICLE 11. INSPECTION OF WORK:

Asarco and its representatives shall at all times have access to the work being performed pursuant to this agreement. Asarco may make

examination of such work, and if so requested, the work must be uncovered by Northern's Contractor. If such work is found to be in accordance with the agreement, Asarco shall pay the cost of examination and replacement. If such work is not in accordance with the agreement, Northern's Contractor shall pay such costs.

ARTICLE 12. COORDINATION OF WORK:

The parties shall conduct the work so as to cause a minimum of interference with the other Party's construction operation. Where interference with a Party's operations becomes necessary, notification shall be made as soon as practical, but not less than seventy-two (72) hours in advance, after said interference is known to be necessary.

ARTICLE 13. RECORDS AND ACCOUNTS, INSPECTION AND AUDIT:

Northern shall keep at its offices, records and books of account showing the actual cost of all items of freight, cartage, labor, materials, equipment and subcontracts and all other expenditures of whatever nature which enter into the Cost of the Work. All books, records, and papers of Northern relating to the Cost of the Work shall be kept in accordance with the uniform Federal System of Accounts as specified by the Rural Electrification Administration and shall be available for inspection and audit by Asarco during Northern's business hours, and shall be preserved as required by said System of Accounts, but in any event not less than five years after the completion of this agreement.

ARTICLE 14. TITLE TO SURPLUS MATERIALS AND EQUIPMENT:

In the event of any surplus supplies and/or equipment remaining at the completion of the work, Northern agrees at Asarco's option, to either sell such surplus with all revenues, less selling, handling, and other costs, for Asarco's account or deliver surplus to Asarco's mine

site for disposition of Asarco's choice. Should Northern so elect, it may purchase such surplus at prices to be mutually acceptable to both parties.

ARTICLE 15. LIENS:

The final payment shall not become due until Northern, if required, shall deliver to Asarco a complete release of all liens arising on account of labor, materials, machinery or equipment in respect of which such payment is to be made, or receipt in full in lieu thereof and, if required in either case, an affidavit that so far as Northern has knowledge or information releases or receipts include all the labor and materials for which a lien could be filed.

ARTICLE 16. TERMINATION:

Asarco may at any time terminate Northern's services under the agreement for any reason whatsoever by giving Northern not less than thirty (30) days written notice of termination setting forth the effective date of termination. In the event of such termination, Asarco shall pay to Northern (a) it's reimbursable costs for services performed prior to the effective date of such termination, less payments previously paid by Asarco on account thereof, (b) all other reasonable costs and expenses, including but not limited to any obligations to Northern's contractors under the standard REA contract and obligations of Northern under the requirements of any Federal, State, or other governmental agency's, rules and regulations, which Northern may incur as a direct or indirect result of such termination, and such other costs and expenses as may be approved by Asarco. Payments to be made by Asarco under this Article shall be due and payable within fifteen (15) days after Asarco's receipt of Northern's invoices therefore.

Northern may stop and/or terminate this agreement upon Asarco's not

complying with the terms and conditions of this agreement and shall be entitled to reimbursement pursuant to the above paragraph.

ARTICLE 17. HOLD HARMLESS CLAUSE:

Each party hereto shall save harmless and indemnify the other party from and against any expense, loss or damage on account of any claim, demand or suit made by any person whomsoever, including any employee of each of the parties, arising out of its own negligence or the negligence of its Contractors, and/or Subcontractors which is in any way caused by or connected with, or grows out of the execution and performance of this agreement by each of the parties, their Contractors or Subcontractors; provided however, that each party shall not be required to indemnify the other party against any loss caused solely by the negligence or willful fault of that party or its employees. Each party accepts all risk of injury or damage and all responsibility for any claim or damages whatsoever resulting from the use, misuse, or failure of the equipment used by the said party even though such equipment be furnished or loaned by the other party.


ARTICLE 18. APPLICABLE LAW:

This agreement shall be construed and enforced in accordance with the laws of the State of Idaho.

ARTICLE 19. SUCCESSION AND APPROVAL:

a. This agreement shall be binding upon and enure to the benefit of the successors, assigns or legal representatives of the respective parties hereto.

b. It is agreed that in the event of proceedings at law or in equity being instituted by either party for the recovery of any sum due hereunder or for the enforcement of this agreement, then and in that event the prevailing party shall be entitled to recover in addition to the sums then due hereunder all costs and expenses of such proceedings,



including a reasonable attorney's fee.

ARTICLE 20. ENTIRETY CLAUSE:

This agreement constitutes the entire agreement between the parties, and except as may be specifically set forth herein no changes can be made herein except by an agreement in writing duly executed by the parties or their duly authorized agents.

ARTICLE 21. ASSIGNMENT:

The parties shall not assign nor sublet this agreement in whole or part, nor shall they assign any monies due or to become due them hereunder without the prior written consent of the other party, such consent shall not be unreasonably withheld.

ARTICLE 22. ARBITRATION:

All disputes which arise hereunder shall be submitted to and determined by arbitration. Demand for arbitration shall be filed in writing by either party with the other within a reasonable time after cause thereof has arisen and in no case later than the time for final payment. No one shall act as an arbitrator who is in any way financially interested in this agreement or is or has been connected or interested in the business affairs of either Asarco or Northern. The award of the arbitrator shall be in writing and shall be binding on both parties. Except as and to the extent otherwise provided by the Idaho State Law: no party may have recourse to legal proceedings (other than to enforce this arbitration Article) unless and until an arbitration award has been made; the award of the arbitrator shall not be open to objections on account of the form of the proceeding or the award; and there shall be one arbitrator who shall be chosen by the American Arbitration Association, whose arbitration rules shall be followed.

ARTICLE 23. SURETY BOND:

Asarco reserves the option to request any and all Subcontractors performing work under this agreement to furnish a surety bond guaranteeing and conditioned for the full, complete and faithful performance of the work and for the payment of claims for labor performed or materials furnished in connection herewith all in accordance with the terms of the bonds. The premium for the bonds will be paid by Asarco.

ARTICLE 24. CAPTIONS AND PARAGRAPHS:

The captions to the paragraphs of this agreement are for convenience only and shall not be deemed to enlarge, diminish, explain or in any manner affect the meaning of such paragraphs.

IN WITNESS WHEREOF - the parties have executed this agreement the day and year first above written.

NORTHERN LIGHTS, INCORPORATED

ASARCO INCORPORATED

By: (b) (6)
Wm. T. Nordeen

By: (b) (6)
William A. Bennis

Title: General Manager

Title: Vice President-Purchasing

NORTHERN WASCO PUD

Facility Determination – HOYA Technologies LLC Data Center
January 18, 2005

INTRODUCTION

This is a Facility Determination concerning the development of a newly constructed plant for Internet servers on a site owned by the Port of the Dalles and proposed to be served by Northern Wasco County People's Utility District (Northern Wasco). This facility determination is based on Bonneville Power Administration's (BPA) review of Northern Wasco's November 30, 2004 facility determination letter and proprietary materials from HOYA Technologies LLC (HOYA). BPA understands that arrangements have been made for service to this load but that Northern Wasco and HOYA, a subsidiary of a company providing a variety of Internet services on the World Wide Web, have not executed a service agreement at this time.

This is a case of first instance for a Facilities Determination under BPA's New Large Single Load policy in that it involves a company, HOYA, which provides and sells "virtual" products and services by means of the Internet, rather than providing physical products like wood or food products, or chemical or metals production. It is the first time BPA has been called upon to make such a determination when *all* the inputs and products are electronic user services and intellectual property for the Internet.

The threshold question for this Facilities Determination is; should there be any distinction drawn between the "virtual products or services" which are physically electric impulses produced at different server racks and 'real physical products?' BPA finds that the growth of the Internet as a means of doing business in this country and around the world has in effect created a new communication medium to accomplish transactions in commerce. The growth of this industry for services on the Internet has been as revolutionary as the development of the print medium or television. Both of those mediums have evolved and developed products and services to utilize and achieve the potential promised by the medium. Those products and services are also based on intellectual property and are widely recognized by the public and governments internationally as commercial enterprises and commodities. The Internet provides the next evolutionary step in communications and is comprised of its own set of unique services and enterprises based on intellectual property and supported by a physical structure, just as is televised medium. Therefore, differentiating between physical plant, which supports or provides such virtual products is no different than differentiating between the separate physical plant components that support production of real wood, chemical or food products, as in a potato processing or wood processing plant.

In a wood products plant the input (logs) can be common to all wood products produced by the processes, and the production processes can introduce modifications to the input (wood) which goes beyond only the production of finished lumber, into numerous other distinct products, all of which may be characterized as "cutting wood." However, these "real" outputs (products) and their commercial uses and the markets into which they are sold, are separate and distinct and therefore a useful criterion to a decision on a Facilities Determination.

For example a wood products plant producing 2x4s, wood pallet components and plywood from the same logs could be found to be three facilities (b) (4) [REDACTED]

Similarly a potato processing plant that could use the same potatoes and many similar machines to make French fries and mashed potato flakes has been found in the past to make up two separate facilities. (Carnation's Quincy WA potato plant)

Another question concerns making a Facility Determination before the project is built. BPA has made prospective facility determinations before (Ponderay Paper) while reserving to itself the power to review the actual construction and operation of the facilities concerned. Because Northern Wasco and HOYA have yet to execute a final service agreement, BPA should condition this determination on the BPA customer and their consumer having such an agreement in place together with a plan of service for the consumer. BPA should review these arrangements for consistency with this determination and should inform the customer that significant modifications to the information provided could result in a modification to this determination.

EXHIBITS

- A) Northern Wasco county PUD letter dated November 30, 2004
- B) HOYA LLC Data Center Project 02 background package - presented November 2004
- C) HOYA LLC Discussion of Facility Determination, November 2004

BACKGROUND

Northern Wasco has been in negotiations with HOYA Technologies LLC (HOYA) to provide electric service to a Data Center location that HOYA proposes to acquire and build on a site owned by the Port of The Dalles. HOYA describes itself as:

HOYA Technologies is a global leader focused on providing infrastructure solutions for companies improving the ways people connect with information. HOYA provides data center facilities for companies that have made vast innovations on the aggregation, organization, and dissemination of information in the Internet realm. In addition, HOYA provides an infrastructural framework by which companies may deliver advertising and distribute communications products using large collections of computers.
(Exhibit B)

HOYA describes a Data Center as one or more structures that house the computer servers that are responsible for facilitating and powering global operations to provide Internet services of its own or its parent company, or possibly other companies for whom HOYA operates the center. Apparently Data Centers can host servers for a single owner/line of production or many owners and lines of products. The centers provide basic administration over space and power as well.

Security functions at a data center include protection against theft, natural disasters, employee access and regulation of temperature as well as electric power.

HOYA proposes to divide its development project into two separate buildings each with its own server architecture or structure, each housing separate Business Lines called Business Lines 1 – 4. (Exhibits B & C)

Business Line One concerns Information Aggregation (search engines) HOYA says:

HOYA utilizes the vast computing power amassed in HOYA data centers along with proprietary software to collect and organize information available on the Internet. This information is digested and catalogued in such a way that it may be presented on demand to users who request it. This line of business does not directly generate substantial revenue to HOYA though this technology is licensed to third party enterprises.

We understand that this product garners some income from third parties under their license agreements but this product operates as a kind of lost leader for other services of HOYA or its parent.

Business Line Two concerns Communications Services (E-Mail) HOYA says:

HOYA is a leader in providing online asynchronous communications services including e-mail. While some of the underlying machinery used to power this line of business may be similar to that of Business Line One, in truth, Business Line Two is a completely distinct operation with a very different specification of technical need; for instance, whereas Business Line One can afford to be off line from time to time, Business Line Two needs to maintain the highest levels of robustness for customer satisfaction. As increasing numbers of customers rely on communications services in the enterprise, high availability is critical. As a result, the operating environment for Business Line Two is subject to much stricter controls and traditionally entails additional layers of physical infrastructure to ensure redundancy.

In addition, because the functionality demanded from a communications product is much different from that of an information aggregator, there are often distinctions at the machine level with respect to attached storage, chip speed and presence, etc.

We understand that this line of product, an e-mail service, is competitive with similar Internet products and offers by corporations like Microsoft, AOL and Yahoo. The product includes several different types of services associated with personal, and business communications. A fee is charged for services.

Business Line Three concerns Internet Publishing. These publishing services are provided to end users as well as licensed and syndicated to third parties. We understand that this product provides a means of delivering publications by downloading the property in electronic format directly to the user. It also includes the providing of services in support of such forms of communication as “Blogs” or personal diaries used as publication by news media and others on the Internet. A fee is charged for these services.

Business Line Four concerns Advertising. This consists of placing ads that are generated by the advertiser and requires substantial database resources to track and record exposure.

We understand that this product is the major income producer for HOYA and its parent and consists of a service similar to but more topic or need directed as the yellow pages, want ads, and flyers of print media. It can be used in conjunction with the search engine product noted above but revenue is garnered in this instance from the party selling the goods or services advertised and not from the consumer/user of the search engine. A fee is charged to the advertiser based on the number of “click-throughs” that result only when ads are utilized.

Each of the described business lines has its own individual standard of technical support, reliability and redundancy. As noted above each business line and product addresses a different part of communication markets that are unique to the Internet. Each business line is a subsidiary of HOYA and is treated as a separate profit center that functions independently. Each business line is expected to meet its own profitability goals regardless of the performance of the other business lines. It should also be noted that HOYA claims that if one business line were to close down due to business or technical problems, the other business lines would continue to operate.

At present HOYA’s announced intention is to construct, administer, and pay for the physical services and electrical service supporting two separate structures each operating different business lines and as single facilities independent of the other.

FACILITIES REVIEW

1. Ownership

The proposed project will belong to a single owner. The individual business lines resident at the project will be treated as separate divisions of their parent (HOYA) and expected to meet their individual business goals regardless of the performance of any other business line at the site.

2. Geographical/Physical load location

The loads associated with the business lines described above will be located in two separate and independent buildings with individual server architecture and structures to support its business line or lines and each contained within one facility. Each facility will be physically separate from the other and each will be dedicated to a specific line or lines of business. (Exhibit B)

3. *Does this load serve a process that produces a single product or type of product?*
As described above the products/services produced at the project site are aimed at four different Internet markets and have their own products and services, as well as their own standards and reliability requirements. Business Line Two – E-Mail, requires the greatest degree of reliability and hence redundancy of the business lines, while Business Line Four – Advertising, requires the greatest data storage and manipulation to determine the success or failure of individual ads and to facilitate sales resulting from such advertising. The function of each business lines' products or service is distinct from the other and each is offered as distinct products by other competitors in the Internet service market. Users of one business line can avail themselves of its products and service without having to take or use another business line's product.
4. *Are separate portions of the load independent?*
HOYA assures BPA that loads at each facility will be electrically separate and independent from each other. This separation is key to redundancy and reliability for the business lines supported by the facility. If one business line were to go down for technical or business reasons the others would remain operating. HOYA plans to initiate operations in each of the two proposed buildings at different times in 2005. (Exhibits A & B)
5. *Is the load(s) contracted for and served by Northern Wasco as separate loads?*
Northern Wasco assures BPA that each facility will be served by a separate contract with separate metering and billing for each load. The plan of service includes two separate feeder lines from the local substation via two points of delivery that are electrically independent, metered independently, and operated independently.
6. *Is a determination that the planned separate facilities, supporting different business lines and separated from each other, consistent with prior BPA facility determinations?*
A finding that the planned separate buildings supporting different and separate business lines in each of the facilities at the proposed HOYA Data Center Project O2 would be consistent with prior BPA findings on separate facilities in similar fact situations including:

Carnation	Grant County PUD	February 23, 1983
Ponderay Paper	Pende Oreille PUD	January 16, 1985
(b) (4)		

Carnation (Potato processing)

The operations concerned were two plants near Quincy, Washington; one (the "main plant") producing French fries and hash browns, and the other (the "granule plant") producing powdered potatoes. At the time of the request, the contract demand for the main plant was 3.5 MW, and the contract demand for the granule plant was 2 MW, but Carnation's plans indicated increases to 21 MW at the main plant, and to 17 MW at the granule plant. Although neither plant's individual

load was expected to increase by as much as 10 aMW in any year, the sum of the annual load increases at both plants might have exceeded 10 aMW, which prompted Grant County to request the determination.

The following listing describes the facts provided by Carnation and Grant County in terms of the facility determination criteria. BPA's determination letter did not include this factual analysis, but the letter references information supported by Grant County applied in making the determination:

1. Both operations were and are owned by Carnation, a single owner.
2. The two plants are located on adjacent sites.
3. The two plants are different processes for preparation of potato products for commercial sale, with the main plant producing French fried potatoes and hash browns, and the granule plant producing powdered potatoes.
4. The two plants began service at different times, with the main plant starting on January 20, 1971, the granule plant starting on July 1, 1972. The two operations are related because the input to the granule plant is a waste product of the main plant.
5. The two plants are served under separate contracts and have always been billed by Grant County PUD as separate customers. They are served by separate substation facilities.
6. Because this was BPA's first facility determination, consistency with other determinations was not an issue.
7. No additional relevant factors are identifiable from the record.

The discussion of the criteria in the determination letter does not go into great detail but provides information that the basic production input for the two product lines was raw potatoes which went through two separate processes to create an end product, French fries, hash browns, and powdered potatoes, each sufficiently distinct from the other and sold differently. There were two distinct plants each serving a particular production but the information is of limited use due to lack of further details.

Ponderay Paper Company (Paper products)

Pend Oreille PUD requested a determination concerning two plants to be built near Usk, Washington, for the production of thermomechanical pulp (TMP) and newsprint. This determination was for newly constructed plants and was a prospective facility determination.

The planned loads at the two plants were to be 37.5 aMW and 12.8 aMW, respectively. More recent load estimates at the time of the determination indicated planned loads

might be larger than these estimates. In order to qualify for service at the PF rate, Ponderay Paper planned to manage the load increases at the newsprint plant to less than 10 aMW during each 12-month-measuring period. Load growth at the TMP plant was to be kept under 10 aMW during the first year of operation, but beginning in the second year, load growth was expected to exceed 10 aMW, making the increase during that year and all subsequent load growth at the TMP plant a new large single load (NLSL) served at the NR rate.

In its review BPA listed each of the criteria with respect to the Ponderay Paper facility determination, based on the information supplied by Pende Oreille County PUD. BPA found that:

1. Both operations were to be, and are, owned by Ponderay Paper, a single owner.
2. The two plants are located on adjacent sites.
3. The two plants supported different production processes with one producing TMP pulp, and the other producing newsprint paper. Either product may be sold into the paper production market but the market distinguishes between each product. TMP may be used as an input to certain types of paper production but newsprint paper is distinct from other types based on recycling and rag (cellulose) content.
4. Service to the two plants is designed so that they will be electrically independent. The two operations are related because the output of the TMP plant is the principal input to the newsprint plant.
5. The two plants were to be and are billed by Pende Oreille County PUD as separate customers and served by separate substation facilities. Separate contracts were executed for service to the two plants during the time when the PUD was preparing its request for the facility determination.
6. Consistency with other determinations was not an issue.
7. No additional relevant factors were identified.

Ponderay Paper's operations at Usk were under construction at the time of determination, and were expected to begin commercial operation in the fall of 1989.

(b) (4)



(b) (4)



7. *Additional relevant factors?*

An additional fact noted in the introduction this is the first requested determination to concern virtual products and services for the Internet as opposed to physical plant supporting production of physical products for sale. For this determination the single most significant factor is that HOYA and its parent company are planning construction of buildings taking electric service to support commercial products and services that are "virtual" products for use on the Internet, an electronic medium. The existence of the Internet and its growth for both electronic communications and commerce has given rise to a new and unique set of products and services. These products are designed to best utilize this electronic medium. E-mail, web page publishing, and search engines are based on intellectual property and are offered and sold by competitors. They are no less viable as a commercial enterprise than paper or lumber. The physical buildings and structure here will support a set of distinctly different electronic products and services for each business line.

ANALYSIS

Based on the information provided, HOYA is the common owner of all four Business Lines identified above and together with its parent company participates in electronic

commerce on the Internet in the sale, lease, and marketing of the products and services in each Business Line. Each business line is treated as a separate profit center and business division of HOYA and is operated independently of the others. A single owner is not uncommon for either virtual or real physical product production and is consistent with previous facilities determinations of BPA.

HOYA's planned development is for two buildings each with its own internal architecture and structure to house servers set up to support one Business Line or more. However, each business line will have different requirements and different configurations such that its operations will be associated with a single planned building. Requirements for each of the business lines are different such that they are not fungible in terms of standards, services, or support needed. According to HOYA, individual server sets will need to be configured and are used to support no more than one business line.

Northern Wasco has not entered into a service agreement with HOYA at this time but has drafted an agreement and is prepared to install the necessary electric service facilities to serve the load. Northern Wasco intends to independently meter, serve, and bill each proposed facility supporting these business lines. BPA has made prospective facility determinations previously most recently in the Pend Oreille PUD-Ponderay Paper determination.

Each facility is dedicated to supporting different business lines, each of which provides a different product and services into a market or markets on the Internet. Each facility will support a business line or lines that are distinct from each other and each of which is independently sold by other competitors in the same markets. Each business line's products and services have different uses for their customers that are separate and distinct products and services from the other business lines. One set of products and services cannot be substituted for another and they are not fungible in the markets to which they are served. For example the product, search engine, provides a different function and service that cannot be used for the same purpose as the product e-mail or web publishing.

BPA has applied its NLSL Policy as regards facility determinations based on the separation of the products sold into separate markets or a single market. Each facility is producing a product that is sold into and serves a different consumer or commercial market. BPA determinations have not focused on the similarity of inputs or intermediate processes in making the product. Here the facilities support separate and distinct products and service as noted above that are unique to the Internet and are electronic intellectual properties of HOYA and its parent company. The physical structures use electrons to support these products and services but the electrons are not the product or service sold. Nonetheless, the markets and products, and their uses are no less distinct or different than pulp is from paper.

This determination is consistent with the prior decisions on facilities, even though those determinations concerned production of physical products and not electronic ones.

Certain aspects in all the cases are applicable here, including they all use a basic raw material to produce or support different products. The products are the result of different industrial or commercial processes or properties. The products or services are sold into different markets, and the plants making or supporting the products or services are each subject to the forces in their individual markets. The business lines supported by the plant are separate business operations or profit centers of their single owner and are separate from those of the other plant on site.

RECOMMENDATIONS

It is recommended that BPA find (prospectively) that the HOYA LLC Data Center is made up of two separate facilities, each of which will be independently metered by Northern Wasco. Each facility will support commercial Internet business lines of HOYA or its parent that are separate from those in the other. BPA should expect Northern Wasco to carefully monitor the independent energy use for each facility and this determination is contingent on Northern Wasco executing and submitting a copy of a power service agreement with HOYA consistent with the representations made in the request by Northern Wasco and HOYA, as well as a plan of service on the terms and conditions of electric service to the two proposed facilities.

BPA, Northern Wasco, and HOYA must agree on a date of initial energization for each facility and plan for monitoring the loads at the planned Data Center project.

BPA will monitor the progress of the project and inform Northern Wasco it is required by contract to notify BPA of any possible or actual load growth of 10 aMW or more in a twelve-month period. BPA should prepare a letter summarizing this determination for transmittal to Northern Wasco.



Department of Energy

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

POWER BUSINESS LINE

January 18, 2005

In reply refer to: PSE/Bend

Mr. Dwight Langer
General Manager
Northern Wasco People's Utility District
2345 River Road
The Dalles, OR 97058

Dear Mr. Langer:

Bonneville Power Administration (BPA) has reviewed Northern Wasco County People's Utility District's (Northern Wasco) November 30, 2004 letter requesting a facility determination. We appreciate the information supplied and we understand Northern Wasco has not yet executed a service agreement with HOYA Technologies LLC (HOYA). As you are aware this is a unique determination for BPA since it involves a commercial enterprise that supplies products and services for the Internet.

This facility determination is contingent on and subject to BPA's review of an executed power service agreement between Northern Wasco and HOYA, and review of plant design and electrical service plans, consistent with the representations made in the request by Northern Wasco.

BPA finds that HOYA's proposed data center is made up of two separate and distinct facilities each serving different business lines with their own products and services. If the data center is contracted, designed and constructed consistent with the factual information provided in Northern Wasco's November 30, 2004 letter and attachments, the HOYA facilities meet the separate facility determination criteria in section 15 (c) of Northern Wasco's Power Sales Agreement Contract No. 00PB-12080. The two facilities (1) will house and support different business product lines; (2) will be administered under separate contracts; (3) will be metered and billed separately; and, (4) will be electrically independent.

BPA agrees that, if the planned energy consumption at the two facilities occurs, as stated in Northern Wasco's letter, neither load would be a New Large Single Load. BPA, Northern Wasco and HOYA shall agree on dates of initial energization for each facility and BPA will develop a plan for monitoring the installation and energy consumption growth of the loads at the project. Northern Wasco will monitor and report to BPA the load at each of the HOYA separately metered facilities during each consecutive 12-month period, from the agreed upon date of initial energization. The actual consumption of the load at the facilities will determine

whether the load at either facility becomes a New Large Single Load.

Should you have any questions concerning this facility determination, please contact Dan Bloyer at (541) 318-1680.

Sincerely,

(b)(6)

Paul E. Norman
Senior Vice President
Power Business Line

Enclosure:
Facility Determination – HOYA Technologies LLC Data Center

PACIFICORP
(PACIFIC POWER)



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

OFFICE OF THE ADMINISTRATOR

September 19, 1988

In reply refer to: PMCN

Mr. William Brauer
Vice President, Power Systems
Pacific Power & Light Company
920 SW. Sixth Avenue
Portland, OR 97204

Dear Mr. Brauer:

The Bonneville Power Administration (Bonneville) has determined that the electrical load at the Centralia Coal Mine (commonly called "WIDCo") served by Pacific Power & Light Company (Pacific) constitutes a New Large Single Load (NLSL) of Pacific. This determination is made pursuant to section 3(13) of the Northwest Power Act and section 8 of the Power Sales Contract between Bonneville and Pacific, Contract No. DE-MS79-81BP90424.

During the first 12 months of service by Pacific to WIDCo, which commenced at 2400 hours on December 23, 1986, the electrical energy consumption for the load was 10.4 average megawatts. This exceeds the 10 aMW NLSL threshold. NLSL status is effective December 23, 1986.

Enclosed is Revision No. 1 to Table 1 of Exhibit K ("New Large Single Load Determinations") of your Power Sales Contract reflecting this determination. Also enclosed for your information is a copy of the Administrator's Decision Document ("Bonneville Power Administration New Large Single Load Determination for the Centralia Coal Mine ('WIDCo')") which establishes the rationale for this action.

The materials and calculations which Pacific provided regarding the impact of WIDCo's NLSL status on Pacific's average system cost are being reviewed by the Exchange Program Branch. The ASC issue will be addressed separately under procedures of Bonneville's 1984 ASC Methodology.

Sincerely,

(b)(6)

~~ACTING~~ Administrator

2 Enclosures

RAho:alm:4117 (VS6-PMCN-4062b)

cc:

Admin. Chron. File - A
J. Robertson - A
S. Hickok - A
D. Geiger - AL
E. Sienkiewicz - AM
H. Spigal - AP
J. Luce - AP
T. Miller - APP
R. Roach - APR
S. Ailshie - D
C. Meyer - DR
M. Roberts - DRE
E. Arnold - DRER
B. McLean - DRER
R. Hallgarth - DRES
R. Freeman - DSA
G. Gwinnutt - L
W. Helm - LB

J. Lenzen - LB
P. Livesley - LC
B. Schulenberg - LCA
District Managers - LG, UW,
UM, WI, WL
W. Pollock - P
S. Melton - PM
D. Metcalf - PM
L. Kitchen - PMC
E. Bleifuss - PMCE
R. Aho - PMCN
T. Esvelt - T
G. Reich - TC
S. Clarke - TCA
A. Harlow - UC
J. Rogers - WC
Official File - PMCN (PM-12-2-560)

Revision No. 1
Table 1, Exhibit K
Contract No. DE-MS79-81BP90424
Pacific Power & Light Company
Effective at 2400 hours on
December 23, 1986

New Large Single Load Determinations Exhibit

This exhibit reflects determinations made pursuant to section 8 of this contract as of the effective date set forth above.

TABLE 1

LIST OF PURCHASER'S LOADS WHICH ARE NEW LARGE SINGLE LOADS

<u>Description of Facility</u>	<u>Location</u>
Centralia Coal Mine (commonly called "WIDCo")	near Centralia, Washington

(VS6-PMCN-4066b)

Power Manager's Briefing Memo

Documents: (1) Administrator's Decision Document ("NLSL Determination on Centralia Coal Mine"), (2) Revision No. 1 to Table 1 of Exhibit K to Pacific Power & Light Company's Power Sales Contract (New Large Single Load Determinations Exhibit), and (3) transmittal letter to Pacific.

Existing Circumstances: Electrical service to the Centralia Coal Mine (commonly called WIDCo) was taken over by Pacific Power & Light Company in 1986. (It was formerly served by Lewis County PUD.) The electrical energy consumption at the Mine during the first 12 months of service by Pacific was 10.4 aMW, which exceeds the 10 aMW NLSL threshold of section 3(13) of the Northwest Power Act and section B(b) of the PSC.

BPA has already informed Pacific that BPA may declare the load an NLSL. They have presented arguments against an NLSL result. Pacific asserts the Mine load should be considered part of the Centralia Steam Electric Plant's station service load, although historically it has never been considered so. In Pacific's view, the NLSL provision does not apply to station service loads.

Their other argument is an odd one: that an NLSL result would increase BPA's residential exchange subsidy payment to Pacific, and since that result would arguably not be in BPA's best interest, BPA should determine the load not to be an NLSL.

The Exchange Program Branch staff disagrees with Pacific's view and preliminarily suggests an adjustment to Pacific's ASC which may result in a refund to BPA of up to \$1.8 million (the maximum currently estimated exposure as of July 13). This ASC adjustment is based on an interpretation of the application of 1984 ASC Methodology footnote "f", which prescribes a hierarchy by which one identifies the cost of resources used to serve an NLSL and makes inferences as to how such costs are to be deducted from a utility's ASC. (Section 5(c)(7)(A) of the Northwest Power Act requires the "cost of additional resources" used to serve an NLSL be excluded from ASC.)

Financial Management believes that its approach comports better with the intent of Congress as to the impact that serving an NLSL should have on a utility's ASC (i.e., it should go down, not up).

Following this NLSL Determination by the Administrator, Financial Management will initiate a review of Pacific's ASC with regard to this load. A determination in that process will be required as to whether Pacific's contention that the Mine is being served by the Centralia Plant is correct. Financial Management's preliminary view is that the Mine load is served with higher-cost resources from Pacific's system.

The Office of General Counsel is working with Financial Management and, based on currently known facts, believes that footnote f of the ASC Methodology is being appropriately applied.

Changes Required/Impact on Existing Circumstances: The attached Administrator's Decision Document develops a rationale for a determination that the Mine load has become an NLSL of Pacific. The NLSL Determinations Exhibit K of Pacific's PSC should be amended pursuant to section 8(a) of the PSC to list the Mine load as an NLSL. The transmittal letter advises Pacific of BPA's NLSL Determination and serves as the cover to transmit the revised Exhibit K to them. It also mentions that, in a separate forum, BPA will be evaluating the impact of this NLSL Determination on Pacific's average system cost under section 5(c)(7)(A) of the Act.

Policy Implications: This will be the region's second NLSL. The first was Stauffer Chemical, formerly a DSI but now served by The Montana Power Company. That NLSL Determination was uncontested. In this case, Pacific's position being that the Mine is not an NLSL, litigation may occur.

Financial Management Concerns: None, with respect to the determination that the Mine is an NLSL.

General Counsel Concerns: None.

NEPA Determination: The Environmental Coordinator for the Office of Power Sales has determined this action is categorically excluded in accordance with 52 FR 240 (contract amendments and modifications which are clarifying and administrative in nature and which do not extend the terms or otherwise substantially change the contract being amended). This action does not individually or cumulatively have a significant effect on the human environment and may be implemented.

Signature Instructions: Four signatures required: The Administrator will sign the Exhibit K Revision (two copies), the Decision Document, and the transmittal letter.

Area Acceptance: Both the Puget Sound Area (where the Mine is located) and the Lower Columbia Area (principal point of contact with Pacific) concur with the proposed action and recommend signature. The other two Areas are cognizant of the proposed action and have voiced no objections.

RAho:alm:4117 (VS6-PMCN-4057b)

ADMINISTRATOR'S DECISION DOCUMENT

Bonneville Power Administration
New Large Single Load Determination
for the
Centralia Coal Mine ("WIDCo")

Prepared by

The Office of Power Sales
Division of Contracts and Rates
Power Contracts Branch

Portland, Oregon
August 1988

CONCLUSION

After carefully considering the available information, the arguments made, and Bonneville's previous decisions, I have determined that the electrical load at the Centralia Coal Mine operated by the Washington Irrigation and Development Company became a New Large Single Load of Pacific Power & Light Company effective at 2400 hours on December 23, 1986, in that the load became served by Pacific as of that date, and the load's energy consumption reached and exceeded 10 average megawatts during the first 12 months of service by Pacific thereafter.

Under Section 8(a) of Pacific Power & Light Company's power sales contract with the Bonneville Power Administration, Contract No. DE-MS79-81BP90424, Table 1 to Exhibit K of Pacific's contract will be amended to reflect this determination.

(b)(6)

~~ACTING~~ Administrator
Bonneville Power Administration

Date

For full
record w/
attachments,
see R101

(VS6-PMCN-3317b)

830
D. Wolfe-PG

APR 06 1992

PMC

Mr. Jerry D. Miller
Director, Power System Services
PacifiCorp Electric Operations
920 SW. Sixth Avenue
Portland, OR 97208

Dear Mr. Miller:

The Bonneville Power Administration (BPA) received a request for a contracted for, committed to (CF/CT) determination to establish that PacifiCorp Electric Operations (Pacific) was obligated to serve the load at James River Corporation (James River) and Pope & Talbot Incorporated (Pope & Talbot), formerly American Can Company (American Can) located in Halsey, Oregon, prior to September 1, 1979, the cutoff date for CF/CT loads under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). If this load is included in Pacific's CF/CT loads, the Pacific resources used to serve the load may be exchangeable under Pacific's Residential Purchase and Sale Agreement in accordance with BPA's Average System Cost methodology, because the CF/CT amount of the load will be exempt from new large single load (NLSL) status, consistent with BPA's NLSL practices.

Pacific also requested the load be divided into separate facilities on the basis that James River and Pope & Talbot are two separate operations with separate owners. The facility determination is a separate and distinct process. This CF/CT determination is being made prior to the facility determination.

In making this CF/CT determination BPA considered the following listed information.

1. Contracts.

- (a) March 7, 1969, power sales contract between Pacific and American Can. (Support that the load was contracted for prior to September 1, 1979.)
- (b) July 2, 1982, lease between American Can and James River-Dixie/Northern Inc. (a subsidiary of James River).
- (c) October 24, 1986, deed from American Can to James River-Norwalk, Inc. (a subsidiary of James River).

Based on the preceding information, particularly the fact that a power sales agreement existed between James River's and Pope & Talbot's predecessor in interest, American Can, and Pacific prior to September 1, 1979, BPA has determined that the predecessor of James River and Pope & Talbot had an executed contract obligating Pacific to provide the service to the load at the Halsey plant as of September 1, 1979.

BPA has further determined that the load contracted for prior to September 1, 1979, for the purpose of inclusion in your power sales contract, Contract No. DE-MS79-81BP90424, Exhibit K, Table 2, is 18 average megawatts (aMW) based on the March 7, 1969, contract between American Can and Pacific. Thus, the contracted for amount is 18 aMW.

The contracted for load established by this determination is specific to the James River and Pope & Talbot plants in Halsey, Oregon. The eligibility of all or a portion of this load to be included in an exchange with BPA under the Residential Purchase and Sale Agreement with Pacific is established by this determination. This determination is not applicable to service to this facility by another utility.

BPA will monitor the consumption at this load annually to determine whether the load has become a NLSL as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact Dennis Metcalf of the Lower Columbia Area Office.

Sincerely,

Original Signed by
RANDALL W. HARDY

Randall W. Hardy
Administrator

Enclosure:
Exhibit K, Table 2

GBell:gb:3556:03/19/92 (VS6-PMCG-9722b)

cc:

Adm. Chron. File - A
H. Spigal - AP
D. Adler - APP
T. Miller - APP
B. McLean - DRER
T. Scanlon - DRES
C. Blanco - DRES
J. Yocom - DSA
D. Metcalf - LC
C. Loosli - LC

W. Pollock - P
D. Wolfe - PG
S. Berwager - PM
L. Kitchen - PMC
C. Combs - PMCG
K. Moxness - PMCG
G. Bell - PMCG
E. Bleifuss - PSC
S. Kageler - PSCA
A. Schauer - PSCD

T. White - PSCD
G. Moorman - RPC
R. Clark - RPCE
C. Lee - RPCE
J. Kiley - YH
G. Lenzen - YH
Area Power Managers - LC, TC,
UC, WC
Official File - PMC
(PM 12-11-2 NLSL)



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

OFFICE OF THE ADMINISTRATOR

DEC 05 1990

In reply refer to: PMC

Mr. Jerry Miller
PacifiCorp Electric Operations
920 SW. Sixth Avenue
Portland, OR 97204

Dear Mr. Miller:

Since the enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), Bonneville Power Administration (BPA) has made two determinations that loads served by PacifiCorp Electric Operations were contracted for, or committed to (CF/CT) as of September 1, 1979, as provided under the Northwest Power Act and PacifiCorp's requirements power sales contract with BPA, Contract No. DE-MS79-81BP90424. The current revision of Exhibit K, Table 2 of your contract lists only one of these determinations. The purpose of this letter is to transmit to you a corrected exhibit which lists both determinations.

The history of CF/CT determinations for PacifiCorp is as follows: The first determination, made on June 5, 1983, was for a load of 68.6 average megawatts (aMW) at the Crown Zellerbach Corporation's (now the James River Corporation's) Camas millsite at Camas, Washington. On November 17, 1983, this determination was revised to increase the load amount to 76 aMW to reflect a 100 percent load factor on the applicable contract demand. The second determination, made on March 2, 1984, was for a load of 61 aMW at the Boise Cascade Corporation's Wallula millsite, at Attalia, Washington.

Revisions of Exhibit K, Table 2 of PacifiCorp's power sales contract with BPA were prepared for each of these changes in PacifiCorp's CF/CT loads. Unfortunately, the revision which was prepared to reflect the determination for the Boise Cascade load inadvertently omitted the previous determination, as revised, for the Crown Zellerbach load.

Enclosed with this letter is a corrected Exhibit K, Table 2, which includes both determinations. Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact the Lower Columbia Area Office.

Sincerely,

(b)(6)

Edward W. Sienkiewicz
Senior Assistant Administrator

Enclosure:
Exhibit K, Table 2

27760068

PMC

DEC 05 1990

Mr. Jerry Miller
PacifiCorp Electric Operations
920 SW Sixth Avenue
Portland, OR 97204

Dear Mr. Miller:

Since the enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), Bonneville Power Administration (BPA) has made two determinations that loads served by PacifiCorp Electric Operations were contracted for, or committed to (CF/CT) as of September 1, 1979, as provided under the Northwest Power Act and PacifiCorp's requirements power sales contract with BPA, Contract No. DE-MS79-81BP90424. The current revision of Exhibit K, Table 2 of your contract lists only one of these determinations. The purpose of this letter is to transmit to you a corrected exhibit which lists both determinations.

The history of CF/CT determinations for PacifiCorp is as follows: The first determination, made on June 6, 1983, was for a load of 68.6 average megawatts (aMW) at the Crown Zellerbach Corporation's (now the James River Corporation's) Camas millsite at Camas, Washington. On November 17, 1983, this determination was revised to increase the load amount to 76 aMW to reflect a 100 percent load factor on the applicable contract demand. The second determination, made on March 2, 1984, was for a load of 61 aMW at the Boise Cascade Corporation's Wallula millsite, at Attalla, Washington.

Revisions of Exhibit K, Table 2 of PacifiCorp's power sales contract with BPA were prepared for each of these changes in PacifiCorp's CF/CT loads. Unfortunately, the revision which was prepared to reflect the determination for the Boise Cascade load inadvertently omitted the previous determination, as revised, for the Crown Zellerbach load.

Enclosed with this letter is a corrected Exhibit K, Table 2, which includes both determinations. Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact the Lower Columbia Area Office.

Sincerely,

(b)(6)

Edward W. Sienkiewicz
Senior Assistant Administrator

Enclosure:
Exhibit K, Table 2

DWolfe:sc:3556:11/21/90 (VS6-PMCG-7675b)

cc:

T. Miller - APP
C. Blanco - DRES
C. Combs - PMCG
A. Holm - PSCA
C. Lee - RPCE

B. McLean - DRER
R. Freeman - DSA
K. Moxness - PMCG
T. White - PSCD
Area Power Managers - LC, WC

Official File - PMC (PM-12-11-2 NLSL)

T. Scanlon - DRES
L. Kitchen - PMC
D. Wolfe - ~~PMCG~~ PG
R. Clark - RPCE

Revision No. 4^{1/}
Exhibit K, Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90424
PacifiCorp Electric Operations
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

Table 2

List of Purchaser's Loads and Amounts Which Were
Contracted for, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)</u>
James River Corporation (formerly Crown Zellerbach) Camas Millsite	Camas, Washington	76
Boise Cascade Corporation Wallula Millsite	Attalia, Washington	61

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By (b)(6)
Senior Assistant Administrator

Date DEC 05 1990

^{1/} Previous revisions were not consistently numbered. The first revision, not numbered, added the James River (then Crown Zellerbach) load at 68.6 aMW. The second revision, labelled "Revision No. 1," revised the Crown Zellerbach load to 76 aMW. The third revision, also not numbered, listed the Boise Cascade load. Thus, this revision is Revision No. 4.

(VS6-PMCG-4510c)

PMC

DEC 05 1990

Mr. Jerry Miller
PacifiCorp Electric Operations
920 SW. Sixth Avenue
Portland, OR 97204

Dear Mr. Miller:

Since the enactment of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), Bonneville Power Administration (BPA) has made two determinations that loads served by PacifiCorp Electric Operations were contracted for, or committed to (CF/CT) as of September 1, 1979, as provided under the Northwest Power Act and PacifiCorp's requirements power sales contract with BPA, Contract No. DE-MS79-81BP90424. The current revision of Exhibit K, Table 2 of your contract lists only one of these determinations. The purpose of this letter is to transmit to you a corrected exhibit which lists both determinations.

The history of CF/CT determinations for PacifiCorp is as follows: The first determination, made on June 6, 1983, was for a load of 68.6 average megawatts (aMW) at the Crown Zellerbach Corporation's (now the James River Corporation's) Camas millsite at Camas, Washington. On November 17, 1983, this determination was revised to increase the load amount to 76 aMW to reflect a 100 percent load factor on the applicable contract demand. The second determination, made on March 2, 1984, was for a load of 61 aMW at the Boise Cascade Corporation's Wallula millsite, at Attalia, Washington.

Revisions of Exhibit K, Table 2 of PacifiCorp's power sales contract with BPA were prepared for each of these changes in PacifiCorp's CF/CT loads. Unfortunately, the revision which was prepared to reflect the determination for the Boise Cascade load inadvertently omitted the previous determination, as revised, for the Crown Zellerbach load.

Enclosed with this letter is a corrected Exhibit K, Table 2, which includes both determinations. Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact the Lower Columbia Area Office.

Sincerely,

(b)(6)

Edward W. Sienkiewicz
Senior Assistant Administrator

Enclosure:
Exhibit K, Table 2

DWolfe:sc:3556:11/21/90 (VS6-PMCG-7675b)

cc:

T. Miller - APP
C. Blanco - DRES
C. Combs - PMCG
A. Holm - PSCA
C. Lee - RPCE

B. McLean - DRER
R. Freeman - DSA
K. Moxness - PMCG
T. White - PSCD
Area Power Managers - LC, WC

Official File - PMC (PM-12-11-2 NLSL)

T. Scanlon - DRES
L. Kitchen - PMC
D. Wolfe - PMCG
R. Clark - RPCE

POWER CONTRACT
Briefing Memo

Contract: Revision No. 4 to Exhibit K, Table 2 (Contracted For, Committed To Determinations), PacifiCorp, Contract No. DE-MS79-81BP90424.

Existing Circumstances: The current Exhibit K, Table 2 lists one contracted for, committed to (CF/CT) load.

Changes Required/Impact on Existing Circumstances: BPA has made two CF/CT determinations for PacifiCorp, for the James River (formerly Crown Zellerbach) plant at Camas, Washington (determined June 6, 1983; revised to a 100 percent load factor November 17, 1983), and for the Boise Cascade Wallula plant at Attalia, Washington (determined March 2, 1984). An oversight in the exhibit revision process resulted in the omission of the James River load from Exhibit K, Table 2 of PacifiCorp's power sales contract with BPA when a revision was made to list the Boise Cascade load. The proposed revision simply corrects the exhibit to show both loads.

Policy Implications: None.

Financial Management Concerns: None.

General Counsel Concerns: None.

NEPA Determination: No NEPA clearance is required.

Signature Instructions: The Senior Assistant Administrator will sign the letter and two originals of the revised Exhibit K, Table 2. No signature is required from the customer.

Area Acceptance: The Lower Columbia and Snake River area offices concur with this revision.

Attachments

DWolfe:dvw:3556 (VS6-PMCG-7675b)



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

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKI

NOV 17 1983

Mr. Robert B. Lisbakken
Vice President
Pacific Power & Light Company
920 S.W. Sixth Avenue
Portland, OR 97204

Dear Mr. Lisbakken:

On October 6, 1983, the Bonneville Power Administration (BPA), after consultation with representatives of each of BPA's customer groups, agreed to apply a 100 percent load factor to all Regional Act, section 3(13)(A) contracted for, or committed to determinations involving contract demand contracts. Previously, as part of a negotiated agreement with the Public Power Council, BPA had applied a 100 percent load factor to consumers of public agency customers with contract demand contracts. This action reflects recognition of changed conditions since passage of the Regional Act and BPA's desire to play a positive role in the economic recovery of the region. This criteria change will allow a consumer's facility which had a contract or commitment, prior to September 1, 1979, to achieve the maximum contracted for, or committed to load floor without triggering the New Large Single Load consequences of the Regional Act. BPA will retroactively apply a 100 percent load factor to all past determinations with contract demand contracts or commitments.

Enclosed is a revised signed and dated Exhibit K, Table 2, reflecting the increase in your previous contracted for, or committed to determination. The increase results from application of a 100 percent load factor to the load BPA determined was contracted for, or committed to prior to September 1, 1979. This amended Exhibit should be attached to your utility power sales contract.

Your existing Exhibit K, Table 2, may be discarded. Should you have any questions regarding this exhibit revision please contact your BPA Area or District office.

Sincerely,

(b)(6)

Administrator

Enclosure

(AUTHENTICATED COPY)

Revision No. 1
Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90424
Pacific Power & Light Company
Effective on the date of the above
power sales contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
Crown Zellerbach Corporation's Camas Millsite facility	Camas, Washington	76

/s/ Peter T. Johnson
Bonneville Power Administrator

Nov. 17, 1983
Date

(WP-PKI-3627b)

NOV 15 1983

BPA-00

Honorable Mark O. Hatfield
United States Senate
Washington, DC 20510

Dear Senator Hatfield:

This is to respond to your letter of September 22, 1983, concerning the base load determination for Crown Zellerbach's (Crown) Camas facility. Bonneville Power Administration (BPA) recently reviewed its prior contracted for and committed to determination of Crown's Camas facility. In our earlier June 5, 1983, determination, BPA found 72 MW (peak) contracted for and 4 MW (peak) committed to prior to September 1, 1979. BPA applied a historical load factor of 90.3 percent to the 76 MW (peak) which established a base load at the Camas facility of 68.6 average MW. In September 1983, Crown formally requested a redetermination and asked for 83 MW (peak) at 100 percent load factor. Crown was concerned that they could not bring on a planned 17 MW plant expansion without triggering the Pacific Northwest Electric Power Planning and Conservation Act's (Regional Act) New Large Single Load classification (NLSL). At the time of BPA's earlier determination the Crown Camas facility was operating at approximately 60 average MW.

BPA has reevaluated Crown's request as well as reviewed the criteria BPA has applied in all the determinations to date. As a result of this review, it has been determined, based on BPA's current revenue requirements and our desire to play a positive role in the economic recovery of the region, BPA will permit a 100 percent load factor on all contract demand contracts. This will allow the affected existing industries the maximum "contract for or committed to" floor in each determination for contract demand contracts. In Crown's case our prior determination of a floor of 68.6 average MW will change to 76 average MW. BPA understands that this will allow the Camas plant expansion without triggering the NLSL classification.

BPA will continue to require written documentation, contemporaneous as of September 1979, demonstrating a contract or commitment. Crown presented no such documentation for its request of 83 MW at 100 percent load factor. Absent this documentation, BPA is unable to grant Crown's request. Written documentation is essential for BPA to clearly demonstrate the basis for its determination pursuant to NLSL provisions of the Regional Act.

United States

2

We trust that the above is fully responsive to your concerns. Should you desire additional information, please let us know.

Sincerely,

(SGD) Peter T. Johnson

Administrator

BPA:KMoxness/JNormandeau/DWSchausten:mt:pw:633-8330:11/1/83 (OD-WP-1440B)

cc:

BPA - AC (2)

R. Eiguren - AD

D. Geiger - ALP

G. Tupper - O

D. Schausten - OD

L. Meyer - PLAC

G. Simson - DLP

H. Spigal - AP

E. Sienkiewicz - P

Adm. Chron. File - A

Official File - OD

CCO #203

x5117

United States Senate
WASHINGTON, D.C. 20510

OFFICIAL FILE COPY

No. 203 Date SEP 28 1992

Referred To:

A

September 22, 1983

Mr. Peter Johnson
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Peter:

It is my understanding that Crown Zellerbach has requested reconsideration of your electrical base load determination for the company's Camas, Washington, pulp and paper mill.

I understand that the application of a load factor by the BPA to the commitments of Pacific Power and Light to Crown Zellerbach, which was not intended by the parties, threatens to trigger the "New Large Single Load" provision of the Northwest Conservation and Electric Power Act when Crown's Camas Modernization is completed in 1984. Such a result penalizes the only major pulp and paper industry expansion program in our region. This \$425 million project is important to our Northwest economy.

Crown Zellerbach has advised me that it has been compelled to purchase unnecessary electricity at substantial cost to build its electrical load to avoid triggering the New Large Single Load provision of the Regional Act because of your determination. This is a waste of power and money and is contrary to the conservation intent of the Regional Act and of Congress.

I would appreciate your thorough review of the request for reconsideration. If possible, please exercise your discretion in load determinations to allow the intent of the utilities and their customers to be honored. I hope that you do not have to impose strict, technical or external standards not contemplated by the utilities and their customers in September, 1979 to achieve the objectives of the Regional Act. Your recognition of the contracted-for and committed-to loads of the utilities and their customers would provide a firm, fair and equitable way upon which to administer

Assigned to: Schausten
Copies to: Johnson, Ratcliffe,
Jura, Eiguren,
Sienkiewicz/McLennan
BPA-AC

Page 2
September 22, 1983
Bonneville Power Administration

the New Large Single Load provision of the Regional Act.
Kind regards.

Sincerely,

(b) (6)

Mark O. Hatfield
United States Senator

MOH/ti
cc: Jack Brown, Crown Zellerbach
Janet McLennan, BPA

Power Manager's
Briefing Memo

Contract: Attached is a letter to BPA customers' informing them of a change in one of the criteria previously applied to their contracted for, committed to determination. The attached revised Exhibit K, Table 2 of the Power Sales Contract shows an upward revision in the prior determination as a result of application of a 100 percent load factor to their contract demand contract.

Existing Circumstances: With the exception of some public agency contracts BPA has been applying a historical load factor to contracted for contract demand contracts to convert peak MW to average MW in order to establish the contracted for, committed to base load of a consumer's facility.

Changes Required/Impact on Existing Circumstances: In order to increase BPA revenue and to allow existing industries in the region which had a contract or commitment prior to 9/1/79, to achieve their full base load potential the BPA Administrator on October 6, 1983, directed that BPA drop its application of a historical load factor and apply a 100 percent load factor to all contract demand contracts. This change in policy will apply to all prior contracted for, committed to determinations as well as to future determination with contract demand contracts.

Policy Implications: BPA has been making its contracted for, committed to determinations on a case by case basis and developing criteria to apply in making these determinations. This decision drops application of the historical load factor criteria, and applies a 100 percent load factor to all contract demand contracts.

This change in criteria could provide more BPA revenue and contribute to the economic recovery of the region by stimulating expansion of the regions existing industrial facilities.

Financial Management Concerns: None.

General Counsel Concerns: None.

NEPA Determinations: Categorically excluded.

Signature Instructions: Administrator will sign letter and revised Exhibit K, Table 2 before mailing.

Area Acceptance: On October 20, all affected area and district offices were informed about this action via conference call. They concurred with this action and asked to be informed by Contract Negotiation Staff when the 568 is signed by the Administrator, so that they may personally inform their customers of the increase in base load.

(WP-PKI-3668b)

NEW LARGE SINGLE LOAD
DECISION PAPER

Issues:

Whether BPA should grant Crown's and PP&L's request to apply no load factor to their prior BPA contracted for and committed to determination.

Whether there is any evidentiary basis as of 9/1/79 to grant Crown 83 MW (peak).

Background:

- 2/14/83 PP&L sought BPA Determination of 76 MW (peak) but suggested 83 MW (peak) could probably be supported
- 6/6/83 BPA determined contracted for Crown load of 72 MW, and committed to load of 4 MW at 90.3 percent load factor for a total load of 68.6 avg. MW.
- 9/2/83 Crown asked for redetermination of 83 MW at 100 percent load factor. PP&L in separate letter concurred with Crown.
- Crown is currently operating at approximately 60 average MW and is planning a plant expansion of 17 average MW by 1984.

Discussion:

- Per negotiated agreement with Public Power Council to date BPA has granted 100 percent load factor only to public agency customers, with capacity only contract, and when load factor was not determinable.
- Under utility power sales contract section 8(b) the Administrator has discretion to allow 100 percent load factor on capacity only contracts.
- In the instant case contract is for 72 MW (peak), and there is a commitment for 4 MW (peak) for a total of 76 MW (peak). There is no evidence, as of 9/1/79, that would support a contracted for and committed to determination of 83 MW (peak).

Options:

- Option A (Status Quo) - Stand by BPA's 6/6/83 determination.
- Option B - Apply no load factor to Crown's 76 MW.
- Option C (Liberal) - Apply no load factor to Crown's 76 MW, and revise existing determinations to delete load factor.
- Option D - Accept hearsay evidence of 83 MW peak, and apply no load factor.
- Option E - Accept hearsay evidence of 83 MW peak, apply load factor to reach 75 avg. MW.

Recommendation:

To increase flexibility and best value in the marketing of power, and overcoming marketing constraints, Power and Resources Management recommends Option C, that is, to not apply a load factor to either Crown or in the prior determinations.

We would not recommend relaxing our requirement for contemporaneous documentary evidence of the contracted for, committed to load, as of September 1, 1979. The farther we get from that date, the less likely it is that hearsay evidence will be reliable.

(WP-PKI-3578b)9/30/83

Option C

Equity would dictate that BPA review its prior determinations and inform each impacted customer that BPA was amending their Exhibit K to reflect application of a 100 percent load factor to their industrial loads. The net effect is minimal with a total of 34.35 average MW of public agency load at the PF rate and 20.6 average MW of IOU load which can be included in ASC of the Exchange.

<u>CUSTOMER</u> <u>(Facility)</u>	<u>PEAK MW</u>	<u>L.F.</u>	<u>AVG. MW</u>	<u>DIFF.</u>
<u>Public Agency:</u>				
1. Salmon River (Cyprus Mine)	35	85%	28.26	6.4
2. Clatskanie (Crown Wauna)	14 (peak) @ 101.8 avg.	87%	113.8	2.0
3. Cowlitz (Weyerhaeuser)	405	96%	388.80	16.2
4. Ferry County PUD No. 1 (Mt. Tolman Mine)	75	87%	65.25	<u>9.75</u>
Total additional Public Agency load - 34.35 avg. MW				
<u>Investor Owned Utilities:</u>				
1. Montana Power Company (Champion)	55	76%	41.8	13.2
2. Pacific Power and Light (Crown Camas)	76	90.3%	68.6	<u>7.4</u>
Total additional IOU load - 20.6 avg. MW				

(WP-PKI-3578b)9/30/83



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

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKI

June 6, 1983

Mr. Robert B. Lisbakken
Vice President
Pacific Power & Light Company
920 SW. Sixth Avenue
Portland, OR 97204

Dear Mr. Lisbakken:

On February 14, 1983, Pacific Power & Light Company (Pacific) requested pursuant to section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act) that Bonneville Power Administration (BPA) make a determination that Pacific, as of September 1, 1979, contracted for, or committed to serve Crown Zellerbach's (Crown) Camas Mill facility (Camas) up to 83 MW (peak).

In making the contracted for or committed to determination and determining the size of the load at Crown's Camas facility, as of September 1, 1979, BPA considered the following information: (1) The contract between Pacific and Crown dated May 1, 1976, for 68,000 kW; the May 13, 1977, amendment to the May 1976 Agreement which increased the capacity to 70,000 kW; the June 1, 1978, amendment to the May 1976 Agreement, which increased the contract capacity to 72,000 kW; and the post September 1, 1979, replacement contract dated October 19, 1981, which has a contract load commitment for 72,000 kW; (2) Correspondence from 1979 and 1980 relating to the planned expansion at the Camas mill facility; and (3) Information exchanged between BPA, Pacific, and Crown at a meeting held February 3, 1983, at the Lower Columbia Area.

Based on the above, BPA has determined that as of September 1, 1979, Pacific had contracted to serve 72,000 kW of load at Crown's Camas Millsite facility and Pacific had committed to, by letter of August 14, 1979, serve an additional 4,000 kW of load at such facility. The total load BPA determined to be contracted for, or committed to, is 76,000 kW at a 90.3 percent load factor or 68.6 average MW.

BPA applied a load factor to the 76,000 kW for the following reasons. During the course of the negotiations BPA was told by the public agency customers that there were a few "naked capacity" contracts in the region. BPA put language in the contract addressing these contracts but noted for purposes of contracted for, committed to determinations, if a historical load factor could be determined, BPA would apply it to convert peak megawatts to average megawatts because section 3(13) and Exhibit K, Table 2 is written in average megawatts.

Enclosed is Exhibit K, Table 2 showing the contracted for load at Camas as 68.6 average MW. Please attach the enclosed Exhibit K to your BPA power sales contract dated August 25, 1981.

Sincerely,

(b)(6)

Administrator

Enclosure

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90424
Pacific Power & Light Company
Effective on the date of the above
power sales contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
→ Crown Zellerbach Corporation's Camas Millsite facility (WP-PK1-1811c)	Camas, Washington	68.6

Power and Resources Manager
Briefing Memo

Contract: The Pacific Power & Light Company (Pacific) entered into a contract with Crown Zellerbach (Crown) on May 1, 1976, to serve the load at Crown's Camas Millsite facility (Camas) near Camas, Washington. The contract was subsequently amended on May 13, 1977 and June 1, 1978.

Existing Circumstances: On February 14, 1983, Pacific asked BPA to make a determination that as of September 1, 1979, they had contracted for and committed to serve the load at the Camas Millsite facility near Camas, Washington, up to 83,000 kilowatts (peak).

Impact on Existing Circumstances: The cost of resources used to serve the increment of load found contracted for, or committed to pursuant to Regional Act, Section 3(13)(A), may be included by Pacific in their Average System Cost (ASC) for purposes of the Residential Exchange Agreement. The cost of resources used to meet New Large Single Loads are excluded from ASC.

Policy Implications: This contracted for determination represents no change in policy.

Financial Management Concerns: The cost of resources used to serve 68.6 average MW of Crown's Camas Millsite may be included in Pacific's ASC.

General Counsel Concerns: General Counsel's Office should review the contracts and "paper trail" submitted with this determination.

NEPA Implications: This action is categorically excluded.

Signature Instructions: The Administrator will sign the letter advising Pacific of BPA's determination.

Area Acceptance: Phil Livesley, Lower Columbia Area Power Manager, concurred on May 25, 1983.

(WP-PK1-3161b)

DECISION PAPER

FEBRUARY 14, 1983, REQUEST OF PACIFIC POWER & LIGHT COMPANY (PACIFIC) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT, AS OF SEPTEMBER 1, 1979, PACIFIC HAD CONTRACTED FOR AND COMMITTED TO SERVE AN INCREASE IN LOAD AT CROWN'S CAMAS MILLSITE FACILITY (CAMAS) UP TO 83,000 KW (PEAK).

ISSUE:

Was the load at Pacific's Camas Millsite facility contracted for and committed to as of September 1, 1979, and if so, what was the size of the load contracted for and committed to at such facility.

BACKGROUND:

On February 14, 1983, Pacific requested that BPA make a determination that Pacific's load at Camas, Washington, is not a New Large Single Load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). Pacific requested the determination on the basis that the load at Camas was contracted for and committed to between Pacific and Crown prior to September 1, 1979. Pacific submitted correspondence dated August 14, 1979 from Pacific to Crown and correspondence dated June 30, 1980, from Crown to Pacific which discussed future increases in load at the Camas Millsite facility.

In making the determination and establishing the size of the load contracted for, or committed to at Camas, as of September 1, 1979, BPA considered the following information:

Contracts:

- (a) A May 1, 1976, contract between Pacific and Crown for 68,000 kilowatts of base capacity and zero kilowatts of peaking capacity;
- (b) A May 13, 1977, contract between Pacific and Crown for 70,000 kilowatts of contract capacity;
- (c) A June 1, 1978, contract amendment between Pacific and Crown for up to 72,000 kilowatts of contract capacity;
- (d) A October 1981 contract (which replaced the May 1976 agreement) between Pacific and Crown for up to 72,000 kilowatts of capacity.

Correspondence:

BPA reviewed the two pieces of correspondence Pacific and Crown submitted which addressed an increase in load at the Camas Millsite facility. The first letter, an August 14, 1979, letter from Pacific, noted that Crown's plans to increase the load at Camas by 4 megawatts in the latter part of 1981 met with Pacific's approval providing that Crown maintained the current power factor level of 91 percent or more. This letter noted that it would be necessary to revise their agreement by amending contract capacity prior to the load addition and discussed increasing the load at Camas to 83 megawatts in

1985, but noted that Pacific would want to reserve actual judgment on their approval of that increase until a later date. The second letter, dated June 30, 1980, (and written after the September 1, 1979, cutoff date) was from Crown to Pacific and noted that Crown had embarked on a study of a possible major modification of the Camas mill. It said that the preliminary load that would be anticipated in the event that Crown decided to proceed with the increase would be an additional 17 megawatts by approximately the first of 1984. Crown said there would be some minor changes in the interim but they would be amply covered by the 4 megawatts previously discussed with Pacific. Crown states that the 4 megawatts was included in the 17 megawatts above. Crown stated that their loads in early 1984 would be 89 megawatts. The "paper trail" indicates that by September 1, 1979, Pacific had contracted to supply up to 72,000 kilowatts and made a firm commitment to serve an additional 4,000 kW at Crown's Camas Millsite facility for a total of 76,000 kW. Applying the 90.3 percent load factor from 1979 to the 76 MW (peak) gives 68.6 average MW for purposes of Exhibit K, Table 2. BPA staff did not find a basis for a combined contracted for and committed to finding of 83 megawatts as requested by Pacific in their February 14, 1983 letter.

Meeting:

Also taken into consideration in BPA's determination was the input from the meeting held on February 3, 1983 with Pacific, Crown, and BPA staff at the Lower Columbia Area Office.

Recommendation:

It is BPA's staff recommendation that the Administrator find that the load Pacific contracted for and committed to at Crown's Camas Millsite facility to be entered in Exhibit K, Table 2, of Pacific's BPA power sales contract is 68.6 average megawatts.

(WP-PK1-3162b)

DISTRIBUTION LIST

Letter: D. Douglas Larson, Utah Power & Light Company

GBell:vjh:3556:06/26/91 (VS6-PMCG-8726b)

cc:

Adm. Chron. File - A

H. Spigal - AP

S. Larson - APP

T. Miller - APP

B. McLean - DRER

C. Blanco - DRES

T. Scanlon - DRES

J. Yocom - DSA

J. Luce - P

W. Pollock - P

D. Wolfe - PG

S. Berwager - PM

L. Kitchen - PMC

G. Bell - PMCG

C. Combs - PMCG

K. Moxness - PMCG

D. Faulkner - PS

A. Holm - PSCA

S. Luttmer - PSCD

T. White - PSCD

G. Moorman - RPC

R. Clark - RPCE

C. Lee - RPCE

J. Kiley - YH

G. Lenzen - YH

Area Power Managers - LC, TC, UC, WC

Official File - PMC (PM-12-11-2 NLSL)

JUN 27 1991

PMCG

Mr. D. Douglas Larson, Manager
Economic Regulation
Utah Power & Light Company
1407 West Temple
Salt Lake City, UT 84140

Dear Mr. Larson:

On March 28, 1991, Bonneville Power Administration (BPA) received your request to determine that the load at Nu-West Industries, Inc. (Nu-West), located at Caribou, Idaho, is not a New Large Single Load (NLSL) under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). BPA's determination is that such load was contracted for, or committed to, between Utah Power & Light Company and Nu-West, as of September 1, 1979.

In making such determination BPA considered the following listed information. BPA also used the information in determining the size of the load "contracted for or committed to," which establishes a floor from which future increases, if any, at such facility will be measured.

1. Contracts.

- a. August 18, 1965, power sales agreement between Utah Power & Light Company and El Paso Natural Gas Company.
- b. May 19, 1972, assignment and agreement between El Paso Products Company and Agricultural Products Corporation.
- c. April 21, 1977, amendatory agreement between Utah Power & Light Company and Becker Industries Inc.
- d. July 25, 1983, second amendatory agreement between Utah Power & Light Company and Becker Industries Inc.
- e. August 17, 1987, power sales agreement between Utah Power & Light Company and Nu-West.
- f. August 17, 1987, Application of Utah Power & Light Company to the Idaho Public Utilities Commission for approval of an amendment to its service contract to Nu-West.

g. November 1, 1987, Amendment No. 1 of agreement between Utah Power & Light Company and Nu-West.

h. July 17, 1989, Amendment No. 2 of agreement between Utah Power & Light Company and Nu-West.

i. August 15, 1989, Interim Rate Order of Utah Power & Light Company to the Idaho Public Utilities Commission for approval of an amendment to its service contract with Nu-West.

j. February 13, 1990, Order for August 17, 1987 application of Utah Power & Light Company to the Idaho Public Utilities Commission for approval of an amendment to its service contract with Nu-West.

k. August 2, 1990, Amendment No. 3 of agreement between Utah Power & Light Company and Nu-West.

2. Correspondence.

June 1, 1972, letter from Wm. B. Teague, Attorney for El Paso Products Company addressed to Utah Power & Light Company.

February 23, 1989, letter from Marcus Wood of Stoel Rives law office to Barry Bell and Ben Sias.

Based on the preceding information, particularly the fact that a power sales agreement, as amended, existed between Nu-West's predecessor in interest, Becker Industries Inc. (Becker Industries) and Utah Power & Light Co., prior to September 1, 1979, BPA has determined that the predecessor of Nu-West had an executed contract for 25 MW of demand on September 1, 1979. Nu-West assumed the contract with Utah Power & Light from Becker Industries for the load.

BPA has further determined that the load contracted for prior to September 1, 1979, for the purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90429, Exhibit K, Table 2, is 25 MW based on the amount of demand stated in section 2(a) of the Becker Industries contract as amended through September 1, 1979. This will be the "floor" amount from which any future increases will be measured.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you should have any question regarding this determination, please contact this office.

The contracted for load established by this determination is specific to the Nu-West plant at Caribou, Idaho and is not transferable to any other Nu-West facilities, operations or to sites outside of Utah Power & Light Company's service territory. This determination is not applicable to service to this facility by another utility.

BPA will monitor the consumption at this facility annually to determine whether the load has become a NLSL as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact Rick Itami, of the Idaho Falls District Office, at (203) 523-2706.

Sincerely,

[SGD] E. W. SIENKIEWICZ

FOR Administrator

Enclosure:
Exhibit K, Table 2

GBell:vjh:3556:06/26/91 (VS6-PMCG-8726b)

cc:
Adm. Chron. File - A
H. Spigal - AP
S. Larson - APP
T. Miller - APP
B. McLean - DRER
C. Blanco - DRES
T. Scanlon - DRES
J. Yocom - DSA
J. Luce - P
W. Pollock - P
D. Wolfe - PG
S. Berwager - PM
L. Kitchen - PMC
G. Bell - PMCG
C. Combs - PMCG
K. Moxness - PMCG
D. Faulkner - PS
A. Holm - PSCA
S. Luttmer - PSCD
T. White - PSCD
G. Noorman - RPC
R. Clark - RPCE
C. Lee - RPCE
J. Kiley - YH
G. Lenzen - YH
Area Power Managers - LC, TC, UC, WC
Official File - PMC (PM-12-11-2 NLSL)



Department of Energy

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

EXECUTIVE OFFICE

MAR 07 2014

In reply refer to: PSW-6

Mr. Ryan Flynn
Vice President & General Counsel
Pacific Power Legal
825 NE Multnomah St, Suite 2000
Portland, OR 97232

Dear Mr. Flynn:

On November 27, 2013, you sent a letter to Elliot Mainzer, Administrator, Bonneville Power Administration (BPA), requesting that he make a determination under section 3(13)(A) of the Regional Act that the Wah Chang load is a Contracted For or Committed To (CFCT) load of Pacific Power.

In its request letter of November 27, 2013, Pacific Power made the following points:

1. Pacific Power was serving the Wah Chang plant in Millersburg, Oregon on September 1, 1979.
2. Pacific Power was actively engaged in an expansion of service to the plant through increasing the Murder Creek Substation transformation capacity to 50 MVA dedicated solely to serve Wah Chang.
3. Although no contemporaneous new contract was found, the fact is that the parties discussed an expansion of the Murder Creek Substation prior to September 1, 1979, and that such expansion was in fact completed in 1980, indicating that there was indeed a commitment by Pacific Power to serve up to 50 MW of load at the Wah Chang plant.

BPA policy requires BPA to take a hard look at contemporaneous documents evidencing either a contractual agreement to serve or an obligation or commitment by the utility to serve the consumer load, including the amount of service to be taken. Such evidence may include contracts, bills, meter readings, meeting notes, letters, actions taken, and other relevant documents.

Pacific Power provided contemporaneous documents which refer to its 1956 service contract with Wah Chang for service to the Millersburg plant, ongoing service contemporaneous with September 1, 1979 and continuing to the present, and evidence of a proposed new contract to expand the electric capability of the Murder Creek Substation serving Wah Chang to 50 MVA.

Pacific Power also provided additional evidence of the completion of such expansion and information on the nature of operations at the Murder Creek Substation including electrical one-line diagrams. The one-line diagrams show the extent of the site and the electrical plan of service after the expansion of the Substation to increase service to Wah Chang.

BPA has reviewed the documents and all other information provided by Pacific Power in support of its request for a CFCT determination for Wah Chang and has conducted site visits to the Murder Creek Substation and Pacific Power offices to verify the information provided.

Based on the above mentioned contract, the actions taken, other information provided and BPA's staff review of that information, I find that the Pacific Power load at the Wah Chang plant was a CFCT load on September 1, 1979. The CFCT load was served or committed to be served by Pacific Power in the amount of 50 megawatts. Therefore, the floor for measuring any increases in load from that September 1, 1979 date shall be 50 MWs at a 100% plant factor for purposes of any calculations under section 3(13)(A) of the Northwest Power Act.

Sincerely,

(b)(6)

Elliot E. Mainzer
Administrator and Chief Executive Officer

cc:
Phil Obenchain
Michelle Mishoe

Enclosure:
Determination Decision Paper

bcc:
C. Lockman – KSC-4
R. Roach – L-7
T. Miller – LP-7
M. Gendron – P-6
G. Thompson – PS-Spokane
J. Shaughnessy – PSI-6
R. Anderson – PSS-6
L. Bleifuss – PSS-6
J. McNeill – PSS-6
S. Wilson – PSW-6
CCM_Support – KSC-4 (PacifiCorp, 09PB-13206)
Official File - PSW (PM-11)

(W:\PSW\POWER RD\Contract\Customer\PAC_ PacifiCorp\13206\PAC_CFCT Response letter re Wah Chang_20140307)

Wah Chang
CFCT Determination Decision Paper
February 27, 2014

On November 27, 2013, Pacific Power, a business unit within PacifiCorp, requested that Bonneville Power Administration (BPA) determine that, as of September 1, 1979, the load associated with the Wah Chang plant located in Millersburg, Oregon, was a "Contracted For or Committed To" (CFCT) load. BPA did not receive a request for a facilities determination for this site, nor did BPA receive any information that suggested there were multiple facilities at this site. Therefore, BPA treats this load as a single facility for purposes of this CFCT determination.

Issue

Was the Wah Chang plant "contracted for or committed to" as of September 1, 1979 by Pacific Power pursuant to Section 3(13)(A) of The Pacific Northwest Electric Power Planning and Conservation Act (Regional Act), and, if so, what was the size of such load for the purposes of establishing a CFCT amount against which future increases in load at such facility, if any, can be measured?

Background

In a November 27, 2013 letter to BPA Administrator Elliot Mainzer, Pacific Power requested that BPA determine that the load at the Wah Chang plant is a "contracted for or committed to" load (CFCT) of Pacific Power. Pacific Power stated in its letter that the load at the Wah Chang plant was contracted for or committed to be served by it prior to September 1, 1979. Pacific Power did not request a CFCT determination for this load at the time of the enactment of the Regional Act. Congress did not specify any time limitation for CFCT determination requests. Utilities, including Pacific Power, have an ongoing right to request a CFCT determination for their large retail loads. With the implementation of the Residential Exchange Program (REP) settlement whereby Average System Costs (ASC) determine, in part, an exchanging utility's REP benefits, a CFCT determination for the Wah Chang load may have an impact on Pacific Power's REP benefits.

The standard of proof for all CFCT determinations is contemporaneous documentary evidence regarding the load. Such evidence may include contracts, bills, meter readings, meeting notes, letters, and other relevant documents. As part of its November 27, 2013 request, Pacific Power shared historical information surrounding the planning and expansion of the facilities needed to serve an increase in load at this site up to 44 MW. Pacific Power also provided actual load data for 1976 and projected loads through 1981 in the five-year planning study, a one line substation engineering diagram for Wah Chang from 1976 showing installed capacity and planned upgrades of the distribution facilities, and an expenditure request showing a transformation capacity upgrade was completed in May 1978.

BPA staff conducted a site visit to the Murder Creek Substation to inspect the substation and related distribution facilities on January 7, 2014. Staff verified installed capacity of 100 MVA in the substation in a bank of four transformers with sequential serial numbers that were manufactured in 1979 and energized in 1980. Two of these four transformers are connected to the Wah Chang feeders, and the other two are not. Currently, one of the Wah Chang transformers also serves a small load at a nearby plant; that load peaks at 49 kW.

To comply with the NLSL Policy CFCT standard of "contemporaneous documentary evidence" BPA staff reviewed the original documents concerned at the Pacific Power offices on January 9, 2014. In addition to the documents Pacific Power submitted with its request for a CFCT Determination, Pacific Power also

provided additional contemporaneous documentary evidence surrounding the purchase and installation of the 25 MVA transformers installed in the Murder Creek Substation in response to the 5-year load study for Wah Chang.

Facility Description and Electrical Plan of Service

The Wah Chang plant is a producer of reactive and refractory metals located in Albany, Oregon. The facility has produced zirconium since 1956, and Wah Chang expanded its line of metal products to include hafnium, niobium, tantalum, titanium, vanadium and zirconium.

The facility is served by Pacific Power over two 12 kV lines from Murder Creek Substation to Wah Chang. The Wah Chang plant is served in its entirety by two 25 MVA transformers in the Murder Creek Substation.

Contemporaneous Documentary Evidence

1. Original Power Sales Agreement between Pacific Power and Wah Chang (November 15, 1956). This contract shows that Pacific Power contracted to serve Wah Chang loads as early as 1957 and for a term of at least five years, continuing year to year indefinitely after that.
2. Letter from Wah Chang requesting to increase load 20% per year for five years (August 2, 1976). This document shows that Pacific Power had continued to serve Wah Chang beyond the original power sales agreement between the parties. In addition, this letter shows Wah Chang's reliance that Pacific Power would serve substantially growing loads.
3. Letter confirming Wah Chang's request for a substantial increase in electric and water service (August 3, 1976). This letter shows that Pacific Power was planning to serve Wah Chang's growing loads in the future.
4. Albany Democrat-Herald article discussing Wah Chang growth (August 27, 1976). This article discusses the strong business and growth at the Wah Chang plant, supporting Wah Chang's request to double its load in 5 years.
5. 5-year study for the Wah Chang plant (December 1976). This study details Pacific Power's review of Wah Chang's load growth and determination of facility upgrades needed to meet that load growth.
6. Internal Correspondence cover letter for 5-year study of Wah Chang's projected load growth (January 17, 1977). This letter shows that Pacific Power studied Wah Chang's growth plan and submitted the system upgrades needed to serve that additional load for engineering review and approval, showing that Pacific Power was committed to continue serving the Wah Chang loads going forward at higher levels.
7. Internal Correspondence relating to 5-year study of Wah Chang's projected load growth (January 20, 1977). This letter states that the 5-year study is significant in that it proposes expansion and would have impacts on construction occurring in 1977.
8. Internal Correspondence documenting current loads and options to serve projected load growth at Wah Chang plant (February 15, 1977). This document shows that Pacific Power did plan to complete the construction required to serve Wah Chang's growing load and also stated that a new contract would be required. While we do not have a copy of that contract, this letter shows a commitment to contract to continue serving the load.
9. Letter confirming new furnace at Wah Chang plant (February 22, 1978). This letter shows anticipated new load and Wah Chang's expectation that Pacific Power will serve the new load.
10. Expenditure Request providing an additional 29 MVA for Wah Chang's projected load growth (completed May 8, 1978). This document states that the work to be performed is to increase capacity to Wah Chang by 29 MVA. The requisition is stamped Completed and dated

May 8, 1978, so this work was done in advance of the new transformers' installation and prior to the CFCT date of September 1, 1979.

11. Transformer Specification for new transformers for Murder Creek Substation (February 9, 1979). This document shows that Pacific Power ordered new transformers for the Murder Creek Substation in response to the 5-year planning study for the Wah Chang loads. These transformers were ordered before the CFCT date of September 1, 1979.
12. Internal Correspondence discussing additional capacity needed at Murder Creek Substation to serve Wah Chang's planned expansion (February 20, 1979). This letter states that the new transformers above will be used to serve Wah Chang loads and will eliminate the need to tie the two circuits feeding Wah Chang together to prevent overloading the original transformers.
13. Transformer Test Report from manufacturer for new Murder Creek substation transformers (June 19, 1979). This report shows that the transformers ordered to serve Wah Chang's load growth were substantially complete prior to the CFCT date of September 1, 1979.
14. Pacific Power's Asset Balances sheet showing in-service dates for the new transformers of December 31, 1980. This document shows that the transformers ordered to serve Wah Chang's load growth were in fact completed, installed, and energized in 1980.
15. Murder Creek Substation One Line Diagram (September 19, 1981). This diagram shows the feeders to the Wah Chang plant, one of which is labeled "new" on the 1981 drawing. This feeder appeared in the 1977 5-year planning study diagram as a future line scheduled to be built in 1979. The 1981 diagram shows that the planned commitment was actually carried out.

Threshold Questions

1. Is there evidence of a contracted for or committed to status for the load at the Wah Chang plant?

Yes, the 1956 service contract and the 1979 correspondence on expansion of load and notation for a new contract indicate that this load was contracted for by Pacific Power as of September 1, 1979. Pacific Power's purchase of new 25 MVA transformers in response to a planning study for Wah Chang prior to September 1, 1979 shows additional evidence that Pacific Power was committed to serve the load at a higher transformation capacity. Installation and energization of those transformers in 1980 confirms the obligation to serve.

2. Can the size of the load that would qualify for CFCT status be determined?

Yes, the five-year planning study, expenditure request document, and purchase information relating to the new transformers establish the planned installed capacity for the plant of 50 MW. Precedent from prior CFCT decisions dictates that BPA use 100% capacity factor for CFCT amounts. Pacific Power asked for a CFCT Determination for this plant at a slightly lower load amount, 44 MW that was the expected load growth at the Wah Chang plant; however BPA's past precedent does not support granting less than installed transformation capacity.

Findings

Based on the contemporaneous and later evidence provided by Pacific Power, Pacific Power was serving the Wah Chang load on September 1, 1979 under contract and was committed to serve up to 50 MW of load at the facility. The Wah Chang plant therefore is a CFCT load of Pacific Power of 50 MW pursuant to Section 3(13)(A) of The Regional Act.

Based on a review of the installed capacity and upgrades underway at the substation in 1979, BPA staff verified that Pacific Power was contracted to supply service to the Wah Chang plant up to 50 MW prior to September 1, 1979. On October 6, 1983, BPA determined that all CFCT calculations would be based on an assumed 100% load factor, effectively making energy equal demand. Given this precedent, BPA can determine the size of the CFCT load to be equal to the installed capacity prior to September 1, 1979. Installed capacity and upgrades that were underway at the Murder Creek Substation were 50 MWs.

Conclusion

The contemporaneous evidence supplied by Pacific Power supports the conclusion that Pacific Power was committed to serve up to 50 MW at the Wah Chang plant prior to September 1, 1979 based on the 1956 contract and the letter correspondence noting the need for a new contract. The fact that Pacific Power installed the requested additional capacity and continued service establish a continuing contract for service, even though Pacific Power did not provide a signed contract for that level of service at that date. This determination is consistent with prior CFCT determinations.

PMC

Mr. Jerry D. Miller
Director Power System Services
Pacific Power & Light Company
920 SW. Sixth Avenue
Portland, OR 97208

Dear Mr. Miller:

The Bonneville Power Administration (BPA) has reviewed Pacific Power & Light's (Pacific) request for a facility determination, under section 8(a) of the Pacific's power sales contract with BPA (PSC), for James River Corporation (James River) and Pope & Talbot Incorporated (Pope & Talbot) existing and planned operations at Halsey, Oregon. Based on our review and the information developed in consultation with Pacific and James River and Pope & Talbot, BPA has determined that James River and Pope & Talbot's operations consist of two existing facilities under the PSC. The operations which are separate facilities are as follows: the existing converting plant and paper mill including the proposed new secondary fiber plant (including any expansions planned by James River), and the existing pulp facility which produces bleached kraft pulp, using wood chips and sawdust as a raw material (including any expansions planned by Pope & Talbot).

BPA has made this determination by reviewing all of the facts and arguments submitted and evaluating them based on the criteria listed in section 8(a) of the PSC:

- (1) whether the load is operated by a single consumer;
- (2) whether the load is in a single location;
- (3) whether the load serves a manufacturing process which produces a single product or type of product;
- (4) whether separable portions of the load are interdependent;
- (5) whether the load is contracted for, served or billed as a single load under the individual Purchaser's customary billing and service policy;
- (6) consistent application of the foregoing criteria in similar fact situations; and
- (7) any other factors the parties determine to be relevant.

In determining that James River and Pope & Talbot operations are separate facilities, BPA has reached the following conclusions:

- (1) The James River and Pope & Talbot operations are operated by two separate and independent companies and consumers, James River and Pope & Talbot.

(2) The load is in a single location, with James River's existing converting plant, paper mill and proposed secondary fiber plant located on one parcel of land, and the Pope & Talbot pulp facilities located on an adjacent parcel of land, all of which are in Halsey, Oregon.

(3) The load consists of the following separate processes:

Pope & Talbot produces bleached kraft pulp using wood chips and sawdust as a raw material;

James River produces parent rolls of towel and tissue using secondary fiber and pulp as the raw material. The converting operation uses parent rolls of towel and tissue papers to produce finished paper towels, napkins, and tissue.

The products of the above processes are, respectively, kraft pulp, and parent rolls of towel and tissue paper. Pulp and paper are recognized within the industry as different products, are different in chemical composition, have different physical properties and qualities, and have different markets. They are therefore different types of products.

There are separate and individual markets currently in existence for the purchase and sale of parent rolls of towel and tissue paper, and for pulp. Pope & Talbot sells approximately 65 percent of the pulp it produces to other customers and James River buys a substantial amount of pulp it uses from other suppliers.

(4) Each of the separate processes is independent from the other, in that each: has a separate owner; is based upon the use of different raw material inputs; is recognized, organized, and operated as an independent profit center; may operate without input from the other onsite process; and does not depend on the other process physically or economically.

Shared services, such as water pumping, compressed air delivery, steam generation, natural gas supply, administrative functions and effluent treatment, are also shared as a matter of economy, all of which could be independently provided by each owner and do not reflect the interdependence of the separate processes.

(5) The pulp mill, paper mill, converting facilities and secondary fiber plant are all billed as a single load by Pacific. However, James River and Pope & Talbot submeter their usage and on the basis of the difference between the Pacific meter and its own meter readings, James River bills Pope & Talbot for Pope & Talbot's power usage. Both parties are served pursuant to an addendum to Pacific's power sales contract with James River executed in July 1987, signed by both James River and Pope & Talbot. BPA has required separate loads to be separately metered so that measurement of load increases at facilities are both accurate and easy to review. The current submetering differs from this requirement such that this determination is made with two understandings. First, Pope & Talbot has planned modifications to the electric distribution system for this load which will permit separate metering in the future. Second, absent

separate metering of these loads, PP&L, James River and Pope & Talbot understand and agree that the current metering will not support any additional facilities at this site in the future. This unique historical submetering arrangement is not in any way a new norm or precedent for BPA's future facility determinations which will continue to require separate metering for separate loads.

(6) The determination that James River and Pope & Talbot operations are separate facilities is consistent with BPA's previous facility determinations with the understanding that these loads will be separately metered in the future.

(7) Neither Pacific nor BPA has identified any other factors that are relevant to this decision.

Based on BPA's determination that James River and Pope & Talbot operations are two separate facilities, each of the facilities will be treated and monitored as a separate load for purposes of new large single load (NLSL) determinations under section 8 of the PSC.

This facility determination is not a determination that any of James River and Pope & Talbot's loads is a NLSL. Whether any of the separate facilities becomes an NLSL depends on the actual energy consumption at each facility. The statutory test of a NLSL, and the test included in the PSC at section 8(b), is an actual consumption test. Pacific will be expected to monitor the load at each facility during each 12-month period from the agreed-upon date of either energization or commercial operation for each facility, as selected by Pacific with BPA's concurrence. The actual consumption at each facility during each 12-month period will be the deciding factor in determining whether the load at any facility has become a NLSL.

If you have any questions concerning this facility determination, please contact Dennis Metcalf on 230-4554 at the Lower Columbia Area Office.

Sincerely,

Senior Assistant Administrator

GBell:rs:3556:05/26/92 (VS10-PMCG-9755b)

cc:

H. Spigal - AP
D. Adler - APP
T. Miller - APP
B. McLean - DRER
T. Scanlon - DRES
C. Blanco - DRES
J. Yocom - DSA
D. Metcalf - LC
C. Loosli - LC

W. Pollock - P
D. Wolfe - PG
S. Berwager - PM
L. Kitchen - PMC
C. Combs - PMCG
G. Bell - PMCG
E. Bleifuss - PSC
S. Kageler - PSCA
A. Schauer - PSCD
T. White - PSCD

G. Moorman - RPC
R. Clark - RPCE
C. Lee - RPCE
J. Kiley - YH
G. Lenzen - YH
Area Power Managers
- LC, TC, UC, WC
Official File - PMC
(PM 12-11-2 NLSL)

DECISION PAPER

NLSL Facility Determination - James River and Pope & Talbot

INTRODUCTION

Following preliminary inquiries Pacific Power & Light Company (Pacific) requested that BPA concur with Pacific's determination that the two existing operations at Halsey, Oregon are separate facilities under section 8(a) of Pacific's power sales contract with BPA. Pacific submitted its request by letter, accompanied by pages of data, descriptive material and attachments. After reviewing the materials submitted, BPA staff requested additional information. BPA staff reviewed all of the information submitted.

Pacific has identified the following operations as separate facilities: James River Corporation's (James River) existing converting plant and paper mill with a present load of about 11.59 average megawatts (aMW) which is expected to increase by 4 or 5 MW once the proposed secondary fiber plant is completed; and Pope & Talbot Pulp Inc.'s (Pope & Talbot) existing pulp facilities, with a present load of about 11.20 aMW.

This decision paper assembles the facts concerning James River's and Pope & Talbot's operations and describes the application of the facility determination criteria in section 8(a) of the power sales contract to these operations.

DESCRIPTION OF OPERATIONS

On September 14, 1967, American Can Company (American Can) began construction of a \$40 million pulp and paper mill in Halsey, Oregon. The converting department of the pulp and paper mill began operation in 1968, and on April 13, 1969, the first paper machine started operating. The second paper machine began operation on August 20, 1969. On September 7, 1969, the pulp mill began operations. On March 4, 1970, the Halsey mill began operating at full production levels. The pulp plant's normal production capacity at the beginning was approximately 130,000 tons annually. Of this about 90,000 tons were delivered to the paper mill and the rest was sold to outside purchasers. The plant was served with electric power under a contract entered into between American Can and Pacific dated March 7, 1969.

Sale to James River and Pope & Talbot

On March 1, 1978, American Can sold a half interest in the pulp mill to Pope & Talbot. The co-owners of the facilities agreed that American Can would continue to operate the pulp plant as well as the paper plant. On July 2, 1982, James River purchased the Pulp and Paper Division of American Can. Included in that purchase was a lease of the Halsey paper operation. By lease dated July 7, 1982, American Can leased the paper mill and converting operation to James River for a term of 7 years with an option to buy the paper mill and converting operation at a stated price. Under the terms of the lease, James River also undertook American Can's obligation to manage the pulp facility. In May 1983, Pope & Talbot exercised its option to purchase the

remaining one-half of the pulp mill from American Can. Pope & Talbot elected to have James River, acting as agent for American Can, continue in the role of pulp facility manager. In 1985, James River and Pope & Talbot renegotiated the terms of their agreements so that the contracts for purchase of, and management of, the pulp facility ran directly between James River and Pope & Talbot. On October 27, 1986, James River exercised its option to buy the paper mill and converting operation from American Can.

On May 1, 1989, Pope & Talbot exercised its right to assume management of the pulp mill. Today, Pope & Talbot owns and operates the pulp mill in its entirety, and James River Corporation owns the converting operation and paper mill in its entirety and operates that facility.

In conjunction with its converting plant and paper mill, James River is constructing a secondary fiber plant which is scheduled to begin operations in March 1992. The converting operation, the paper mill, and the secondary fiber facility will be operated together as one facility for the production of paper.

The scope of the requested facility determination is limited to the existing facilities and the planned expansion.

CRITERIA FOR FACILITY DETERMINATIONS

Under its power sales contract with Pacific, BPA evaluates requests for facility determinations using certain general criteria. The criteria are listed in section 8(a) of the power sales contract. Specifically, the criteria are:

- (1) whether the load is operated by a single Consumer;
- (2) whether the load is in a single location;
- (3) whether the load serves a manufacturing process which produces a single product or type of product;
- (4) whether separable portions of the load are interdependent;
- (5) whether the load is contracted for, served or billed as a single load under the individual Purchaser's customary billing and service policy;
- (6) consistent application of the foregoing criteria in similar fact situations; and
- (7) any other factors the parties determine to be relevant.

The analysis of the circumstances of this requested facility determination under these criteria is discussed below.

FACTUAL BASIS FOR APPLICATION OF FACILITY DETERMINATION CRITERIA

Operation by a Single Consumer

The operations which are the subject of this determination are or will be owned and operated by James River or Pope & Talbot. The two existing operations previously were owned by a single consumer and were operated independently by American Can until the operations were acquired by James River and Pope & Talbot.

All of the plants and operations which were the subjects of previous facility determinations finding multiple facilities have been owned and operated by a single consumer.

Single Location

All of the James River and Pope & Talbot operations at Halsey, Oregon are or will be located on adjacent parcels of property. The paper mill, the new converting operations and the proposed secondary fiber plant occupy one parcel. The existing pulp processing plant occupies the other parcel. Each operation occupies its own separate building or buildings.

All of the subjects of previous facility determinations finding multiple facilities have also been sited at single locations.

Manufacturing Process Producing A Single Product or Type of Product

The James River paper mill produces parent rolls of towel and tissue (approximately 6 feet in diameter and 8 feet long) using secondary fiber and pulp as the raw material. The James River converting operation uses parent rolls of towel and tissue papers to produce finished paper towels, napkins, and tissue ready for sale to retail merchants and commercial buyers. The price James River pays Pope & Talbot for pulp is determined by a calculation based on the open market price for pulp. James River's paper mill, converting operation and secondary fiber operation, and Pope & Talbot's pulp facility are not interdependent operationally (but are electrically). If the paper mill is inoperable for any reason, Pope & Talbot may sell its pulp production during the period on the open market to other customers. Conversely, if the pulp mill is not operating, James River continues to operate the paper mill with pulp purchased from other suppliers or other James River facilities.

Past facility determinations have found separate facilities for manufacturing processes producing products which may be sold in different actual or potential markets. For example, a plant producing powdered potatoes has been distinguished from one producing french fries and hash browns (Carnation), a liquid silane plant was distinguished from one producing polycrystalline silicon (Union Carbide), a TMP plant was distinguished from a newsprint paper mill (Ponderay Paper), and a plant producing crystalline sodium chlorate was distinguished from one producing mixed solutions of sodium chlorate and other chemicals (KemaNord). The extensive information presented by the Pacific and James River and Pope & Talbot, including existing and potential separate markets and purchasers for towel and tissue paper and pulp, suggest that it is reasonable to conclude that the two paper products and the two pulp products have separate markets. A showing of a separate viable economic market for the product has been a basis for finding distinct loads serving manufacturing processes in past determinations. For example, the KemaNord determination was based on a specific showing by the company that the markets for the products were separate and did not overlap.

Interdependence Among Portions of the Load

The Pope & Talbot and James River facilities share certain common services such as water pumping, effluent treatment, compressed air delivery, steam generation, and natural gas supply. However, none of these services depend on

simultaneous operation of the two facilities. All the services can continue for whichever plant is operating when another is not. Costs of these common services are allocated between James River and Pope & Talbot on the basis of formulas specified in their agreements. It should be noted that James River is presently in the process of constructing a wastewater treatment plant, and has applied to the Department of Environmental Quality for its own water discharge permit further indicating the increasing separation of the functions of the two plants. See also the discussion regarding operational and electrical interdependence under "Manufacturing Process," above.

Electric Power Service

As previously stated, James River owns and operates the paper mill, converting operation, and will own and operate the secondary fiber plant at the Halsey site. Pope & Talbot owns and operates the pulp mill at Halsey. Based on historic reasons, however, both the Pope & Talbot and James River facilities are metered at a single Pacific meter. James River and Pope & Talbot submeter their usage and on the basis of the difference between the Pacific meter and its own meter readings, James River bills Pope & Talbot for Pope & Talbot's power usage. Both parties are served pursuant to an addendum to Pacific's power sales contract executed in July 1987 signed by both James River and Pope & Talbot.

Thus, each production process has a separate owner with independent management. Prior determinations discuss this criterion. The determinations for Union Carbide and Ponderay Paper addressed only electrical independence, finding in each case that the proposed facilities were electrically independent. The facility determinations for Newmont and KemaNord addressed economic and physical interdependence in addition to electrical independence, and found that the proposed facilities in each case were independent, based on independent economic evaluation by the consumer of the separate facilities, as well as the physical separation and operational independence of the proposed facilities.

Contracting, Service, or Billing as a Single Load

The pulp mill, paper mill, converting facilities and secondary fiber plant are all billed as a single load now by Pacific. Pacific owns the substation and metering facilities which were installed at the time American Can built the facilities. James River receives and pays Pacific's bill for the combined services and makes the allocation. The single billing was approved by the Oregon Public Utility Commission with knowledge by the Commission that the facilities were operated as separate entities, when the Commission approved the 1987 addendum to the American Can/Pacific contract. BPA has required separate loads to be separately metered so that measurement of load increases at facilities are both accurate and easy to review. The current submetering differs from this requirement such that this determination is made with two understandings. First, Pope & Talbot has planned modifications to the electric distribution system for this load which will permit separate metering in the future. Second, absent separate metering of these loads, PP&L, James River and Pope & Talbot understand and agree that the current metering will not support any additional facilities at this site in the future. This unique

historical submetering arrangement is not in any way a new norm or precedent for BPA's future facility determinations which will continue to require separate metering for separate loads.

Consistency with Previous Facility Determinations in Similar Fact Situations

BPA has made six previous facility determinations. Two potato processing operations owned by Carnation were found to be separate facilities in February 1983. Operations planned by Union Carbide for the production of liquid silane and polycrystalline silicon were determined to be separate facilities in April 1984. Ponderay Paper Company's planned pulp mill and paper plant were determined to be separate facilities in January 1985. Newmont Gold Company's gold milling and leaching operations were determined to be separate facilities in March 1989. Also in March 1989, two operations planned by KemaNord, Inc., for the production, respectively, of sodium chlorate crystals and mixed solutions of sodium chlorate and other chemicals were found to be separate facilities.

The section 8(a) criteria are to be applied consistently in similar fact situations. The Newmont determination included a finding that the fact situation involved in that case was unique and significantly different from previous determinations. Consistency among facility determinations must be evaluated in light of all of the criteria together, and not by comparison of individual facts pertaining to individual criteria in isolation. This approach is necessary because a facility determination is not based on any single criterion, but on the cumulative effect of the facts of the situation under all of the criteria.

This requested determination differs from all previous determinations in that this determination involves two consumers. The factual situation concerning James River and Pope & Talbot in some ways resembles Daishowa and Ponderay Paper determinations in several respects. All three deal with pulp and paper operations and in all cases some of the output of the pulp operation goes to the paper plant, but may be sold to other purchasers.

The James River and Pope & Talbot determination differs from both Daishowa and Ponderay in that the separate operations have separate owners. The Daishowa differs from the Ponderay Paper determination in that the proposed facilities include two separate operations which produce two types of pulp. The Ponderay Paper determination included a single pulp operation in a single proposed facility.

The determinations differ with respect to analysis of the marketability of pulp. For the Ponderay Paper determination, no specific information was presented on the capability to market pulp. The information provided was that markets existed for Ponderay Paper's pulp output, but that all pulp produced at the site would be committed to on-site paper production. On the other hand, Daishowa showed that the planned pulp operations have potential markets aside from the N-1 paper mill and will be equipped to transport their products to off-site markets if Daishowa chose to do so. Similarly, Pope & Talbot can and does sell pulp to off-site markets.

Based on the similarities between the James River fact situation and the Daishowa and Ponderay Paper facility determination and the consistency between

determinations required under this criterion, the paper mill should be a separate facility from the pulp plant. A determination that the pulp plant is a separate facility is also consistent with the Ponderay Paper and Daishowa determinations, because the separation of a newsprint mill from pulp facilities in the Ponderay Paper determination and the determination that the two pulp operations proposed by Daishowa also could be separate facilities does not preclude James River and Pope & Talbot operations from being divided into separate facilities.

The Carnation, Union Carbide, and Ponderay Paper determinations concerned vertically integrated operations where different parts of the production sequence were found to be separate facilities. In the Union Carbide and Ponderay Paper determinations, actual markets were shown to exist for the products of the separate facilities. Based on these previous determinations and the information on the existence of markets for the products, the pulp plant and the paper mill are separate and independent stages in the production sequence, with existing or potential markets, and should be separate facilities under this criterion.

The KemaNord and Newmont determinations concerned parallel production processes, where the proposed facilities produced different products side by side from similar raw materials. In the KemaNord determination, two similar processes were found to be separate facilities based in part on a showing that the actual markets for the products of the two parallel processes were separate from one another. In the Newmont determination, the two operations would have been a single facility based on the fact that both processes produced inputs to the production of a single marketable product, gold, but were found to be separate facilities based on their independence and other relevant factors identified, including the unique characteristics of an extractive mining operation and the independent economic evaluation of the two operations by its owners, substantially predating the request for a facility determination.

Based on these precedents, the existing paper mill and pulp plant should be separate facilities because James River and Pope & Talbot have shown the existence of separate markets for pulp and paper. James River and Pope & Talbot have also shown the independence of production operations from each other, economically, operationally, administratively, and although electrically integrated, this alone for the reasons stated above does not in this instance weigh against finding separate loads between the two current production processes. This is also consistent with prior determinations.

Other Relevant Factors

No additional relevant factors have been identified to date.

DETERMINATION

Section 8(a) of the power sales contract provides that BPA and Pacific are to make a reasonable determination of what constitutes a single facility. This determination is to be based on the seven criteria discussed above. BPA has previously interpreted this provision to mean that BPA will base its decision upon a review of the best information provided by the customer about the

proposed loads. Regarding the seven criteria, BPA's policy has been and continues to be that all criteria are viewed as a whole and none given greater weight than the others. Pacific has proposed two single facilities, one for James River and one for Pope & Talbot. These will be discussed under each criterion below. References to facts cited are provided in the factual analysis above.

Single Ownership

The first criterion is whether the proposed facilities are under a single ownership. Clearly, the operations presented here have two owners, James River and Pope & Talbot. The two existing plants, i.e., the paper mill and the pulp processing plant, previously were under single ownership and were purchased separately by James River and Pope & Talbot. In each of BPA's previous facility determinations, there has been only one owner of the proposed multiple facilities. Single ownership often contradicts separate facilities and indicates a need for a facility determination. Since the two facilities have separate ownership, this criterion would suggest that two facilities exist, consisting of one facility for each of the owners.

Single Site

The second criterion is location at a single site. Although the operations are adjacent to each other each has its individual location. The facilities have existed at their same sites for many years. In one sense the facilities occupy the same general location. However, the operations are located close together to maximize economies. In all prior determinations, the facilities have been located in close proximity to each other, and this criterion does not suggest any particular number of facilities. Therefore, two facilities may exist upon the same general site.

Separate Products

The third criterion addresses whether the load of a manufacturing process produces separate products. Previous facility determinations have evaluated information presented under this criterion on the basis of whether a purported product has a separate identifiable market, either potential or existing, which is both recognized by the industry and capable of being used by the consumer. Evaluation of this criterion in light of all the information presented indicates that there are two facilities for the following reasons:

Paper Mill. Regarding the existing tissue paper mill, an identifiable market has been demonstrated. The previous owners, American Can, sold towel and tissue paper to an actual market prior to the presently requested determination. James River and Pope & Talbot have presented information which establishes that the market for towel and tissue paper is distinct from other pulp markets.

Pulp Processing Operations. Regarding the pulp processing facility, Pacific and James River and Pulp & Talbot have shown an identifiable market exists.

Based upon the foregoing, an analysis of the third criterion establishes that there are two products being produced by the proposed manufacturing processes, each with a separate and distinct existing or potential market. Indeed, some

of those markets are well established and have been served by some of these production processes for many years. These separate products which the loads at each of the manufacturing processes produce are towel and tissue paper and pulp.

Interdependent Loads

The fourth criterion concerns whether the loads are interdependent, that is, dependent upon each other. As discussed above, BPA has previously interpreted this criterion as addressing whether the load for each proposed facility is electrically and economically independent of the other(s).

The two existing plants, the paper mill and the pulp processing plant, have historically been one economic profit center and a single load when the plant had one owner, American Can. However, since James River and Pope & Talbot have become successors in interest the ownership and operation was divided. James River and Pope & Talbot indicate that both will continue to be separate and distinct economically and electrically (via submetering) from each other and from the new plants. Each will be expanded in its sphere of operations. Regarding each of the plants, they are planned as separate profit centers, to be administered and evaluated separately. Each proposed facility has the ability to operate independently of the others to supply external market. This flexibility is essential to the operation of each process has an independent profit center. Additionally, each of the plants will be separated electrically through submetering.

BPA considered and rejected a conclusion that the loads are interdependent because some services are shared. BPA was persuaded by James River and Pope & Talbot's showing that none of the services depend on simultaneous operation of the two facilities.

The integration of administrative services is based upon efficiency and economy of scale. This criterion should not be interpreted to discourage recovery of usable waste byproducts and thereby reduce technological efficiency, nor should it be interpreted to create financial waste by artificially requiring greater capital investment or outlay to deprive business of otherwise available economies of scale. This criterion indicates that each of the proposed facilities is independent from the others in operation and they are therefore not loads which are interdependent with each other.

Contracting and Metering

The fifth criterion regards whether the load is or will be served under separate contract and metering arrangement, and billed by the utility separately from other loads. The paper mill and the pulp processing plant have previously been served by Pacific under the same contract with American Can. This contract was continued with James River and Pope & Talbot. Both James River and Pope & Talbot signed a new contract with Pacific. Although Pacific will only bill James River, James River will bill Pope & Talbot using submetering to figure the amount to charge Pope & Talbot. This arrangement is consistent with the administration of each plant as a separate profit center. This criterion suggests that each of the plants are under separate contract

and will in the future be metered and billed separately by the utility based on planned changes to the electric service to the site.

Consistent Application of the Criteria in Similar Fact Situations

The sixth criterion regards the consistent application of the foregoing criteria in similar fact situations. Each successive facility determination has presented new fact situations for BPA to consider. The volume of information made available to BPA by the utility and consumer about markets, products, plans, and processes has increased with each request. BPA therefore has interpreted this criterion to mean that a general consistency is required based on the facts of each case. As BPA refines its evaluation of these criteria, it will use them as a guideline for future determinations.

A review of prior determinations shows that BPA has found separate facilities for manufacturing processes producing products which may be sold into actual or potential markets. For example, a processing plant which produces powdered potatoes has been identified as a separate facility from a plant producing french fries and hash browns (Carnation), liquid silane has been identified as a distinct product from polycrystalline silicon (Union Carbide), TMP pulp was found to be a separate product from newsprint (Ponderay Paper), crystalline pure sodium chlorate was distinguished from sodium chlorate and other chemicals in liquid solution (KemaNord). The earlier determinations also show that BPA found separate facilities based upon electrical independence between the existing or planned loads (Union Carbide and Ponderay Paper), and upon economic independence of loads as individual profit centers (Newmont Mine and KemaNord).

BPA's present determination is consistent with its prior determinations in that the interpretations of the third criterion and the fourth criterion discussed above are the same as in prior determinations. Neither has the first, second, or fifth criterion been applied differently with the noted proviso regarding separate metering and future planned service to these loads. The most similar fact situation was the Ponderay Paper facility determination. In that determination, BPA found that a planned paper mill and a planned TMP pulp process were two separate facilities because the load for each manufacturing process produced a separate product with different actual or potential markets, and were not interdependent loads. BPA has applied the same standard to similar facts in this determination.

Other Relevant Factors

Regarding the seventh criterion, Pacific and James River and Pope & Talbot did not identify any other factors which should be considered.

CONCLUSION

All the criteria are to be viewed on the whole and no single criterion is to be given greater weight than another. Based on the foregoing analysis of the facts presented by Pacific and James River and Pope & Talbot to BPA, the criteria may be summarized as follows: The first criterion suggest a finding of two facilities exist on the Halsey site. The second criterion suggests that there are two facilities. The third, fourth, and fifth criteria support

a finding of two facilities for the reasons stated. The sixth criterion suggests that a finding of two facilities would be consistent with prior determinations and particularly with the one earlier determination that a newsprint paper mill and a pulp production process were separate facilities. The seventh criterion was not applicable. Therefore, the criteria on the whole support a finding of two facilities.

Based upon the foregoing analysis and the facts set forth above, BPA has determined that the James River and Pope & Talbot operations at Halsey, Oregon consist of two facilities which are: the existing paper mill and the pulp process.

GBe11:rs:3556:05/15/92 (VS10-PMCG-9766b)

Please Reply To:

Ryan Flynn, Vice President & General Counsel
Pacific Power Legal
825 N.E. Multnomah Street, Suite 2000
Portland, Oregon 97232
Direct Dial (503) 813-5854
Fax (503) 813-7262
E-Mail: ryan.flynn@pacificorp.com

VIA EMAIL AND US MAIL

November 27, 2013

Elliot Mainzer
Administrator (Acting)
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621

**Re: Request for Determination of the ATI Wah Chang Facility Load as
Contracted For, or Committed To (CFCT)**

Dear Administrator Mainzer:

Pursuant to Section 3(13) of the Pacific Northwest Electric Power Planning and Conservation Act ("Act"), Pacific Power hereby requests the Administrator make the determination that the load of the Wah Chang facility located in Millersburg, Oregon was a "Contracted For, or Committed To" ("CFCT") load of Pacific Power as of September 1, 1979. Pacific Power also requests that the Administrator set the CFCT amount for Wah Chang's load as of that date at forty-four (44) MW. Under the Act, BPA has the responsibility for making such determinations.

Wah Chang is currently a large load of Pacific Power and has been a large industrial load of Pacific Power's dating back to the 1950s. Pacific Power is attaching historical documentation from the 1970s and early 1980s that shows the Wah Chang facility to have a load of 22 MW prior to September 1, 1979 and projected load growth up to 44 MW by 1981 (see attached Exhibit 1).

In January 1977, Pacific Power made a study of Wah Chang's load in anticipation of expected expansions at the facility. The report noted:

Teledyne Wah Chang Corp. is a rare metals manufacturer producing primarily zirconium. This study covers the Teledyne Wah Chang properties and all associated equipment back to and including Murder Creek Substation (see Map I). The load is served through two

parallel 69/12 KV Delta-Delta transformers. Two express feeders connect in parallel out of Murder Creek Substation serve Wah Chang at one meter location.

Teledyne Wah Chang has a summer peak. The highest peak experienced thus far has been 22 MW. Wah Chang plans to double their existing load by year 1981.

CONCLUSIONS AND RECOMMENDATIONS: Teledyne Wah Chang is taking on a tremendous project with the anticipation to double their existing load. Because of this large load (44 MW) Pacific Power will have to add a considerable amount of capacity to its existing system.

(Exhibit 1, p. 9.) The "Table II" attached to the 1977 study shows a recorded peak load in 1976 of 21.5 MW with projections of 44 MW by 1981. Pacific Power's documents also show the planned upgrades to Pacific Power's facilities to serve the increased load at the Wah Chang facility. As for the load factor for the facility, BPA, in its 1981 Section 5(g) Initial Contracts Record, Environmental Report (Sept. 1981) ("Initial Contracts Record"), held that CFCT determinations for obligations based on capacity, with no limitation, would be set using a 100 percent load factor. *Id.* at § 3.3.2.1 (sections attached as Exhibit 2.)

BPA made similar determinations as those requested now by Pacific Power in 2009 upon the request of Avista Corporation regarding the service provided to the Potlatch Corp. Lewiston Complex. Using comparable information to that provided by Pacific Power in this request, BPA determined that Avista had a CFCT load of 100 MW to Potlatch based on 100 MW of capacity planned for the facility as of September 1, 1979, rated at a 100% load factor (documents attached as Exhibit 3.)

Pacific Power's seeks this CFCT determination as a result of Wah Chang's support of an effort by the City of Millersburg to form a municipal utility and secure BPA power at the lowest, Tier 1, PF rate for Wah Chang's load. This is contrary to the provisions of the Act, the intent of Congress in establishing the New Large Single Load provisions and BPA's interpretations and implementation of the Act. As BPA observed in its 1981 Initial Contracts Record:

BPA's principal reasons for determining such [CFCT loads served by a new utility] would be New Large Single Loads are:

- (1) To prevent the diminution of the Federal Base System by large industrial loads. . . .
- (2) That the references in section 3(13)(B) of the Regional Act to "such Purchaser" refer to the contractual relationship that existed on September 1, 1979, between a specific purchaser and a specific customer. . . .
- (3) A concern that allowing a consumer of an investor-owned utility which existed September 1, 1979, to receive power from a preference utility at the Priority Firm Power

Mr. Elliot Mainzer
November 27, 2013
Page 3

rate might encourage the formation of preference utilities in the immediate vicinity of a large industrial plant, solely for the purpose of providing low-cost Federal power to that industry. This would run totally contrary to the spirit of the Regional Act which was to ensure that large industrial and commercial loads pay the New Resource Firm Power rate, a rate which reflects the costs of new resources that have to be built and acquired to serve these large loads in the region.

Id. at § 3.3.4.2 (Exhibit 2)

BPA's policy regarding industrial loads served by a new, preference, utility was reiterated by the Administrator in a letter to John B. Fery, CEO of Boise Cascade Corp. on October 6, 1981, where Boise Cascade was seeking reclassification of its St. Helens facility (letter attached as Exhibit 4.) The facility was originally served by an investor-owned utility on September 1, 1979, but subsequently changed providers to a preference utility. The Administrator reasoned:

On an operational level, the reason for my decision was to prevent industrial loads, not previously served from the Federal base system, from having access to such power. Congress made it clear throughout the Regional Act and the legislative history that industrial loads not previously served by Federal base system resources, industrial load growth over 10 average megawatts in any consecutive 12-month period, and industrial loads served by investor-owned utilities were to be served at the New Resource Firm Power rate. Loads, such as your St. Helens plant, which were being served by investor-owned utilities on September 1, 1979, were being served at the utility's industrial rate. Such loads did not have access to Federal base system power at the Priority Firm Power rate, and would not have received power at that rate, even if they had continued to be served by the investor-owned utility, because the Regional Act only makes available power to serve investor-owned utilities' industrial loads at BPA's New Resource Firm Power rates.

It is for these reasons stated above that Pacific Power is requesting a CFCT determination from BPA for its historic Wah Chang facility load. If you have any questions or need clarification on any of the attached documents please contact Phil Obenchain at (503) 813-5990.

We look forward to hearing from you.

Sincerely,

(b)(6)

fr Ryan Flynn
Vice President & General Counsel Pacific Power Legal

cc: Mr. Randy Roach, Esq., BPA General Counsel
Mr. Scott K. Wilson, BPA Western Customer Services

Teledyne Wah Chang
Documents for CFCT Determination

<u>LINE NO.</u>	<u>DATE</u>	<u>FROM:</u>	<u>TO:</u>	<u>SUBJECT:</u>	<u>DESCRIPTION:</u>	<u>DOCUMENTATION PAGE NO.</u>
1	Feb-20-1979	Nunnally J. Johnson	R. C. Birkes	Murder Creek Substation	Internal Correspondence - discussion of additional capacity of the Murder Creek Substation. Two new transformers will each be 15/20/25 MVA. Added capacity will eliminate the need to tie the two circuits together.	1
2	1977-1978	Prepared by William Hahn	Completed by	Expenditure Request	Provide 29 MVA of Thermal Capacity for projected load. *Wah Chang estimates to double their total 24 MVA load within 5 years. . . *	2
3	Feb-22-1978	Wah Chang	William Hahn, PPL	Letter	Confirming telephone conversation regarding new furnace in Building No. 75.	3
4	Feb-15-1977	H. A. Van Atta	J. F. Pienovi	Document understanding	Internal Correspondence - understandings reached at Feb-9-1977 meeting regarding increased power requirements at Wah Chang. *Present deliveries of approximately 20,000 kw are billed under nthe new effective Oregon Schedule 37 . . *	4-5
5	Jan-20-1977	William E. Triplett	Hedberg/Internal List	TDI Wah Chang Distribution Study	Internal Correspondence - cover correspondence for distribution study. *Teledyne Wah Chang has a summer peak. The highest peak experienced thus far has been 22 MW. Wah Chang plans to double their existing load by year 1981.* (page 9 of documents) Table III shows 1978 recorded peak of 21.5 MW and projected peaks for 1977 - 1981 to a maximum of 44.0 MW in 1981. (page 11 of documents)	6 - 11

Exhibit 1

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT:

Portland, Oregon
February 20, 1979Mr. R. C. Birkes
800 Public Service Building

SUBJECT: Murder Creek Substation - 12 kV

Wah Chang is the only 12 kV load at Murder Creek Substation. This load is now served by a double circuit distribution line. Both circuits are tied together solidly on the first pole out of the sub. This pole is now served by two 1200 amp OCB's, one on each transformer. It has been necessary to tie the circuits together so that the load could be split between the 6/7.5 MVA and the 15/20 MVA transformers without overloading the smaller unit. The two new transformers will each be 15/20/25 MVA. This added capacity will eliminate the need to tie the two circuits together. With the tie open on the first pole, the bus tie breaker can operate normally open.

Load increases, line loss savings, service reliability, or other needs could result in the construction of an additional circuit (or circuits) to serve Wah Chang. In this case, the two existing circuits could be served by the single breaker, 5L131. The new circuit(s) could be served by the other existing breaker, 5L132. The bus tie breaker would be normally open. In either case, there will be no need for the third feeder OCB that was indicated in the budget.

After the increase in 12 kV capacity at Murder Creek Sub, the maximum symmetrical fault duties will be 150 MVA for split bus operation and 286 MVA for parallel operation. PCB No. 597 in position 5M131 is a 250 MVA breaker. The 12 kV should be operated with normally open bus tie breaker and no connections between the two feeders. If the two feeders must be tied together at any location, this will raise the fault duty above the OCB rating. Parallel operation for short periods during maintenance should not be a problem. At some future time, the two feeders may be normally connected together in the field or the bus tie breaker operated normally closed. At that time OCB 5L131 should be replaced with a unit with higher interrupting capability.

(b)(6)

Nunnally J. Johnson

NJJ:sk

cc: Messrs. Moench, Spicer, Roussos, Jones RD, Mitchell, Hercher, Stinson,
Vanderwall, Coleman, MarshExhibit 1
Page 1

x

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT:

Portland, Oregon
February 20, 1979Mr. R. C. Birkes
800 Public Service Building

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(b)(6)

Nunnally J. Johnson

NJJ:sk

cc: Messrs. Moench, Spicer, Roussos, Jones RD, Mitchell, Hercher, Stinson,
Vanderwall, Coleman, MarshS. PDK
9 JAN 23Exhibit 1
Page 1

14

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT:

Portland, Oregon
January 20, 1977

To: Messrs. Hedberg	Vanderwall	Pienovi
Birkes	Stinson	Spicer
Reed	Mitseff	Hurlbut
Nostrant/McKay	R. Anderson	Brice
Mitchell	Rhodes	

Re: Teledyne Wah Chang Distribution Study

A meeting to review the above referenced study will be held on Wednesday, February 9, 1977, in the 8th floor Conference Room, at 10:00 AM.

This study is significant in that it proposes the retention and expansion of the 12 kV delta source and would require meter totalizing from the required three circuits. Some on site 1977 construction is also dependent upon the recommendations of this study.

A copy of the synopsis is attached for your reference.

(b)(6)

Wm. E. Triplett

WET:11

Attachment

S.D. 6-11
9 JAN 14Exhibit 1
Page 6

TELEDYNE
WAH CHANG ALBANY

P.O. BOX 460

ALBANY, OREGON 97321

(503) 595-4911 TWX (516) 595-0873

February 22, 1978

Mr. William Hahn
Pacific Power and Light Company
236 Lyon Street
Albany, Oregon 97321

Dear Bill:

Confirming our telephone conversation, TWCA is installing a new electron bombardment furnace in Building No. 75. This furnace is in addition to the existing "S-6" furnace and will require a larger service to replace the existing 800 amp service. We would like this new service to be 277/480 volt grounded wye. The turn on date is July 1, 1978.

The anticipated load is as follows:

1) Existing load, 510 kw @ 85% PF	586 kva
2) 3 ea. 250 kw E.B. guns D.C. supplies, 75% efficiency	937 "
3) 4 ea. 2 kw diffusion pumps	80 "
4) 6 ea. 2.2 kw VARVHS6 diffusion pumps	13.2 "
5) 2 ea. 20 hp KMBD850 mechanical pumps	43 "
6) 1 ea. 10 hp EH1600 blower	11 "
7) 1 ea. 125 hp water pump	124 "
8) 6 ea. 15 hp cooling fans	100 "
9) Miscellaneous small motors	15 "
10) Controls	3 "
TOTAL	1912.2 kva

The new furnace will operate concurrently with the existing equipment which will result in a demand essentially equal to the connected load.

SD
9 JAN 1978

RECEIVED
FEB 24 1978
RATE DEPT.

Exhibit 1
Page 3

2

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT: February 15, 1977

MR. J. F. PIENOV:

The purpose of this memo is to document for our files, the understandings that were reached in the February 9, 1977 meeting relative to the increased power requirements at Wah Chang Albany.

Wah Chang presently has in excess of \$550,000 of leased primary distribution facilities. The present single point of delivery is a totalizing scheme at which the two parallel 12 kv circuits enter Wah Chang's property. Present deliveries of approximately 20,000 kw are billed under the now effective Oregon Schedule 37 with a downward adjustment of 15¢/kw/mo. for primary delivery. Although primary delivery adjustments are limited by the rate schedule to "locally standard primary voltage". Since Wah Chang received primary treatment at 12 kv when that was our locally standard distribution voltage, they have been "grandfathered" within the capacities presently available. Under Wah Chang's major expansion plans, we are clearly being requested to go beyond anything that has previously been agreed to and a new contract will be required.

Relative to installing additional capacities for Wah Chang, they will have the following options:

1. Continue to take all deliveries at 12 kv. Additional circuits between Murder Creek and the plant will be constructed as required and the load will be totalized at the point of delivery. At such time as the additional capacity becomes available (the third circuit is put in service), the entire load will be treated as a non-standard primary voltage which does not qualify for the primary voltage adjustment. Billings will be made under Schedule 37 with no billing adjustments.
2. Add a second point of delivery at 20.8 kv. Freeze the expansion of 12 kv at the present level and establish a new point of delivery at 20.8 kv. The existing point of delivery will continue to be "grandfathered" and will receive the 15¢/kw/mo. primary delivery adjustment downward. The new point of delivery would constitute a second rate application and would qualify as a standard primary delivery voltage for the 15¢ downward adjustment.
3. Single point of delivery at 20.8 kv. The existing facilities could be converted to 20.8 kv and the new load totalized at the one point of delivery. This would constitute a single rate application qualifying for the primary voltage adjustments. The cost of converting the existing leased facilities would be born by Wah Chang and Engineering will provide this estimate.
4. On-site substation. If a substation location on Wah Chang's property can be provided that is accessible to transmission voltage the total load could be served at either transmission or primary voltage. The suitability of the site and feasibility of making the required transmission changes will be determined by Engineering. Pacific provides transmission taps only if it can be accomplished without compromising the high standards associated with the transmission system. If delivery is made at transmission voltage with the customer owning the trans-

S.D.
9 JAN 1978

February 15, 1977

formation, Schedule 37 specifies a downward billing adjustment of 27¢/kw/mo. Pacific will also deliver from an on-site substation, any primary voltage that is mutually acceptable. (as an example, Pacific agreed that 12.5 kv was an acceptable voltage at Western Kraft and they qualify for primary voltage adjustments). If Wah Chang should select a primary voltage that is not acceptable to Pacific (usually because we can supply no backup), they will be required to provide their own transformation.

Also, discussed at the meeting was the limiting of further growth of the present lease situation. It was suggested that all new facilities be paid for by Wah Chang and that the present charges be increased to buy out, over time, the present leased facilities. Pacific would own, operate and maintain all of the facilities, both new and old until such time as Wah Chang had completed the buy out schedule.

(b)(6)

H. A. Van Atta

HAV:sh

cc: Wah Chang Work File

S.D.
9 JAN 1978

Exhibit 1
Page 5

5

Anderson,Robert (BPA) - PSS-6

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, January 09, 2014 2:04 PM
To: Obenchain, Phil; McNeill,Jamie L (BPA) - PSS-6
Cc: Mishoe, Michelle; Anderson,Robert (BPA) - PSS-6
Subject: RE: Transformer Nos

Thanks Phil, Included Robert in the chain....

From: Obenchain, Phil [mailto:Phil.Obenchain@pacificorp.com]
Sent: Thursday, January 09, 2014 1:50 PM
To: Wilson,Scott K (BPA) - PSW-6; McNeill,Jamie L (BPA) - PSS-6
Cc: Mishoe, Michelle
Subject: Transformer Nos

The transformer numbers are:

T-3657 and T-3658

I apparently don't have Robert's email address or at least it didn't popup, so would you please forward for me?

Thank you,

Phil

Phil Obenchain
Director, Bonneville Regional Affairs - PacifiCorp
825 NE Multnomah, Suite 2000 - Portland, OR 97232
503.813.5990 Office - 503.729.4812 Cell - (b) (6) Fax

Obenchain, Phil

From: Lister, Cheri
Sent: Thursday, January 09, 2014 7:43 AM
To: Carter, Chip
Cc: Frick, Larry; Obenchain, Phil; Johnson, James (Albany)
Subject: RE: BPA/Millersburg

Here is the Asset listing for Murder creek showing that the transformers are there on our books if that helps.

Asset Balances

Report Date: 12/31/2014 Asset Balances - 01 Book Deprec.
Created on: 01/09/2014

CompanyCode	Location	AssetClass		
1000	100001	36201		
Asset	SNo	Cap date	Asset description	Acquis.val
40036606	0	12/31/1980	POWER TRANSFORMER T-3657 S/N C0599951 EQ# 307816	158,628.93
40036606	1	12/31/1980	POWER TRANSFORMER T-3657 INSTALL COSTS	75,350.72
40036606	2	12/31/1980	LOAD TAP CHANGER OIL FILTER UNIT T-3657	9,416.91
40036606	3	11/21/2003	LOAD TAP CHANGER FOR TRANSFORMER T-3657	4,541.26
40036606	4	05/12/2009	POWER TRANSFORMER COOLING SYSTEM T-3657	946.37
40036607	0	12/31/1980	POWER TRANSFORMER T-3658 S/N C0599952 EQ# 307822	181,355.00
40036607	1	12/31/1980	POWER TRANSFORMER T-3658 INSTALL COSTS	75,350.72
40036607	3	03/06/2000	LOAD TAP CHANGER OIL FILTER UNIT T-3658	11,850.95
40036608	0	12/31/1980	POWER TRANSFORMER T-3659 S/N C0599953 EQ# 307827	161,355.00
40036608	1	12/31/1980	POWER TRANSFORMER T-3659 INSTALL COSTS	75,350.72
40036608	3	03/06/2000	LOAD TAP CHANGER OIL FILTER UNIT T-3659	9,278.57
40036609	0	12/31/1980	POWER TRANSFORMER T-3660 S/N C0599954 EQ# 307833	131,555.81
40036609	1	12/31/1980	POWER TRANSFORMER T-3660 INSTALL COSTS	75,350.72
40036609	2	02/29/2000	LOAD TAP CHANGER OIL FILTER UNIT T-3660	1,136.57
40036609	3	10/14/2003	LOAD TAP CHANGER FOR TRANSFORMER T-3660	59,854.46
40036610	0	12/31/1980	VOLTAGE TRANSFORMER 12KV	391.34
40036610	1	12/31/1980	POTENTIAL TRANSFORMER INSTALL COSTS	379.60
* Asset Class 36201 Transformers				1,011,693.65
** Location 100001 MURDER CREEK SUB				1,011,693.65
***Company Code 1000 PacificCorp				1,011,693.65

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT: Albany - Wah Chang Five Year Study

January 17, 1977
Albany, Oregon

Bill Triplett
Portland

Attached is the completed study for this single customer.
It is assembled separately from the general Albany study as it may require
more frequent updating.

The construction requirements for the years 1978 through 1981
are addressed in this study which is submitted for engineering review
and approval.

(b)(6)

C. E. Rhodes

CER:pp
Attachment

S.O.
9 JAN 13

Exhibit 1
Page 7

FIVE YEAR STUDY SUMMARY

Study Title: TELEDYNE WAH CHANG

ALBANY, OR

Recommended Plan, Alternate No.: _____

Description: _____

Substations: _____

Feeders: _____

Murder Creek 69/12

Wah Chang 12KV

District: Albany

Date Completed: December, 1976

Prepared By: DML/C.E. Rhodes

Reviewed By: _____

CONSTRUCTION REQUIREMENT FORECAST

DESCRIPTION OF REQUIRED WORK	CONSTRUCTION COST ESTIMATE				
	In 1977 Dollars				
	1976	1979	1980	1981	1982
Overbuild existing 4/0 circuit with 500 MCM cu (in 1977 budget)					
Underbuild existing 500 MCM cu circuit south of meter			14700		
Reconductor 1/0 cu circuit to zirconium reduction building	17000				
Change out 6/715 MVA substation trans. 15/25 MVA	200000				
Install third feeder from sub to Wah Chang facilities (3-795 AAC)		22500			
TOTAL 254,200	217000	22500	14700		

Approved By: _____
Mgr. of Electrical Engrs.

Date _____

District Manager

Date _____

Division Manager

Date _____

50.
9/22/74

Exhibit 1
Page 8

8

DISTRIBUTION STUDY - SYNOPSIS

STUDY TITLE: Teledyne Wah Chang - 12 KV
Albany, Oregon

PURPOSE AND SCOPE: Teledyne Wah Chang Corp. is a rare metals manufacturer producing primarily zirconium. This study covers the Teledyne Wah Chang properties and all associated equipment back to and including Murder Creek Substation (see Map I). The load is served through two parallel 69/12 KV Delta-Delta transformers. Two express feeders connected in parallel out of Murder Creek Substation serve Wah Chang at one meter location.

Teledyne Wah Chang has a summer peak. The highest peak experienced thus far has been 22 MW. Wah Chang plans to double their existing load by year 1981.

CONCLUSIONS AND RECOMMENDATIONS: Teledyne Wah Chang is taking on a tremendous project with the anticipation to double their existing load. Because of this large load (44 MW) Pacific Power will have to add a considerable amount of capacity to its existing system. Due to cost, engineering features and reliability of service, the method chosen to increase capacity is a third feeder. Map I shows the proposed route of said third feeder. Also shown is the proposed feeder work necessary to keep circuits within recommended loading levels. Various reconductoring and feeder additions will maintain capacity to the circuits past the metering point on Wah Chang properties. There are no engineering or maintenance problems anticipated with these new circuit additions. Table 1 shows the work necessary to maintain capacity on our system.

Wah Chang will have to maintain a terrific expansion program in order to keep up with their projected load growth. It is anticipated the dates of the feeder additions may slip two to four years. It is recommended the load be reviewed and studied every year.

TABLE I

Device	Rec. Load	Estimated Peak Load/Year	Action to Correct
Substation Transformer	7.5 MVA	7.6 MVA/1978	Change out to 25 MVA
Feeders to Wah Chang (2)	32.0 MVA	33.2 MVA/1979	3rd Feeder (Parallel)
South Circuit	18.5 MVA	20.6 MVA/1980	Underbuild w/new crkt
Circuit to zirconium plant	6.9 MVA	7.4 MVA/1978	Reconductor

-5-

TABLE II

TELEDYNE WAH CHANG - ALBANY OR.									
TRANSFORMER FEEDER CIRCUIT	MVA RATING/ FEEDER LIMIT	GROWTH RATE	1976 RECORD PEAK	PROJECTED PEAK (MW)					% ULT. LIMIT 1981
				1977	1978	1979	1980	1981	
T-1200 or T-NEW	6/7.5 15/25	15%	6.5	7.6	16.1	18.5	21.2	24.0	96%
T-2045	15/20		15.0	17.5	12.9	14.8	17.0	20.0	100%
5M 131	16 MVA	15%	10.5	12.6	14.5	11.1	12.7	14.6	91%
5M 132	16 MVA		10.5	12.6	14.5	11.1	12.7	14.6	91%
5M 133	16 MVA					11.1	12.7	14.6	91%
WEST CIRCUIT UNDERBUILD	10.8 MVA 18.5 MVA	15%	10.0	2.8 8.8	3.3 10.1	3.7 11.6	4.2 13.4	4.9 15.4	45% 83%
SOUTH CIRCUIT UNDERBUILD	18.5 MVA 18.5 MVA		11.5	13.6	15.6	18.0	9.8 10.8	11.3 12.4	61% 67%
TOTALS	45 MVA-T		21.5	25.1	29.0	33.3	38.2	44.0	98% T

file

PACIFIC POWER & LIGHT COMPANY

POST OFFICE BOX 248

PHONE 503-928-3311

236 SOUTH LYON STREET
ALBANY, OREGON 97321

August 3, 1976

Mr. J.H. McClain
Teledyne Wah Chang Albany
P.O. Box 460
Albany, Oregon 97321

Dear Mr. McClain:

Thank you for your letters of August 2 relating to your Company's projected increase in production and resulting increase requirements for Electric and Water Services.

Since your Company's projected increase in Electric and Water Service, provided by Pacific, is of such magnitude I am forwarding your letters to our Management and Engineering offices in Portland for their review.

Upon receipt of our engineering and management review of this matter, I would be glad to discuss with you Wah Chang's additional Water and Electric power requirements and the potential associated costs to Teledyne Wah Chang for making these services available.

Thank you for advising us of your Company's expansion plans at an early date.

Very truly yours,

(b) (6)

H.A. Hurlbut, Jr.
District Manager

RAH:pp

bc: G.W. Spicer w/attachments
C.E. Elston "
K. Coleman "
C. Rhodes "
G. Spani "
Loeks/Svendsen w/attachments



WAH CHANG ALBANY

P.O. BOX 480

ALBANY, OREGON 97321

(503) 226-4211 TWX (510) 593-0973

August 2, 1976

Mr. H. Hurlbut
Pacific Power & Light Co.
P. O. Box 248
Albany, OR 97321

Dear Mr. Hurlbut:

The Company is anticipating increased production amounting to twenty percent per year over the next five years. Since our energy requirements are largely a function of production we would anticipate a similar increase in energy.

We speak in terms of energy because we must consider natural gas input as well as electrical input. Presently we are limited by the PUC to an increase in gas consumption of 500 therms per day each year. If this limitation is not lifted then we will have to switch to other forms of energy where feasible.

We have to assume in any projection that the DEQ and other regulatory agencies will permit our expansion.

In any event we believe that our power requirements will increase in relationship to our production and we expect that PP&L will continue to be able to provide this service. We will appreciate any advice from you in this respect.

Yours very truly,

(b) (6)

J. H. McClain

JHM:vc

PACIFIC POWER & LIGHT COMPANY
TWO-WINDING POWER TRANSFORMER SPECIFICATION
GPR 1560-973, T-3657-3660

ITEM 1. Four Transformers
Murder Creek Substation
Albany, Oregon

T - 3657 - 3660

To Be Manufactured By
McGraw-Edison Power Systems Division
Canonsburg, Pennsylvania

Date of Specification: February 9, 1979

Note: Manufacturer shall not deviate from this specification
without securing Purchaser's approval in writing

PACIFIC POWER & LIGHT COMPANY
TWO-WINDING POWER TRANSFORMER SPECIFICATION
ITEM 1

PART 100 - SPECIFIC REQUIREMENTS. (This specification is not complete without Part 200. The letters NA in this specification denote requirements which are not applicable to the subject transformer.)

101. TYPE. THREE-phase, outdoor, 60 hertz, oil-immersed, 65°C average winding temperature rise, 80°C hot spot winding temperature rise, rated for elevation up to 3300 feet (ANSI correction factors shall apply for operation above 3300 feet).

102. RATED KVA. (Per THREE-phase transformer)

<u>Cooling</u>	<u>H-Winding</u> <u>(kva)</u>	<u>X-Winding</u> <u>(kva)</u>
Self-cooled	<u>15000</u>	<u>15000</u>
First stage forced-cooled	<u>20000</u>	<u>20000</u>
Second stage forced-cooled	<u>25000</u>	<u>25000</u>

H indicates the high-voltage and X the low-voltage, and F preceding a kva rating indicates a future rating (provisions shall be furnished for future addition of necessary cooling equipment).

103. RATED VOLTAGE, TAPS, AND ANGULAR DISPLACEMENT OR POLARITY.

H-winding. 116000 volts delta

X-winding. 12600/21800GrdY/12600 volts with delta-ye terminal board
(connection for shipment to be specified later)

	<u>H-Winding</u> <u>(volts)</u>	<u>X-Winding</u> <u>(volts)</u>
Nominal rated voltage.	116000	21800
Full-capacity no-load taps.	122000 119000 113000 110000	none
Reduced capacity taps.	none	

Automatic load tap charging equipment (full capacity at nominal rated voltage and above; reduced capacity, constant current, below nominal rated voltage), with range of regulation of plus and minus 10 percent in 5/8 percent steps, shall be furnished to maintain constant voltage at the X terminals for fluctuating voltage applied at the H terminals and to regulate the voltage at the X terminals for fluctuating load level, subject to the over-voltage limitations of ANSI C57.12.CO, Par. 2.4.

Angular displacement or polarity (referenced figures located at the end of Part 200):

Standard Figure 1.2

104. WITHSTAND REQUIREMENTS FOR WHICH WINDING INSULATION SHALL BE DESIGNED.

	<u>Terminals</u> <u>H1,H2,H3</u>	<u>Terminal</u> <u>Ho</u>	<u>Terminals</u> <u>X1,X2,X3</u>	<u>Terminal</u> <u>Xo</u>
1. Full wave impulse	450	NA	150	110
2. Chopped wave impulse	520		175	130
3. One-minute app. pot.	185		50	34
4. 7200-cycle ind. pot. L-G	185		50	
5. 7200-cycle ind. pot. L-L	185		50	
Other withstand requirements.	--			

(1 and 2 are kv crest, between terminal and ground; 3 is kv rms, to other windings and ground; 4 is kv rms, between terminal and ground; 5 is kv rms, between terminals of adjacent phases.)

105. IMPEDANCE.

<u>Winding to Winding</u> <u>(kv to kv)</u>	<u>Impedance</u> <u>(percent)</u>	<u>Base</u> <u>(kva)</u>
<u>116-21.8</u>	<u>2.5</u>	<u>15000</u>

106. PARALLEL OPERATION. Transformer shall be suitable for operation in parallel with a similar unit. ~~the transformer or transformer-regulator combination described as follows~~ (see Par. 203.1):

107. EXCITING CURRENT AND LOSS GUARANTEES.

	<u>At Nominal</u> <u>Rated Voltage</u>	<u>At 110% of Nominal</u> <u>Rated Voltage</u>
Exciting current (percent of <u>15000</u> kva)	<u>0.5</u>	<u>1.0</u>
No-load loss (watts)	<u>17,100</u>	<u>25,000</u>
Total loss with transformer loaded <u>15000</u> kva, <u>116000</u> volts to <u>21800</u> volts, exclusive of auxiliaries (watts) <u>86,600</u>		

108. BUSHINGS.

	Bushings H1. H2. H3	Bushing Ho	Bushings X1. X2. X3	Bushing Xo
Transformer-breaker interchangeable	Yes	NA	Yes	Yes
Insulation class (kv)	115		23	23
BIL (kv crest)	550		150	150
Continuous current (amp)	800/1200*		1200	1200
Draw lead connection	X			
Bottom connection			X	X
Minimum creep (inches)	79		17	17

* 1600 amp for breaker application

109. SURGE ARRESTERS.

	Terminals H1. H2. H3	Terminal Ho	Terminals X1. X2. X3
Arrester rating (kv)	96	NA	21
Class	Intermediate		Intermediate
Discharge counter and grading current meter for each arrester	none		none

110. CURRENT TRANSFORMERS.

Multi-ratio bushing current transformers shall be furnished as follows:

	Bushings H1. H2. H3	Bushings X1. X2. X3
ECT's per bushing	none	one
Full winding rating (amp)		2000:5
Minimum relaying accuracy class on the full winding		C400

In addition, line drop compensator current transformer(s) shall be furnished: one multi-ratio current transformer on bushing(s) X1 and X3. CT full winding rating shall be 2000:5 amp. Relay accuracy class shall not be less than C400 on the full winding. (See Par. 203.6)

111. OTHER SPECIFIC REQUIREMENTS.

1. Auxiliary equipment shall be suitable for purchaser's motor and control power supply voltages as follows:

Three-phase motor power. none
Single-phase motor and/or control power. 120/240
DC control power. 48

2. Equipment shall not be furnished for automatic transfer of AC auxiliary equipment to purchaser's standby source in the event of loss of the preferred source, and for automatic return upon restoration of the preferred source.
3. One Electromax alarm annunciator shall be furnished, MON-1A series, sequence 14, model 101B101, 48 volts dc, with 10 annunciating points.
4. One pressure-rise type relay to detect rapid pressure increase inside the main transformer tank shall not be furnished. Transformer shall be furnished with provisions for the future addition of a pressure-rise type relay.
5. One McGraw-Edison type TCG continuous fault gas monitor with recorder provisions for future recorder NA be furnished for transformer with nitrogen-gas pressure oil preservation system. One General Electric gas detector relay NA be furnished for transformer with G.E. Atmosel oil preservation system.
6. Transformer cooling equipment, initially installed or future, shall be controlled from winding hot-spot temperature. Temperature control equipment shall be furnished with the transformer.
7. Load tap changing equipment control shall not include remote manual equipment, and shall not include provisions for operation by purchaser's supervisory equipment.
8. Transformer sound level shall not exceed standard: 72 db at 15000 KVA, 74 db at 20000 KVA and 75 db at 25000KVA.
9. Oil preservation system shall be sealed tank type.
10. Transformer height over bushings and surge arresters shall not exceed 216 inches (18'-0").
11. Transformer tank finish shall be ANSI#70 light gray. Bushing and surge arrester porcelain shall be ANSI#70 light gray.
12. Transformer shall be shipped in upright position in its own complete tank, filled with dry nitrogen at 3 psig pressure; oil shall be shipped separately.
13. Purchaser will employ a representative to be present at the factory during the manufacturing and testing of the transformer.
14. Two copies of approval drawings shall not be furnished.

112. SPECIAL TEST REQUIREMENTS. (All applicable standard and special test requirements shall apply to each transformer, whether manufactured separately or at the same time as other identical units; all results shall be recorded on manufacturer's certified test report.)
1. No-load loss and exciting current shall be measured both at nominal rated voltage and at 110 percent of nominal rated voltage, both before and after impulse tests if impulse tests are specified.
 2. H-winding to X-winding positive sequence impedance shall be measured at nominal rated voltage and no-load tap extremes with LTC at neutral, and at LTC tap extremes with no-load tap changer at nominal rated voltage connection. If Y-winding terminals are specified to be brought out, positive sequence impedances to the Y-winding shall be measured at nominal rated voltages and at no-load tap extremes and LTC tap extremes.
 3. Zero sequence impedances shall be measured if transformer is three-phase core form; impedances shall be recorded in equivalent-T form.
 4. The following shall be calculated, based on measured losses and impedances: regulation at 1.0 and 0.8 power factor, and efficiency at 1.0 power factor and 0.25, 0.5, 0.75, 1.0, and 1.25 times rated load.
 - (NA) 5. If temperature test data for an essentially duplicate unit is furnished in lieu of performing temperature tests, data shall include the ratings and serial number of the tested transformer and the date of the tests, in addition to the test results.
 6. Temperature test data shall be furnished for an exact duplicate unit, if such a test record is available; data shall include the ratings and serial number of the tested transformer and the date of the tests, in addition to the test results. If such a test record is not available, temperature test shall be performed ~~at the self-cooled rating and~~ at the maximum forced-cooled rating (since ~~two or more~~ duplicate units are ordered for manufacture at the same time, the purchaser ~~may~~ elect to require temperature test on only one of such units); dissolved gas analysis shall be performed on transformer oil samples taken immediately before and immediately after temperature testing. Manufacturer shall calculate hot-spot winding temperature rise corresponding to the highest measured value of average winding temperature rise at the maximum forced-cooled rating.
 7. ANSI impulse tests on all terminals will not be required. Manufacturer's quality control impulse tests shall be performed.
 8. ANSI switching surge tests will not be required. Test voltage shall be kV crest between each high-voltage line terminal and ground; resultant voltage stress produced between high-voltage line terminals of adjacent phases shall be approximately kV crest.
 9. Capacitance, insulation resistance and insulation power factor between windings and between each winding and ground shall be measured.
 10. Control wiring and contacts shall be tested with 60-hertz potential of 1500 volts applied for 60 seconds.

11. One-hour three-phase ~~single-phase~~ induced potential and corona test ~~shall be performed~~. Test voltage shall be 174 kV rms phase-to-phase ~~phase-to-ground~~ applied for a period of one hour on nominal 116 kV tap, with transformer connected as in service. Test shall be accompanied by continuous monitoring of partial discharge level; level shall be recorded at five-minute intervals. Measured partial discharge level shall not exceed 150 microvolts (including background).
12. NEMA audible sound level tests without forced-cooling equipment in operation, and with forced-cooling equipment in operation as it will be in service for each forced-cooled kVA rating will not be required.
13. Test for unintentional core grounds shall be performed after loading for shipment.

113. OTHER SPECIAL REQUIREMENTS.

- (N/A) 1. Mounting provisions shall be furnished adjacent to the Ho bushing for future installation of one 108 kV, station-class surge arrester.

PACIFIC POWER & LIGHT COMPANY
POWER TRANSFORMER SPECIFICATION
ITEM 1

PART 200 - GENERAL REQUIREMENTS. (The letters NA in this specification denote requirements which are not applicable to the subject transformer.)

201. STANDARDS. Transformer shall be designed, manufactured, and tested in accordance with the latest applicable ANSI, IEEE and NEMA standards, except as required otherwise by Parts 100 and 200 of this specification.

202. COOLING EQUIPMENT.

1. Cooling class of transformer with self-cooled rating only shall be OA. Cooling class of transformer with self-cooled rating and one forced-cooled rating shall be OA/FA. Cooling class of transformer with self-cooled rating and two forced-cooled ratings shall be OA/FA/FA, OA/FA/FOA or OA/FOA/FOA. (Forced-cooled ratings shall be initial or future as specified in Par. 102.)

NA 2. If cooling equipment control from top oil temperature is specified, dial-type top oil temperature indicator (Par. 207.4) shall be equipped with two-contact relay to start initial or future forced-cooling equipment at 55° C, and actuate purchaser's alarm at 90° C.

3. If cooling equipment control from winding hot-spot temperature is specified, winding temperature equipment shall be furnished as follows (necessary current transformers shall be in addition to the current transformers specified in Par. 110):

1. Each set of equipment specified shall include a dial-type temperature indicating relay; dial indicator design and mounting arrangement shall permit reading from ground level near the transformer.
2. Two-winding transformer, or three-winding with tertiary buried: one set, to simulate the hot-spot temperature in the low-voltage winding. Three-winding transformer with tertiary terminals brought out: three sets, one to simulate the hot-spot temperature in each winding (corresponding contacts of the three relays shall be wired in parallel).
3. Transformer with self-cooled rating and one forced-cooled rating: each relay shall have three contacts to start initial or future forced-cooling equipment at 80° C, actuate purchaser's alarm at 110° C and trip purchaser's switching device at 130° C, respectively. Transformer with self-cooled rating and two forced-cooled ratings: each relay shall have four contacts to start first stage initial or future forced-cooling equipment at 75° C, start second stage initial or future forced-cooling equipment at 80° C, actuate purchaser's alarm at 110° C and trip purchaser's switching device at 130° C, respectively. All contact settings shall be adjustable.

4. For all transformers with self-cooled rating 10,000 kVA and above (three-phase or single-phase), all radiators shall be removable. For all smaller transformers, radiators shall be removable unless shipping width is less than 120 inches with radiators installed. In conjunction with removable radiators, manufacturer shall furnish suitable valves on the transformer side of the radiator mounting flanges, and top and bottom pipe taps with plugs (minimum 1/2-inch) on the radiators, to permit draining and removal of the radiators without draining oil from the transformer tank. Removable radiators shall be equipped with lifting eyes, and so designed that they can be handled without the addition of special bracing.
5. If cooling equipment includes oil circulating pumps, oil flow indicator with alarm contact shall be furnished for each pump to indicate low oil flow; if pumps are future, necessary provisions shall be furnished for future installation of oil flow indicators. Oil pumps, initial or future, shall be located near foundation level; manufacturer shall furnish suitable valves on both sides of each pump (or each location of a future pump), and pipe tap with plug (minimum 1/2-inch) at the lowest point on the pump section between the valves, to permit draining, removal, and reinstallation of pump (or installation of future pump) without draining oil from the radiators or the transformer tank. If power supply to pumps is made through connectors which must also seal the oil system, suitable mechanical guards shall be furnished to prevent breakage of the connectors and resultant oil leakage.
6. Cooling fans, initial or future, shall be located only on the sides or bottom (not on the top) of the radiators to provide maintenance accessibility with adequate safety clearances from transformer live parts.
7. For all transformers with self-cooled rating 5,000 kva and above (three-phase or single-phase), auxiliary relay shall be furnished to provide alarm indication of loss of power to the cooling equipment; if forced-cooling is future, necessary provisions shall be furnished for future installation of the auxiliary relay.
8. Weatherproof compartment shall be furnished on the transformer to house initial or future auxiliary (loss-of-power) relay, control contactors, switches, etc.; center of compartment shall be approximately five feet above foundation level. If cooling equipment is specified to be initially installed, manufacturer shall also furnish all necessary wiring including connections between the cooling equipment control compartment and the terminal box (Par. 207.2); if cooling equipment is to be added in the future, manufacturer shall furnish conduit only for future wiring.

203. LOAD TAP CHANGING EQUIPMENT

1. Circulating current type paralleling equipment shall be furnished. (Purchaser will furnish engineering and auxiliary equipment as required to coordinate with the paralleling equipment on the parallel unit.)

2. LTC "Raise" and "Lower" control circuits shall be wired to a terminal block in the terminal box for connection of purchaser's wiring to block LTC operation by purchaser's directional blocking equipment in the event of LTC equipment malfunction.

- (NA) 3. If remote manual equipment is specified, LTC control shall be furnished with a "Remote-Local" selector switch and all necessary provisions for connection to and controls for operation of the "Automatic-Manual" and "Raise-Lower" functions by remote manual control when the selector switch at the transformer is in the "Remote" position. LTC position transmitter and receiver-indicator (selsyn type) shall be furnished for remote tap position indication.
- (NA) 4. If provisions for operation by purchaser's supervisory equipment are specified, LTC control shall be furnished with a "Remote-Local" selector switch and all necessary provisions for connection to and operation of the "Automatic-Manual" and "Raise-Lower" functions by purchaser's supervisory control when the selector switch at the transformer is in the "Remote" position. To supply LTC tap position indication for supervisory control, manufacturer shall furnish a step-switched resistor, direct gear driven from the LTC mechanism, 1280 ohms total in 32 equal steps, 40 ohms inserted per step from zero ohms at maximum lower to 1280 ohms at maximum raise, plus or minus 1/2 percent linearity.
5. LTC control shall include adjustable time delay to precede each tap change, including each of two or more consecutive tap changes.
6. If the low-voltage winding is specified for wye connection only, line drop compensator auxiliary current transformer shall be rated 5-amp primary winding and .2-amp secondary winding. If the low-voltage winding is specified for delta connection (or both delta and wye), line drop compensator auxiliary current transformer shall be rated 5-amp and 8.66-amp primary winding and .2-amp secondary winding. For unit with both delta and wye connections available, purchaser will short out the X3 line drop compensator current transformer for wye operation.
7. Isolating transformer, ratio 1:1, shall be furnished in the 120-volt LTC control potential input circuit. (Purchaser will furnish the necessary line-to-neutral or line-to-line potential transformer for LTC control.)
8. Auxiliary relay shall be furnished to prevent further LTC operation in either direction in the event of loss of LTC control potential, and to provide automatic return to normal operation upon restoration of LTC control potential.
9. Weatherproof compartment shall be furnished to house the LTC control equipment; center of compartment shall be approximately five feet above foundation level. Compartment shall be furnished with thermostatically controlled heater. Manufacturer shall furnish all connections between the LTC control compartment and the terminal box (Par. 207.2).
10. In the table of LTC tap positions on the transformer nameplate, the rated tap voltages listed shall be for the terminals of the winding in which the LTC taps are located, except that if an LTC series transformer is employed the rated tap voltages listed shall be for the terminals regulated by the series transformer.

204. BUSHINGS AND SURGE ARRESTERS

1. Bushings shall be General Electric, Lapp, McGraw-Edison, Ohio Brass, or Westinghouse.
2. Intermediate-class surge arresters shall be General Electric Alugard, McGraw-Edison type F2, Ohio Brass type GP, or Westinghouse type IVL. Station-class surge arresters shall be General Electric Alugard II, McGraw-Edison type G, Ohio Brass type MP or MPR, or Westinghouse type CPL.
3. Mounting bracket for each arrester shall be furnished adjacent to the associated bushing.
- NA 4. Arrester discharge counters with built-in grading/leakage current indicating meter, if specified, shall be General Electric or Ohio Brass. Manufacturer shall also furnish necessary arrester insulating subbases and provisions for mounting each counter on the transformer for convenient inspection approximately five feet above foundation level.

205. TERMINAL FITTINGS AND ARRESTER GROUND CONNECTIONS.

1. All line and neutral bushings shall be furnished with bronze (or tinned bronze) flat pad line terminal with NEMA standard 4-hole drilling; all terminals 34.5 kV and above shall be corona free.
2. All surge arresters shall be furnished with bronze (or tinned bronze) flat pad line terminal with NEMA standard 4-hole drilling, and with bronze (or tinned bronze) clamp-type ground-terminal connector.
3. Manufacturer shall furnish suitable electrical ground connection (using bus bar) between arrester ground leads and ground pads at the base of the transformer tank. For each terminal for which an arrester discharge counter is specified, manufacturer's electrical ground connections shall include the counter.

206. CURRENT TRANSFORMERS.

1. All multi-ratio, relaying accuracy current transformers specified shall be of the 5-lead type with current ratios as listed in NEMA SG 4-1975, Table 3-5.
- NA 2. Current transformers inside the tertiary delta, if specified, shall be arranged as follows: if three CT's, one shall be located at the polarity end of each tertiary phase winding; if one CT, CT shall be located at the polarity end of any tertiary phase winding; and polarity of each CT shall be positioned toward the adjacent corner of the tertiary delta. This arrangement is illustrated in Fig. 2 at the end of this specification.

207. OTHER GENERAL REQUIREMENTS.

1. All auxiliary power and control wiring shall consist of stranded copper switchboard wire, 600-volt class, with insulation (or outer covering over the insulation) which is flame-retardant and heat-, oil-, and moisture-resistant. Wiring runs shall be in conduit except for short

flexible leads from conduit boxes to fans, pumps, and relay and alarm devices; each of these leads shall be furnished with separable, weather-proof connector. Both ends of all wires and all terminal block points shall be clearly marked with the designation shown on manufacturer's wiring diagrams.

2. Weatherproof terminal box shall be furnished containing terminal blocks for terminating all auxiliary equipment wiring, including wiring from cooling equipment control compartment, LTC control compartment, all alarm and relay contacts, annunciator output contact, and all current transformer secondary leads (separate short-circuiting type terminal block shall be furnished for the wiring from each current transformer). Purchaser will bring all external auxiliary power and control wiring in conduit to the terminal box; removable bottom plate shall be furnished on the terminal box for drilling by purchaser. Center of terminal box shall be approximately five feet above foundation level.
3. Alarm and relay contacts shall be normally open, ungrounded. Both sides of each contact shall be isolated from all other contacts and independently wired to the terminal box.
4. The following devices shall be furnished: dial type oil level indicator with alarm contact set to close at minimum safe operating level, dial type top oil temperature indicator with adjustable alarm contact set to close at 90°C, and self-resealing mechanical pressure relief device with alarm contact and visual indicator. If load tap changing equipment is specified, additional oil level indicator(s) and pressure relief device(s), identical to those specified above for the main tank, shall be furnished on the LTC oil-filled compartment(s). Dial indicator design and mounting arrangement shall permit reading from ground level near the transformer; relief device indicator design and mounting arrangement shall provide visibility from ground level near the transformer.
5. Electromax alarm annunciator, if specified, shall include N.O. contact for each point (no switch required for N.O. or N.C. contact selection), individual indicating LED and individual cutout switch for each point, blank plate for each point for engraving by purchaser, and one retransmitting relay; if 5-point annunciator is specified, annunciator shall be suitable for future expansion to 10 points. Annunciator shall be mounted in a weatherproof enclosure in such a manner that the annunciator will be readily visible when the enclosure door is open (annunciator shall not be located behind a hinged panel or other concealment). Manufacturer shall furnish wiring of alarm circuits from the terminal box to the annunciator, and wiring from annunciator retransmitting relay to the terminal box. Applicable alarms shall be arranged on the annunciator in the following order (unused points will serve as spares or may be used by manufacturer for other necessary alarms):

Low oil level alarm(s)

Cooling equipment loss-of-power alarm

NA

~~Low oil flow alarm(s)~~

High oil temperature alarm

High winding hot-spot temperature alarm(s)

Pressure relief alarm(s)

~~High and low transformer gas pressure alarms (wire to separate points if sufficient points available)~~

NA

~~Low nitrogen cylinder gas pressure alarm~~

~~TGC fault gas monitor alarm~~

(Reserve for purchaser's LTC directional lockout alarm).

- NA 6. Pressure-rise type relay, if specified, shall be General Electric model 900-1A, Qualitrol model 900-003-01 or 910-006-01, or Westinghouse SPR, flange mounted, with provisions for testing relay operation without removing the relay from the transformer and without de-energizing the transformer. Relay shall be furnished with one normally open contact and one normally closed contact isolated from all other contacts and independently wired to the terminal box for connection by the purchaser to purchaser's external seal-in relay circuit; contacts shall not be wired to alarm annunciator. Relay operated by transformer oil pressure (General Electric 900-1A or Qualitrol 900-003-01) shall be mounted approximately five feet above foundation level; suitable valve shall be furnished to permit removing relay without draining oil from the transformer tank. Relay operated by transformer gas pressure (Qualitrol 910-006-01 or Westinghouse SPR) shall be furnished with special provisions for testing: Qualitrol shall be equipped with 1/4-inch copper tubing attached to the test opening of the relay and running down the side of the transformer to a suitable fitting with pipe plug approximately five feet above foundation level; Westinghouse shall be equipped with 1/4-inch copper tubing (maximum length 10 feet to avoid affecting relay operation and calibration) attached to the test opening of the relay and running down the side of the transformer to a suitable capped valve approximately five feet (or more if required by tubing length limitation) above foundation level.
7. Sealed tank oil preservation system, if specified, shall be complete with pressure-vacuum gauge and bleeder device. Nitrogen-gas pressure oil preservation system, if specified, shall be complete with gas cylinder, three-stage pressure regulating system, pressure-vacuum gauge, pressure relief valves, and alarm contacts to indicate high and low transformer gas pressure and low nitrogen cylinder gas pressure.
8. Manufacturer shall furnish the necessary quantity of insulating oil. Oil shall be of the uninhibited type.
9. Transformer tank shall be designed for full-vacuum filling for all transformers with self-cooled rating 10,000 kva and above, and for all smaller transformers with high-voltage insulation 350 kv BIL and above. Tank base on all transformers shall be suitable for skidding or rolling in the direction of both center lines.
10. Each no-load tap changer shall be furnished with external operating handle located between one and six feet above foundation level, with provisions for padlocking in any position.
11. Bushings, surge arresters, and load tap changing equipment, as specified, shall be located as shown in Fig. 3 at the end of this specification. Other accessories shall be located in accordance with standards wherever applicable, or as convenient for design if not covered by standards.
12. If transformer utilizes internal surge protective devices, the presence and location of such devices shall be indicated on the transformer name-plate.

13. A single removable core ground connection shall be furnished, accessible through a handhole or manhole in the tank cover.
14. The complete transformer, including external components (bushings, etc.) as well as internal components, shall be suitable for overload operation in accordance with NEMA TR 98-1964, "Guide for Loading Oil-Immersed Power Transformers with 65 C Average Winding Rise".
15. Transformer design shall be capable of withstanding without damage the mechanical and thermal stresses of short-circuit tests conducted in accordance with ANSI C57.12.90a (Draft Standard), "Distribution and Power Transformer Short-Circuit Test Code".
16. Manufacturer shall be responsible for checking the shipping dimensions and weight of the proposed design for compatibility with railroad limitations for shipment to freight siding nearest the specified destination.

208. SPECIAL TEST REQUIREMENTS.

1. Values of no-load loss and exciting current measured after impulse tests, if impulse tests are specified, will be the values used in determining compliance with manufacturer's performance guarantees; these values shall not exceed the values measured before impulse tests by more than 7.5 percent. ANSI tolerances from manufacturer's performance guarantee for no-load loss at nominal rated voltage shall also apply to exciting current at nominal rated voltage.
2. Temperature test(s) shall precede all dielectric tests, including impulse and switching surge tests if specified. In accordance with ANSI C57.12.90, impulse and switching surge tests, if specified, shall precede the low-frequency dielectric tests.
3. Manufacturer's test report shall include diagrams showing winding connections (including windings or terminals not being tested) and voltages applied for impulse and switching surge tests, if specified, and for 7200-cycle induced tests.
4. Equipment and general method for corona test, if specified, shall be in accordance with IEEE Transformer Committee Report, IEEE Transactions PAS-86 No. 12, December, 1967, "Tests for Damaging Corona on Oil-Insulated Power Transformers".

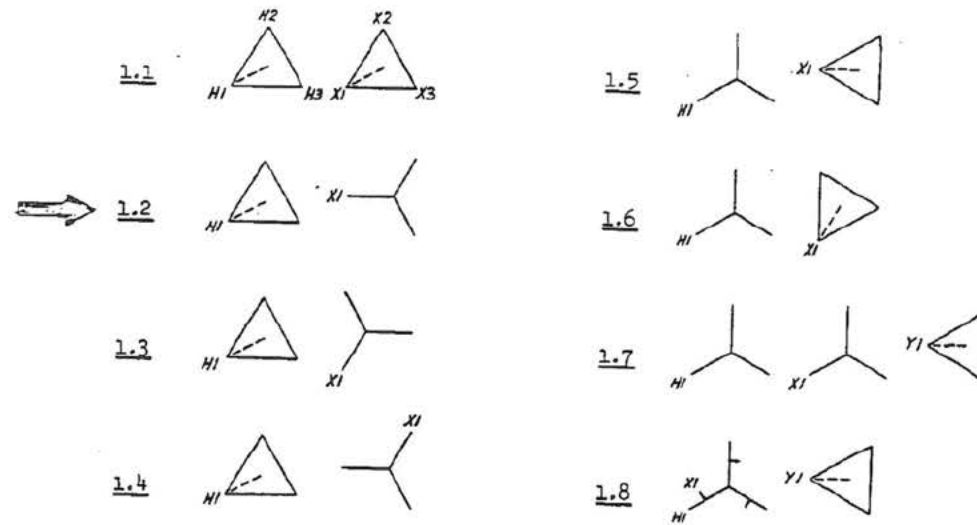
209. EVALUATION DATA.

1. Manufacturer's guaranteed maximum losses (see Par. 107) are evaluated at the following rates: no-load loss (at nominal rated voltage), \$625 per kilowatt; load loss, \$513 per kilowatt. If actual losses exceed the guarantees, these rates will be used to determine the amount of any settlement (based on a comparison of the total evaluated cost of actual losses and the total evaluated cost of guaranteed losses).
2. If manufacturer's proposal specifies that a shipping cover will be required, purchaser's extra cost related to shipping cover will be evaluated at \$5000. If manufacturer's proposal does not specify that a shipping cover will be required and subsequently after placement of purchase order manufacturer then requires shipping cover, a credit of \$5000 shall be made to the purchase price of the unit.

210. DRAWINGS. Manufacturer shall furnish 6 copies of applicable full-size drawings and other information from the following list:

1. Assembled transformer outline drawing (including structural details of transformer base; center of gravity of installed unit and of unit arranged for shipment; and minimum shipping dimensions).
2. Nameplate drawing (including identification of conductor material used in each winding).
3. Bushing outline drawings.
4. Surge arrester outline drawings.
5. Terminal fitting drawings.
6. Schematic and wiring diagrams showing number, size and power requirements of fans and pumps; fan and pump control; load tap changing equipment control; alarm and relay connections; and current transformer connections.
7. Current transformer nameplate drawings, and current transformer characteristic curves showing ratio correction and secondary excitation for relaying accuracy CT's, and ratio and phase angle correction for metering accuracy CT's.
8. Instruction manual covering receiving, handling, installation, operation, and maintenance of transformer and all auxiliary equipment.
9. Complete lists of renewal parts and recommended spare parts.
10. Certified test reports (for each transformer).

Figure 1. Angular Displacement



NA Figure 2. Tertiary CT Arrangement

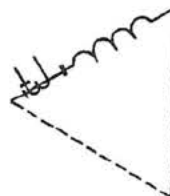


Figure 3. Accessory Location

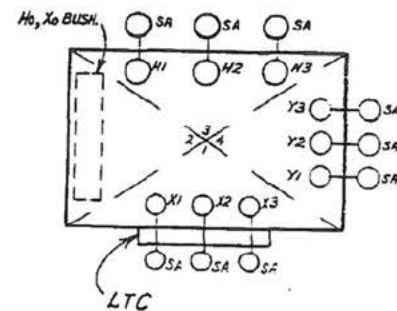


EXHIBIT A

THIS AGREEMENT, executed as of the 15th day of November, 1956, by and between WAH CHANG CORPORATION, a New York corporation, hereinafter referred to as "Customer", and PACIFIC POWER & LIGHT COMPANY, a Maine corporation, hereinafter referred to as "Company", WITNESSETH:

That Customer is constructing and will operate two plants on a triangular plot of ground located north of Albany, Oregon, and south of Murder Creek, Oregon, and has requested Company to furnish all electric power and energy required for the operation of Customer's equipment to be installed in said plants; and Company is willing to provide the necessary facilities and to make such electric power and energy available to Customer under the terms and conditions specified herein;

NOW, THEREFORE, the parties hereto accordingly hereby mutually agree as follows:

1. Beginning on the effective date hereof and continuing thereafter until this agreement shall have been terminated as hereinafter provided, Company will furnish and deliver, and Customer will take and pay for in accordance with the terms and conditions hereinafter specified, all electric power and energy required by Customer for the operation of Customer's said plants. It is presently estimated that the electric power required hereunder will not be less than 3,000 kw at not less than 75% load factor.

2. The electric power and energy to be furnished and taken hereunder shall be of the kind commonly known as three phase, alternating current, with a frequency of approximately sixty (60) cycles per second and an initial potential of approximately 12,000 volts delta, and an ultimate potential of approximately 20,800 volts

wye, both said frequency and said voltages to be subject to reasonable variation in either direction. Company, at its own expense, will make the necessary additions to its facilities required for the delivery of such electric power and energy to Customer at the point of delivery hereinafter specified. Company will also install and own, and lease to Customer, certain facilities located beyond said metering point as specified in Paragraph 5 hereof. Customer, at its own expense, will furnish, install and maintain all equipment required by Customer beyond the point of delivery, exclusive of the facilities to be leased from Company, as shown in more detail on the sketch marked Exhibit A attached hereto and forming part hereof.

3. The point of delivery shall be the point of metering. Company will install on a pole to be located at a mutually agreeable point generally in the northeastern corner of the property of Customer, as shown in more detail on Exhibit A hereof, suitable meters to measure deliveries at the primary voltage.

4. Company will bill Customer monthly for electric power and energy delivered, and Customer will pay each such monthly bill at Company's office in Albany, Oregon, within ten (10) days after Customer's receipt thereof. Company's bill for electric power and energy furnished hereunder shall be computed in accordance with the following rate schedule:

The sum of the following demand and energy charges:

Demand Charge:

\$1.95 for each kilowatt of monthly demand

Energy Charge:

No charge for the first 360 kwh per kw of Demand
0.2 cents per kwh for all additional kwh

Minimum Monthly Bill:

The Demand Charge but not less than \$3,000.00

Demand:

The kilowatts as shown by or computed from the readings of the Company's Demand meter, for the 30 minute period of Customer's greatest use during the month, determined to the nearest kilowatt.

Power Factor Adjustment:

In any monthly billing period in which the Customer's measured maximum thirty (30) minute reactive kilovolt ampere demand is in excess of 32 percent (32%) of Customer's measured maximum thirty (30) minute kilowatt demand, Customer will pay to Company twenty-five cents (25¢) for each reactive kilovolt ampere of such excess. The ratio between reactive kilovolt ampere and kilowatt demand will be determined by permanently installed instruments.

Limitation of Rate During Testing Period:

Should the application of the above rate result in an average price in excess of eight mills (.8¢) per kwh for any month during the first ninety (90) days after the effective date hereof, bills will be rendered during said period at the rate of eight mills (.8¢) per kwh and the "Demand Charge" and "Minimum Monthly Bill" provisions will not be applied.

The rate set forth above shall be subject to review and adjustment at the end of each three year period after the effective date hereof providing written notice is given by either party to the other not less than sixty (60) days prior thereto. Any adjustment made, either upward or downward, shall be based on Company's current costs of rendering the electric service to be supplied hereunder at the time of such review compared with similar costs as of the effective date hereof.

5. Company will construct, own and maintain a 12,000/20,800 volt pole line extending from the metering point to a mutually agreeable location near

Customer's "Plant B" as shown on Exhibit A hereof. Company will also construct, own and maintain a 12,000/20,800 volt pole line extending from the metering point and terminating near Customer's "Plant A" at a Company-owned substation which will initially contain nine (9) 250 kva 12,000-480 volt transformers. Company will lease both of said pole lines together with all facilities initially installed or as may from time to time be enlarged up to the 480 volt terminals of the transformers in the substation at Plant A, for a monthly lease rental equivalent to one and one-quarter percent ($1\frac{1}{4}\%$) of the cost thereof including regular overheads. The facilities to be installed in said pole lines and substation are presently estimated to cost thirty-two thousand dollars (\$32,000.00) and a list of such facilities is attached hereto and marked Exhibit B. Company will advise Customer in writing as soon as the actual cost of construction and installation of said facilities is known. Customer hereby grants to Company such easements as are necessary to accomplish the objectives specified herein, and also grants to Company the right of access at all reasonable times for the purpose of operating, maintaining, replacing and removing Company's property.

6. It is recognized that Company would not be justified in incurring the cost of installing and removing the lines and facilities required to furnish service to Customer at said location unless such service be taken and paid for by Customer for the full period of five (5) years, beginning on the effective date hereof. To assure Company against loss in the event Customer for any reason discontinues its said operations and fails to use and pay for such service for said period of five (5) years, Customer agrees to pay Company, immediately upon such discontinuance, a contract termination payment in the amount of fifty-seven thousand dollars (\$57,000.00), the agreed net cost to Company of installing and removing

that part of said facilities required to deliver service hereunder, less one thirty-sixth (1/36th) of said amount for each month in excess of twenty-four (24) months during which service from said installation shall have been continuously taken and paid for in full conformity with the provisions of this agreement.

7. Each party hereto hereby assumes all liability for injury or damage to persons or property arising from the act or neglect of its own employees, agents, or contractors, or occasioned by or on its own operations or properties and shall indemnify and hold the other harmless from any liability arising therefrom.

8. Except as otherwise herein provided, the furnishing and taking of service hereunder shall be subject to the provisions of the general rules and regulations set forth in Company's regularly published and filed tariff. The rates and services of Company are subject at all times to the regulatory authority of the State of Oregon as vested in and exercised by the Public Utilities Commissioner and are subject to change from time to time by lawful order of said regulatory authority or of any other competent authority having jurisdiction hereof.

9. The effective date of this agreement shall be the date upon which Customer shall first take delivery of electric power and energy hereunder, which date is presently estimated to be January 1, 1957.

10. In the event Customer shall discontinue its operations as provided in Section 6 hereof, or shall fail to pay the monthly billings as provided in Section 4 hereof, Company may, after written notice to Customer, declare all obligations of Customer immediately due and payable.

11. This agreement shall continue in full force and effect for a period of five (5) years from the effective date hereof and from year to year thereafter

until and unless terminated by written notice given by either party to the other, not less than thirty (30) days prior to the expiration of said period, or of any succeeding contract year, of its intention to terminate the contract at the end of said term or of such year.

12. This agreement and all of the terms and provisions hereof shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto, save that no party hereto shall be relieved of any duty or obligation hereunder by reason of assignment except by consent of the other party.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate as of the day and year first above written.

PACIFIC POWER & LIGHT COMPANY

By (b) (6)
Vice President

WAH CHANG CORPORATION

By (b) (6)
Title

PACIFIC POWER & LIGHT COMPANY

Property to be Leased to Wah Chang Corporation

	Plant "A"	Plant "B"	Total
35' Poles	6		6
40' Poles	1		1
45' Poles	4	6	10
50' Poles	1		1
8' Crossarms	11	15	26
Single crossarm assembly	7	7	14
Double crossarm assembly	2	4	6
Patent anchor & 8' rod	4		4
3/8" S/M down guy	4		4
Channel anchor & rod, APH		1	1
7/16" RS down guy		4	4
7/16" RS span guy		6	6
4" x 6" x 24'0" timbers	1		1
4" x 6" x 22'0" timbers	9		9
Pins	48	17	65
#4/0 B.C. wire, lbs		2,743	2,743
#2/0 B.C. wire, lbs	2,000	320	2,320
#2 B.C. wire, lbs	70		70
Secondary grounds	8		8
#1012 Ins.	48	17	65
2-6" disc. insulators	30	16	46
15 kv 600 A. K.P.F.		1	1
15 kv 400 A. K.P.F.	1		1
Fuse cutouts 15 kv, 100 A, 4,000 A. Int.	9		9
Transformers 250 kva with 480 v. secondary	9		9
Concrete pads	3		3
Fence - chain link	88'		88'

Estimated Cost

\$32,000

EXHIBIT "B"

TWCA SPECIAL PROJECTS

<u>Line No.</u>	<u>Description</u>	<u>Estimated Energy Requirements KWH/MONTH</u>
1	Vitrification of Lime Solids	2,286,083
2	Magnesium Plant	2,016,666
3	60,000 CU Ft./Hr. Nitrogen Gas Plant ..	504,000
4	One New 750 kw Electron Beam Furnace In Conjunction With Two Existing Electron Beam Furnaces All Metered At One Point Of Metering	875,000
5	Experimental Zirconium Reduction Furnace	100,000
6	GFM Rotary Forging Machine	93,000
7	Billet Induction Heater	10,833

ENVIRONMENTAL REPORT

Environmental Review of the Issues and Alternatives
Associated With the Offering of the Power Sales
and Residential Exchange Contracts Required
Under the Pacific Northwest Electric Power Planning
and Conservation Act (Public Law 96-501)

September 1981
Bonneville Power Administration
U. S. Department of Energy

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BPA1110 1981 *oac*
Environmental review of the
issues and alternatives associa
United States Bonneville Power

Exhibit 2
Page 1

3.3 NEW LARGE SINGLE LOADS (NLSL)

Under section 3(13) of the Regional Act, "New Large Single Load" means any load associated with a new facility, an existing facility, or an expansion of an existing facility--

- (A) which is not contracted for, or committed to, as determined by the Administrator, by a public body, cooperative, investor-owned utility, or Federal agency customer prior to September 1, 1979, and
- (B) which will result in an increase in power requirements of such customer of ten average megawatts or more in any consecutive twelve-month period.

The following is an evaluation of the major issues that have been identified in the contract negotiation process that pertain to New Large Single Loads. Included in this discussion are the alternative positions or interpretations of the parties involved in the negotiations and a discussion of their environmental implications.

Although the resolution of these issues could influence the formation of NLSLs, with the exception of the aluminum and major paper plants, most of the loads in the region use less than 10 average megawatts.

3.3.1 When Does a Load Become a NLSL?

BPA's NLSL subgroup initially examined two interpretations of the language of the Regional Act, sections 3(13)(A) and (B), determining when a load becomes a NLSL. The primary issue is at what point in time an increase in load associated with a facility becomes a NLSL. For a preference customer, this issue affects the point in time at which an industrial or commercial facility starts being billed at the New Resource Firm Power rate. For an investor-owned utility, this affects the calculation of average system cost and the rate differential in the residential exchange agreements. While Bonneville believes that only the second of the two interpretations is based in the Regional Act, both are presented to allow for an environmental comparison.

The first, or "restrictive" interpretation, states that a load becomes a NLSL when the increase in load associated with a facility exceeds by 10 or more average megawatts as measured within a twelve-month period, the load which was "contracted for", or "committed to" as of September 1, 1979. Once the increase in load is classified as a NLSL all future increases are charged at the New Resource Firm Power rate. Monitoring of the load are on September 1, 1979, and would continue until the load exceeded 10 average megawatts and became a New Large Single Load.

The second interpretation, called the "permissive" approach, would allow service of any increase in the load of a preference customer at the Priority Firm Power rate, so long as that increase did not reach or exceed ten average megawatts in any consecutive twelve month period as measured against the preceeding 12 month period. The permissive interpretation would allow a consumer or a purchaser to bring on a load of up to 9.9 average megawatts per

year at the Priority Firm Power rate. The ability to incrementally increase load is informally referred to as "load creep". A consumer could do this year after year, so long as the load did not reach 10 average megawatts in a 12-month period. Once the load increase exceeded 10 average megawatts in 12 months, the load would be billed at the New Resource Firm Power rate.

3.3.1.1 BPA Position

In the early stages of the negotiation process, BPA advocated the restrictive interpretation. However, after BPA's staff examined the language of section 3(13) of the Regional Act and the legislative history on section 3(13), and talked with many of those who had been involved in drafting the Regional Act, it became apparent that the language of section 3(13) was never intended to support the first interpretation of load growth, and as a result BPA early on in the negotiation process dropped its advocacy of this interpretation.

3.3.1.2 Alternative Positions

The Public Power Council endorsed the permissive interpretation. They feel that the restrictive approach would discourage economic growth in the region and was unintended by the Regional Act.

The Intercompany Pool has resisted the permissive interpretation, because it leads to a more rapid drawdown of the Federal Base System (FBS) resources. This could have an impact on the residential exchange through more rapid increases in the Priority Firm Power rate as BPA has to supplement the FBS resources with new, more expensive resources. Any subsequent increase in Bonneville's Priority Firm Power rate affects the rate differential in residential exchange agreements.

3.3.1.3 Consequences/Impacts

This issue of when does a load become a NLSL is one of the most significant NLSL issues from both economic and environmental standpoints.

3.3.1.3.1 Impacts of the Restrictive Interpretation

1. The restrictive interpretation more nearly equalizes the ability of all utilities to serve and attract NLSLs. Under the Regional Act, preference customers may serve loads under 10 average megawatts with power at the Priority Firm Power rate, but power at this rate is not available to the IOUs to meet similar industrial loads. The restrictive interpretation insures that an increase in load associated with a facility shall become a NLSL, and shall be served at the New Resource Firm Power rate, as soon as the load increases by 10 average megawatts above the load committed to or contracted for on September 1, 1979, or if it is a new facility, increases by 10 average megawatts.

The restrictive interpretation would reduce the rate incentive for a facility of 10 average megawatts or more to either migrate to the region or to relocate within the region to a preference customer service area. This interpretation could help to avoid the local impacts associated with

relocation, and would distribute the impacts of serving NISLs more evenly throughout the region.

2. The restrictive interpretation protects the Firm Priority Power rate by preventing load creep, i.e., service to large industrial loads by FBS resources. By requiring that these loads be served at the New Resource Firm Power rate, the restrictive approach helps to offset the need to supplement the FBS pool with new and more costly generation. This has the effect of protecting the interests of the small preference customers (those not serving large industrial loads) and the IOU residential exchange rate.

By delaying the need to add new resources to the FBS pool, two results could be expected. First, if upward pressures on residential rates are decreased, the negative socioeconomic impacts of rate increases would be reduced (refer to BPA 1979, Chapter 5). Second, to the extent rates do not increase, the residential consumption of electric energy will not be reduced in response to an elasticity of demand of between -0.5 and -1.1 (see BPA 1981d, Appendix B, pp. 76-79).

The environmental impact of any load reduction which reduced the need for additional generation would, of course, be positive in that it would lessen impacts on air, land, and water such as those described in BPA's Final Role EIS (BPA 1980, Chapter IV, B.2). While the demand for electric energy would be reduced in response to an increase in price, some of this price induced conservation would have been realized anyway as a result of Bonneville's newly implemented conservation programs. It should be remembered, too, that conservation realized because of an increase in price is a conservation investment that BPA need not pay which, in turn, reduces the impact of the Administrator's program on future rates. However, the net effect of price on consumption is dependent upon the price elasticities of the different sectors. Some analysts feel that while the residential demand may go down, it is possible that the industrial demand could increase. The net effect which depends on these relative elasticities is not expected to be substantial and could balance out.

3. Proponents of the restrictive approach maintain that, except for the BPA direct-service industries and a few very large paper companies, allowing a cumulative load increase of up to 10 average megawatts gives an industrial consumer of a preference utility sufficient power to allow for plant modernization, including the addition of environmental mitigation technologies.

3.3.1.3.2 Impacts of the Permissive Approach

1. The permissive approach, because of the rate advantage given to preference customers by allowing up to 9.9 average megawatts of load growth at the Priority Firm Power rate during any consecutive 12-month period, could provide an incentive for industrial and commercial load growth to shift from IOU service areas to preference customer service areas. This approach could also provide an incentive for industries outside of the region to move their operations into the Pacific Northwest. These

incentives would vary depending upon the disparity between the Priority and the New Resource Firm Power rates and the rates charged outside the region, as well as other costs associated with relocation and operation of an industry.

Other costs remaining equal, the greater the disparity in rates, the greater the rate incentive for industries to move. The location of new industries in the region could have significant environmental impacts such as air shed degradation, and water quality and land use impacts. The movement of industries from one site to another within the region could also have major localized environmental impacts (BPA 1980, p. 1V-94 and following). With large new industries there may also be significant socioeconomic effects such as fiscal (i.e., increased income, taxes, greater employment opportunities) and infrastructure (i.e., roads, schools, utilities) impacts, changes in the economic base, and social structure and lifestyle alterations (Belstritz and Murdock 1981).

Bonneville staff believes it is unlikely that an existing large industrial consumer of an IOU, for example, a 50 megawatt plant purchasing power at the investor-owned utility industrial rate, would completely shut down and transfer to a public utility service area to take advantage of the lower preference customer rate. To accomplish this, the plant would have to be able to bring on its load in annual increments of less than 10 average megawatts over a period of several years. Economic considerations such as maintenance of market share, the costs of shut down and start up, lost sales, and other factors would have to be weighed against the benefits of an initially reduced, but ultimately unknown rate.

2. Under the permissive approach the Federal base system resources, which consist of low cost Federal base system power, would more rapidly become expensive because more commercial and industrial load increases of up to 9.9 average megawatts each per year would be served at the lower Priority Firm Power rate. As a result, BPA will have to go out and acquire new and more expensive resources to replace the Federal base system resources, which will in turn raise the Priority Firm Power rate, as well as increase the residential exchange rate to the IOUs.
3. Under the permissive approach the direct-service industries (DSIs) could have a lower rate after July 1, 1985. According to Section 7(c) of the Regional Act, the DSI rate, although it can't be lower than it will be on June 30, 1985, is to be tied in part to the prevailing rate that industrial consumers of preference customers are paying on that date. If that average rate is closer to the Priority Firm Power rate than to the New Resource Firm Power rate, the DSI rate may be lower than it might otherwise have been. Downward pressures on DSI rates would of necessity be balanced by upward pressures on the rates of other classes of customers. The lower the rates charged to the DSIs, the higher the rates charged other ratepayers in the region. Additionally, lower rates would tend to lessen the incentive to adopt more efficient production methods, resulting in higher environmental costs.
4. The permissive approach, by allowing industrial consumers of preference customers to add up to 9.9 average megawatts in a 12-month period at the

Priority Firm Power rate, removes the rate incentive of the New Resource Firm Power rate as the consumers plan for their load increases. The Priority Firm Power rate may not induce economically (based on the cost of new resources) efficient decisions. Thus, it is possible that more generation will be needed than if the energy had been priced at the higher New Resource Firm Power rate.

3.3.2 Determination of Whether a NLSL has been
"Contracted for" or "Committed to" by September 1, 1979

Two considerations have been raised in negotiating this issue. The first is how will it be decided that a load has been contracted for or committed to by September 1, 1979. The second is what obligation BPA has to its customers regarding existing contracts between BPA's customers and their consumers, which only address capacity.

3.3.2.1 BPA's Position

The Regional Act expressly authorizes BPA to make the contracted for or committed to determination on a case-by-case basis. Those BPA customers who feel they have a consumer who falls into the category of having a contracted for, or committed to load as of September 1, 1979, should request BPA to make such determination. Contracted for and committed to loads are grandfathered loads and receive power, regardless of size, at the Priority Firm Power rate. To date, Cyprus mines and the Mount Tolman project have been determined by BPA to fall within the contracted for, committed to September 1, 1979, category.

In order to assist its customers in identifying which industrial loads in the region are or are not NLSLs, BPA agreed to add an exhibit to the power sales contract which has two tables. The first table lists for each individual purchaser its consumers' facilities that are to be classified as New Large Single Loads; these are loads which were not committed to or contracted for on September 1, 1979, and which will add more than 10 average megawatts of energy in any consecutive 12-month period to the load existing in the prior 12-month period. A second table shows loads as of September 1, 1979, which were contracted for or committed to. These loads are not New Large Single Loads because they are "grandfathered" in by section 3(13)(A) of the Regional Act. This exhibit will make it easier to report and monitor those loads which are New Large Single Loads, and will remove any doubt about those loads which are determined to be loads contracted for or committed to as of September 1, 1979; as those determinations are made by the BPA Administrator. This exhibit and its tables will be subject to unilateral amendment by BPA.

With regard to the second consideration, Bonneville will make a determination based on an examination of the consumer's contract on a case-by-case basis. If no limitation on load factor is found in the consumer's contract, BPA will serve the entire load which the Administrator determines was contracted for or committed to prior to September 1, 1979, at 100 percent load factor at the Priority Firm Power rate. If there is a contractual limitation on the consumer's load factor in its existing contract, then BPA will serve up to that limit at the Priority Firm Power rate. The Public Power Council (PPC) maintained that its member utilities have contracts with their customers that address capacity without limitation on load factor. Because of that existing

contract provision, the preference customers feel that for those contracts entered into by September 1, 1979, BPA is obligated to serve its customer loads at up to 100 percent load factor.

The Intercompany Pool did not want to see any diminution of the FBS resources, but recognizes the practical problems the PPC faced.

3.3.2.2 Consequences/Impacts

If BPA is required to provide energy for higher utility load factors at the lower Priority Firm Power rate, it is possible that some commercial and industrial operations would respond by increasing production capability (i.e., by adding 2 or 3 shifts). To meet this increase in demand BPA would either have to acquire additional resources or operate existing resources, including the river system, in a manner not previously anticipated. In addition to environmental impacts from increased manufacturing, additional impacts could result, including any air shed degradation, or land and water impacts associated with the construction and operation of new resources (BPA 1980, Chapter IV.B.2), or increased operations at Federal reservoirs. Depending on the timing of the utility loads in comparison to the BPA system loads, this requirement could either increase BPA's peak load and level of river fluctuation or enhance the offpeak flows, thereby minimizing fluctuations in river operation.

BPA staff, recognizing the potential for abuse of capacity-only contracts (contracted for by September 1, 1979) with no limitations on energy, negotiated language in section 8(h)(1) of the utility power sales contracts stating that the capacity in any new contract may not exceed the capacity agreed to or contracted for in the existing contract. This provision helps to minimize the types of impacts described above.

One of the major environmental issues under "committed to" has been the issue of service to the Northern Tier Pipeline. Some utilities have maintained that they have already made commitments to serve Northern Tier. This project, requiring a total of 240 MW of pumping load within the region, involves pumping stations in IDU and preference customer service areas in the states of Washington, Idaho, and Montana. In addition to the physical requirements of the pumping stations and pipelines which would have their own environmental impacts, service to these facilities would place a new and major load on the region, requiring additional generation (for a complete discussion of the impacts associated with Northern Tier, see Department of Interior 1979, Volume 1, Chapter 3). Depending upon the type of resources used to meet this load, impacts similar to those referenced above would be encountered.

3.3.3 Treatment of Prospective New Large Single Loads

When BPA and its customer cannot determine at the outset that an increase in load will become a NLSL, a methodology needs to be developed between the parties to determine when to start billing the load at the appropriate rate.

BPA's primary concern is that it does not lose any revenues. The difference in revenues between the Priority Firm Power rate and the New Resource Firm

Power rate for a 10 average megawatt load over a 12-month period is approximately \$1.75 million annually.

Four billing approaches were identified in the negotiation process.

1. Rebate - BPA bills the New Large Single Load at the New Resource Firm Power rate and rebates the difference between this rate and the Priority Firm Power rate to the purchaser, if the load subsequently fails to qualify as a NLSL.
2. Backbilling - BPA bills the New Large Single Load at the Priority Firm Power rate, until it is determined to be a NLSL and then backbills the purchaser for the difference between the Priority Firm and New Resource Firm Power rates plus interest back to the date the increase in load became a NLSL.
3. Staged Billing - An early compromise proposal put forward by BPA which used a "staggered" approach to measure power in the early months of the 12-month period in order to determine when to commence billing a load at the New Resource Firm Power rate.
4. Energy Monitoring Plan - the PPC proposed that the purchaser and the consumer set up an energy plan. Each month the purchaser would report the consumer's actual energy consumption to Bonneville. Under their plan, Bonneville would have been responsible for determining whether the load would or would not become a NLSL. The plan had a rebate provision.

3.3.3.1 BPA's Position - Alternative Positions

BPA's position, based upon its reading of section 3(13)(B), which states, "which will result . . ." (emphasis added), is that an increase in load shall be billed at the New Resource Firm Power rate when it appears the increase in load will become a NLSL. This position is underscored by the fact that BPA cannot put itself in a position of facing a potential deficit of up to \$1.75 million annually. BPA's position is that a potential New Large Single Load may be identified and billed at the New Resource Firm Power rate before that load actually consumes the equivalent of 10 average megawatts in a 12 consecutive month period. Bonneville is not concerned whether the purchaser chooses rebating or backbilling, so long as Bonneville does not lose any revenue.

Under the utility power sales contract, BPA gives the purchaser the option of backbilling or rebating potential New Large Single Loads. Late in the negotiating process BPA agreed, if requested to do so by the purchaser, to write purchaser specific language on this issue, so that a purchaser may have rebate only language in its contract.

3.3.3.2 Consequences/Impacts

The major impact of this issue is monetary. The Public Power council prefers rebating over backbilling, because of potential problems a utility might have collecting from its consumers, or charging rates to its consumers that could be construed as not being cost-based.

The ICP is unaffected by this issue because investor-owned utilities always pay the New Resource Firm Power rate, if they wish to purchase power from BPA to serve their NLSLs.

3.3.4 A Contracted for, Committed To Load Subsequently Served by a New Utility

The major NLSL issue involves a consumer's load (over 10 average megawatts) which has been contracted for, or committed to by a utility prior to September 1, 1979, and subsequently the utility's service area is taken over by a different or newly formed utility. The issue is whether that consumer's load should be treated as a "contracted for" load, or whether it is a new load to "such customer." If the new utility is a preference customer, the issue is whether the customer can buy power from BPA (to serve the load) at the Priority Firm Power rate or at the New Resource Firm Power rate. If the new utility is an investor-owned utility, the issue is whether the resource used to serve the load can or cannot be included in its average system cost of resources for the residential exchange.

If these loads were served at the lower Priority Firm Power rate, new resources might need to be added to existing Federal base system resources. The effect might be to increase the Priority Firm Power rate.

3.3.4.1 BPA's Position - Alternative Positions

Public Power Council (PPC) representatives of the NLSL subgroup asserted that these loads should not be considered New Large Single Loads. It is the PPC's contention that this issue is not a NLSL issue, but is an attempt to restrain the formation of new public agencies.

The ICP's position is that no constraint to the formation of new preference utilities exists. Their sole concern is to prevent existing industries that are currently not receiving FBS power from receiving low-cost power from the Federal base system. Their concern is that if industries could receive FBS power, the Priority Firm Power rate would increase.

To BPA, such loads would be NLSLs. BPA has responded to a request by Boise Cascade Corporation for an early decision on this issue on one of their plants, which had been served by Portland General Electric and might soon be served by the Columbia River PUD. Specifically, Boise Cascade wanted to know the rate consequences. In response, BPA stated in July 1981, that industrial and commercial loads which existed on September 1, 1979, and used more than 10 average megawatts in any 12-month period, and were subsequently served by a purchaser other than the purchaser serving them on September 1, 1979, would be considered New Large Single Loads for rate purposes. Such loads would receive power at the New Resource Firm Power rate, or its successor rate schedule.

3.3.4.2 Consequences/Impacts

BPA's principal reasons for determining such loads would be New Large Single Loads are:

- (1) To prevent the diminution of the Federal Base Systems by large industrial loads. The facilities impacted by this decision are

facilities that were receiving power at the investor-owned utilities' industrial rate and were never eligible for Federal Base System power. If the consumer's industrial facility had continued receiving service from an investor-owned utility it would never have received power from that purchaser at the Priority Firm Power rate, because under the Regional Act investor-owned utilities that wish to serve new large industrial loads, may do so only with power purchased from Bonneville at the New Resource Firm Power rate.

- (2) That the references in section 3(13)(B) of the Regional Act to "such Purchaser" refer to the contractual relationship that existed on September 1, 1979, between a specific purchaser and a specific consumer. Therefore, once a consumer begins to receive service from a different purchaser under a different contract, that contractual relationship with the new purchaser is no longer "grandfathered."
- (3) A concern that allowing a consumer of an investor-owned utility which existed September 1, 1979, to receive power from a preference utility at the Priority Firm Power rate might encourage the formation of preference utilities in the immediate vicinity of a large industrial plant, solely for the purpose of providing low-cost Federal power to that industry. This would run totally contrary to the spirit of the Regional Act which was to ensure that large industrial and commercial loads pay the New Resource Firm Power rate, a rate which reflects the costs of new resources that have to be built and acquired to serve these large loads in the region.

The issue, therefore, is one of rates, whose consequences are similar to those presented under 3.3.1.3.

3.3.5 Once a New Large Single Load, Always a New Large Single Load?

The issue is whether all load increases, subsequent to the increase that was identified as a New Large Single Load, should be billed at the New Resource Firm Power rate.

3.3.5.1 BPA's Position

BPA staff proposed that once a load increase to a facility becomes a NLSL, all subsequent increases in load, regardless of size, will be billed at the New Resource Firm Power rate. BPA staff also proposed a "last on, first off" principle. This principle would mean that any load reductions would first result in reductions from the block of load being billed at the New Resource Firm Power rate. In order to be reclassified as no longer being a NLSL, a consumer would first have to decrease its load to the level existing prior to the determination that it was a NLSL by permanently removing all the equipment which imposed the increase in load.

3.3.5.2 Consequences/Impacts

Eliminating rate "pancaking" (i.e., stacking increments of load variously at the New Resource Firm Power rate and the Firm Priority rate) greatly facilitates monitoring and billing NLSLs. Environmentally, this approach has

the dual advantage of discouraging new load growth by applying the New Resource Firm Power rate while at the same time encouraging industrial conservation by providing incentives to reduce load billed at the New Resource Firm Power rate.

3.3.6 Determination of a Facility

Early in the negotiation process, the issue arose of whether it was preferable to have a definition of a facility or to develop criteria to make the determination of which constitutes a facility.

All parties concurred that BPA and the purchaser would jointly determine what constitutes a single facility, based on the following non-exclusive list of criteria:

1. Whether the load is operated by a single consumer;
2. Whether the load is in a single location;
3. Whether the load serves a manufacturing process which produces a single product or type of product;
4. Whether separable portions of the load are interdependent;
5. Whether the load is contracted for, served, or billed as a single load under the individual purchaser's customary billing and service policy;
6. Consistent application of foregoing criteria in similar fact situations; and
7. Any other factors the parties determine to be relevant.

3.3.6.1 Consequences/Impacts

The environmental concern raised by this issue is whether the load associated with a facility will be classified as a New Large Single Load billed at the New Resource Firm Power rate. Depending on the outcome of this determination, it would either result in an incentive for new industrial development with possible resultant airshed, land use, and watershed impacts, and increased demand for new resources, or if determined to be a New Large Single Load, a disincentive for new industrial development in the region.

3.3.7 Should Preference Customers be Allowed to Build Generating Resources to Serve Their Own NLSLs?

The Public Power Council has proposed that preference customers be given the option to build their own resources to serve their own New Large Single Loads.

3.3.7.1 BPA's Position - Alternative Positions

BPA feels that the Regional Act gives preference customers this option. Bonneville has noted that such a customer may wish to enter into a separate service and exchange agreement with Bonneville before exercising this option. A service and exchange agreement provides a firm planning capability for resources.

In section 8(e), Service to Load, of the power sales contracts there is language allowing a purchaser to designate a newly developed resource (or a

resource as defined by Section 5(b)(1)(B) of the Regional Act) to serve a NLSL. Thus, the load need not be served at the New Resource Firm Power rate.

The same section allows a consumer of a purchaser to provide a renewable or cogeneration resource to serve all or a portion of a NLSL associated with the consumer's facility subject to limitations in the power sales contracts. Only that portion of the load in excess of 10 average MW, if any, which is placed on the purchaser would be at the New Resource Firm Power rate. Should the consumer sell the output of the resource and by doing so increase the load on the servicing purchaser, the entire load on the purchaser will be at the New Resource Firm Power rate.

3.3.7.2 Consequences/Impacts

Some of the preference customers feel they can build new resources at a cost lower than that reflected in BPA's New Resource Firm Power rate.

The Regional Act establishes a priority for cogeneration and renewable resources, and BPA encourages such development of resources. However, should preference utilities or their consumers develop such resources, the result could be that more generation would be built in the region than might otherwise have been the case. It is also possible that by constructing these resources, the preference utilities could displace or possibly preclude BPA acquisition of certain resources which have a limited regional development potential, such as cogeneration and small hydro, possibly forcing the acquisition of less environmentally benign resources. On the other hand, any load the preference utilities or their consumers serve with their own resources is a load that is not placed upon BPA.

The environmental impacts of developing these resources would be dependent upon the type of resources constructed (see BPA 1980, Chapter IV. B.2 for a discussion of the impacts of potential energy resources) and the kinds of loads these resources would serve. The development of these resources would lead to impacts on air, land, and water quality. As a consequence of providing services, primarily shaping, the Federal Columbia River Power System would be affected. The main impact of shaping is increased fluctuation of the river system (i.e., hydropeaking). A more detailed discussion of this impact and the effect of these services on resource development is contained in BPA's Final Role EIS (BPA 1980, Chapter IV. A, pp. IV-7 to IV-30 and Chapter IV. D., pp. IV-281 to IV-290).

EDASCO SERVICES INCORPORATED
VENDOR QUALITY ASSURANCE REPORT

CLIENT Pacific Power and Light Company EXAM No. 90031006
PO No. 90024076

PROJECT Murder Creek Substation SUPP NO. 1

MANUFACTURER McGraw-Edison Company

MATERIAL Four 15/20/25 MVA, 116-12.6 Delta/21.8 Y/12.6 Kv LTC Transformers
2/9/79

SPEC NO. GPR 1560-973 REV 2/9/79 NOW PROMISED June 8, 1979 REPORT TITLE Inprocess Examination

REF. NO. C-05999-5 LOCATION Cannonsburg, Pennsylvania

SHOP NO. C-05999-5-1,-2,-3 and -4 DATE May 3, 1979

PERSONNEL CONTACTED & TITLE J Rodd. Order Service Supervisor (412) 873-2513

ELECTRICAL EQUIPMENT REPORT NO. (1)

Murder Creek
T 3657-3660

The purpose of this visit was to perform inprocess examination.

Item examined and released for further fabrication.

PO ITEM	SERIAL NO.	QUANTITY	DESCRIPTION
1	C-05999-5-1 C-05999-5-2 C-05999-5-3 C-05999-5-4	4	Coil Windings and Core Assemblies for (4) 15/20/25 MVA, 116-12.6 Delta 21.8 Y/12.6 Kv LTC Transformers

Order in process.

DRAWING

The following drawing was used during the examination.

DRAWING NO.	REVISION	TITLE
NPC389941	-	Connection Diagram Nameplate

SPECIFICATION

The following specification was used during the examination.

SPECIFICATION NO.	REVISION	TITLE
GPR-1560-973	2-9-79	Two Winding Power Transformer Specification

EXAM No. 90031006

PO No. 90024076

Date: May 3, 1979

VISUAL EXAMINATION

The core assemblies and coil windings were examined visually with note taken of the following items.

- 1) The high voltage and low voltage windings were wound with paper insulated aluminum conductors.
2. The spacer rows were properly installed.
- 3) There was no visible damage to the conductors
- 4) The windings were tightly wound
- 5) The AV windings were wound with copper conductors
- 6) The core assemblies were examined and the laminations were found to be straight and properly stacked.
- 7) The corners were straight and undamaged.
- 8) The clamping assemblies were cleaned by shot blast method and a coat of red primer applied.
- 9) The welding of the clamping assemblies was of good quality. The weld slag and spatter were properly removed.

COMMENTS

The core and coil assemblies are scheduled to be ready for examination by May 25, 1979 with tests to start by June 1, 1979. Shipment is tentatively scheduled for June 8, 1979. Tests will be witnessed and results reported.

J P B Melanson
QA Representative

JPBM/yr

EBASCO SERVICES INCORPORATED
VENDOR QUALITY ASSURANCE REPORT

CLIENT Pacific Power and Light Company EXAM NO: 90031006
 PROJECT Murder Creek Substation PO NO: 90024076
 SUPP NO. 1
 MANUFACTURER McGraw-Edison Company
 MATERIAL Four 15/20/25 MVA, 116-12.6 Delta/21.8Y/12.6 Kv LTC Transformers
 SPEC NO. GPR1560-973 REV 1979 NOW PROMISED June 15, 1979 REPORT TITLE Inprocess Examination
 REF. NO. C-05999-5 LOCATION Canonsburg, Pennsylvania
 SHOP NO. C-05999-5 DATE May 23, 1979
 PERSONNEL CONTACTED & TITLE J Rodd - Order Service Supervisor (412) 873-2513
J Moore - Production Manager

ELECTRICAL EQUIPMENT REPORT NUMBER 2

The purpose of this visit was to perform inprocess examination.

Item examined and released for further processing.

PO ITEM	SERIAL NO.	QUANTITY	DESCRIPTION
1	C-05999-5-1	4	Core and Coil Assemblies
	C-05999-5-2		for four 15/20/25 MVA,
	C-05999-5-3		116 - 12.6 Delta/21.8Y/12.6 Kv,
	C-05999-5-4		LTC Transformers

Order is in process.

DRAWING:

The following drawing was used during the examination.

DRAWING NO.	REVISION	TITLE
NPC 389941	-	Connection Diagram Nameplate

SPECIFICATION:

The following specification was used during the examination.

SPECIFICATION NO.	REVISION	TITLE
GPR-1560-973	February 9, 1979	Two Winding Power Transformer Specification

VISUAL EXAMINATION:

The four core and coil assemblies were examined visually with note taken of the following items:

EXAM NO: 90031006
FO NO: 90024076

May 23, 1979

- 1) The windings were tightly wound with straight and evenly spaced spacer rows.
- 2) The windings were properly installed and aligned on the core legs.
- 3) The superstructures were well made and provided good lead support.
- 4) The proper lead clearances have been maintained.
- 5) The no load tap changers were firmly attached to the top clamping assemblies.
- 6) The no load tap changers operated positively making good contact in each position.
- 7) The no load tap changer contacts were of proper size for the transformer ratings.
- 8) The leads were properly terminated and well insulated.
- 9) Insulation was properly installed and is suitable for 65 degrees Centigrade rise operation.
- 10) The clamping assemblies were firmly bolted together.
- 11) Welding of the clamping assemblies was of good quality.
- 12) The clamping assemblies were painted with red primer. (Vendor's standard).
- 13) The core and coil assemblies were clean and free of any rust or foreign matter.

COMMENTS:

The assemblies will be installed in their respective tanks and prepared for acceptance tests. Tests are scheduled to begin by June 1, 1979. Arrangements will be made to witness tests and report the results.

Shipment is expected by June 15, 1979.

J P B Melanson
QA Representative

JPRM/dp

VENDOR QUALITY ASSURANCE REPORT

CLIENT Pacific Power and Light Company EXAM NO: 90031006
 ORDER NO. PO NO: 90024076
 PROJECT Murder Creek Substation SUPP NO. 1
 MANUFACTURER McGraw-Edison Company
 MATERIAL Four 15/20/25 MVA, 116-12.6 Delta/21.84/12.6Kv LTC Transformers
 SPEC NO. GPR 1560-973 2/9/79
 REV 2/9/79 NOW PROMISED June 15, 1979 REPORT TITLE Witness Tests
 REF. NO. C-05999-5 LOCATION Canonsburg, Pennsylvania
 SHOP NO. C-05999-5 DATE May 31, June 1, 1979
 PERSONNEL CONTACTED & TITLE A Badagliacca - Supervisor Test (412) 873-2688
J Rodd - Order Service Supervisor (412) 873-2513

ELECTRICAL EQUIPMENT REPORT NO. 3

The purpose of this visit was to witness acceptance tests.

Item being tested:

PO ITEM	SERIAL NO.	QTY.	DESCRIPTION
1	C-05999-5-1	2	15/20/25 MVA
	C-05999-5-2		116-12.6 Delta/21.84/12.6 Kv
			LTC Transformers

Order in process.

DRAWINGS

The following drawing was used during the tests:

DRAWING NO.	REVISION	TITLE
NPC389941	-	Connection Diagram Nameplate

SPECIFICATIONS

The following specification was used during the tests.

SPECIFICATION NO.	REVISION	TITLE
GPR-1560-973	2-9-79	Two Winding Power Transformer Specification

May 31, June 1, 1979

TESTS

The vendor performed the Impulse Tests on both transformers with no failures or discrepancies noted. The Impulse Tests included one reduced, two chopped and one full wave on each of the high voltage terminals. Reduced waves were 225Kv, chopped waves were 520Kv and the full waves were 452 Kv.

The vendor performed the full induced and one hour Corona Test on serial number C-05999-5-1 satisfactorily. Corona levels during the tests were as follows:

	<u>H1</u>	<u>H2</u>	<u>H3</u>
Full Test @185Kv	2 microvolts	2 microvolts	2 microvolts
One Hour Test @174Kv	1.5 microvolts	10 microvolts	10 microvolts
(Maximum readings obtained)			

COMMENTS

Arrangements will be made to return to the vendor's plant to resume witnessing of tests on June 4, 1979.

The vendor expects to ship the order by June 15, 1979.

JPBM/vl

J P B Melanson
QA Representative

VENDOR QUALITY ASSURANCE REPORT

CLIENT Pacific Power and Light Company EXAM NO: 90031006
 ORDER NO. PO NO: 90024076

PROJECT Murder Creek Substation SUPP NO. 1
 MANUFACTURER McGraw Edison Company

MATERIAL Four 15/20/25MVA, 116-12.6 Delta/21.8Y/12.6Kv LTC Transformers

SPEC NO. GPR1560-973 REV 2/9/79 NOW PROMISED June 22, 1979 REPORT TITLE Witness Tests

REF. NO. C-05999-5 LOCATION Cannonsburg, Pennsylvania

SHOP NO. C-05999-5 DATE June 4,5,6,7,8, 1979

PERSONNEL CONTACTED & TITLE J Rodd - Order Service Supervisor (412) 873-2513
A Badagliacca - Supervisor Test

ELECTRICAL EQUIPMENT REPORT NO. 4

The purpose of this visit was to witness acceptance tests.

Items tested:

<u>PO ITEM</u>	<u>SERIAL NO.</u>	<u>QTY.</u>	<u>DESCRIPTION</u>
1	C-05999-5-1	3	15/20/25MVA
	C-05999-5-3		116-12.6 Delta/21.8Y/
	C-05999-5-4		12.6Kv LTC Transformers

Order in process.

DRAWINGS

The following drawing was used during the tests.

<u>DRAWING NO.</u>	<u>REVISION</u>	<u>TITLE</u>
NPC389941	-	Connection Diagram Nameplate

SPECIFICATION

The following specification was used during the tests.

<u>SPECIFICATION NO.</u>	<u>REVISION</u>	<u>TITLE</u>
GPR-1560-973	2-9-79	Two Winding Power Transformer Specification

TESTS

The transformers were tested satisfactorily with no discrepancies noted.
 Impulse Tests included one reduced, two chopped and one full wave at 225Kv,

June 4,5,6,7,8, 1979

520Kv and 450Kv respectively on each high voltage terminal. The oscillograms were compared and no failures observed. Impulse Tests on serial number C-05999-5-1 reported last week are void. The vendor failed to perform the temperature test before Impulse and Dielectrics as required, thus serial number C-05999-5-1 will be returned to the Impulse area and re-impulsed as well as Dielectric Tests being repeated. The unit will begin Impulse Testing June 12, 1979 with Corona Tests scheduled for June 13, 1979.

Test results will be reviewed and reported following completion of tests.

Shipment of the order is expected by the week of June 22, 1979.

JPBM/v1

J P B Melanson
QA Representative

EBASCO SERVICES INCORPORATED

VENDOR QUALITY ASSURANCE REPORT

CLIENT Pacific Power and Light Company EXAM NO. 90031006
 ORDER NO. 90024076
 PROJECT Murder Creek Substation SUPP NO. 1
 MANUFACTURER McGraw Edison Company
 MATERIAL Four (4) 15/20/25 MVA, 116-12.6/21.8/12.6 Kv LTC Transformer
 SPEC NO. GPR-1560-973 REV NOW PROMISED June 25, 1979 REPORT TITLE Acceptance Test Report
 REF. NO. C-05999-5 LOCATION Cannonsburg, Pennsylvania
 SHOP NO. C-05999-5 DATE June 11, 12, 13 and 14, 1979
 PERSONNEL CONTACTED & TITLE Jack Rodd - Order Service Supervisor (412) 873-2513
Andy Badagliacca - Test Supervisor

ELECTRICAL EQUIPMENT REPORT NO. 5

The purpose of this visit was to witness testing and to review test results.

Item on test and released to be prepared for shipment.

PO ITEM NO.	QUANTITY	SERIAL NO.	DESCRIPTION
1	4	C-05999-5-1	15/20/25MVA, 116Kv Delta
		C-05999-5-2	to 12.6 Delta/21.8 Wye/12.6Kv
		C-05999-5-3	3 Phase, 60 Hz, Class
		C-05999-5-4	OA/FA/FA 65°C Rise LTC Power Transformer.

NOTE: Order continues in Process.

DRAWINGS

The following drawing was used as reference during testing.

DRAWING NO.	REVISION	TITLE
NPC 389941	-	Nameplate Connection Diagram

SPECIFICATION

The following specification was used for reference during tests.

SPECIFICATION NO.	REVISION	TITLE
GPR-1560-973	2/9/79	Two Winding Power Transformers

The tests were conducted in accordance with the wording of the order and specification GPR-1560-973 - 2/9/79.

DATE: June 11,12,13 and 14, 1979

RESISTANCE IN OHMS AT 85°C.

<u>SERIAL NO.</u>	<u>VOLTAGE</u>	<u>RESISTANCE</u>
C-05999-5-1	122000	19.02
	116000	18.11
	110000	17.17
	21800	0.1582
	12600	0.1582
	16L	0.1689
	16R	0.1689
C-05999-5-2	116000	19.277
	21800	0.1589
	12600	0.1589
C-05999-5-3	116000	19.519
	21800	0.1588
	12600	0.1588
C-05999-5-4	116000	19.48
	21800	0.1575
	12600	0.1575

Any abbreviations used in this report are defined as follows:

H = High Voltage D = Direct Reading
Y = Tertiary Voltage R = Reverse Reading
X = Low Voltage B.S. = Before Surge
C = Ground A.S. = After Surge

Ratio of all windings and taps as well as polarity were checked and found in accordance with connection diagram NPC 389941.

Watts Core Loss and Percent Exciting Current

<u>SERIAL</u>	<u>% VOLTAGE</u>	<u>WATTS</u>		<u>%CHANGE</u>	<u>GUAR.</u>	<u>% EXCITING CURRENT</u>		
		<u>B.S.</u>	<u>A.S.</u>			<u>B.S.</u>	<u>A.S.</u>	<u>GUAR.</u>
C-05999-5-1	100	16710	17010	2	17100	0.252	0.247	0.50
	110	22980	23430	2	25000	0.559	0.559	1.0
C-05999-5-2	100	16800	16860	1	17100	0.247	0.244	0.50
	110	22890	23160	1	25000	0.541	0.550	1.0
C-05999-5-3	100	17040	17130	1	17100	0.266	0.266	0.50
	110	23190	23430	1	25000	0.583	0.591	1.0
C-05999-5-4	100	16680	17100	2.5	17100	0.258	0.258	0.50
	110	22800	22770	1.0	25000	0.554	0.561	1.00

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DATE: June 11, 21, 13 and 14, 1979

Average for four transformers

100%E	17025	17100	0.248	0.50
110%E	23198	25000	0.565	1.00

Watts Copper Loss and Percent Impedance

SERIAL	WINDING		COPPER LOSS	TEMP. °C	PERCENT IMPEDANCE @ 85°C		I ² R @ 85°C	TRUE WATTS @ 85°C
	MEAS.	SHORTED			MEAS.	GUAR.		
C-05999-5-1	122000	21800	58887	25	9.27		51513	59600
	116000	21800	58744	25	9.23	9.5	58816	66118
	110000	21800	60280	25	9.41		60663	68812
	116000	12600	58750	25	9.2		58880	66135
C-05999-5-2	116000	21800	58983	26	9.2	9.5	59116	66548
	116000	12600	58773	26	9.2		58952	66107
C-05999-5-3	116000	21800	58321	22	9.2	9.5	58986	66314
	116000	12600	59330	22	9.2		58917	66762
C-05999-5-4	116000	21800	58326	27	9.2	9.5	58612	65536
	116000	12600	59434	27	9.2		58574	66456

Guaranteed Total Loss 86600 watts at 116000/21800 Tap.
Measured Total Loss 83171 average watts at 116000/21800 Tap.

Temperature Tests

Temperature rises in °C - Serial C-05999-5-1.
Temperature tests conducted on voltage taps 116000 HV to 12600 LV.

% LOAD	H.V.	L.V.	TOP OIL	AMB.	GUAR.	COOLING
167	61.7	60.3	53.4	22	65	OA/FA/FA

% Regulation

	100% P.F.	80% P.F.
No. 1	.87	6.26
No. 2	.87	6.20
No. 3	.863	6.25
Measured No. 4	.867	6.10

% Efficiency

	1-1/4 LOAD	FULL LOAD	3/4 LOAD	1/2 LOAD	1/4 LOAD
	99.45	99.48	99.54	99.55	99.45
	99.37	99.45	99.53	99.56	99.45
	99.37	99.45	99.51	99.56	99.46
Measured	99.36	99.44	99.52	99.53	99.44

EXAM NO. 90031006
ORDER NO. 90024076

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DATE: June 11,12,13 and 14, 1979

Impulse Test

Serial Nos. C-05999-5-1, C-05999-5-2, C-05999-5-3, C-05999-5-4

Impulse tests were applied to the transformers in accordance with vendor's QC Test HV only.

One reduced 1.2 X 50 wave of 226 Kv was applied to each of the "H" voltage terminals with simultaneous ground current wave being recorded for each voltage wave.

Two chopped waves of minimum 525 Kv crest were applied to each of the "H" terminals in accordance with C57.12.00 1973.

One 1.2 X 50 full wave of minimum 450 Kv was then applied to each "H" terminal with simultaneous ground current waves being recorded for each application.

A careful examination of the oscillograms disclosed no variation between the reduced voltage wave and the full voltage wave or between the reduced current wave and the full current wave.

The transformer successfully withstood the impulse tests applied to both the high and the low voltage terminals.

DIELECTRIC TESTS

Insulation resistance in megohms:

SERIAL NO.	H to X & G	H & X to G	X to H & G	TEMP. °C
	B.S.	B.S.	B.S.	B.S.
No. 1	5000	4200	4000	25
No. 2	5000	3800	4000	22
No. 3	5000	5000	5000	24
No. 4	5000	5000	5000	24

Power Factor and Capacitance Measurements

Percent Power factor before and after surge test:

SERIAL NO.	H to X & G	H & X to G	X to H & G	TEMP. °C
	B.S.	B.S.	B.S.	B.S.
No. 1	.20	.34	.29	25
No. 2	.21	.22	.32	22
No. 3	.16	.35	.32	24
No. 4	.22	.39	.30	24

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DATE: June 11, 12, 13 and 14, 1979

Capacitance - Microfarads before and after surge test.

SERIAL NO.	H to X & G B.S.	H & X to G B.S.	X to H & G B.S.	TEMP. °C B.S.
No. 1	.00815	.0133	.0153	25
No. 2	.00822	.0732	.0152	22
No. 3	.00832	.015	.013	24
No. 4	.00820	.013	.015	24

Auxiliary Loss

Pumps watts

Fans 2315 watts.

Applied Potential Tests

Each transformer was subjected to the following low frequency insulation tests:

H to X and G 185 Kv, 60 cycles for a duration of 60 seconds.
X to H and G 50 Kv, 60 cycles for a duration of 60 seconds.
Wiring to G 1.5 Kv, 60 cycles for a duration of 60 seconds.

Induced Potential Tests

An induced potential test at 185 Kv, 240 cycles for 30 seconds, was successfully applied.

A three phase induced potential test at 1.5 times rated voltage, 240 cycles for one hour, was successfully applied.

Corona Level (in Microvolts) Max Readings on one hour test.

<u>S/N C-05999-5-1</u>					<u>C-05999-5-2</u>					<u>C-05999-5-3</u>				
Kv	H1	H2	H3		Kv	H1	H2	H3		Kv	H1	H2	H3	
185	3	4	2		185	2	2	2		185	2	2	2	
174	2	3	1.5		174	2	2	2		174	3	3	2	

C-05999-5-4

Kv	H1	H2	H3
185	2	2	2
174	2	2	2

EXAM NO. 90031006
ORDER NO. 90024076

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DATE: June 11, 12, 13 and 14, 1979

SHIPPING CONNECTIONS

SERIAL NO.	C-05999-5-1	116000 - 21800 Wye
	C-05999-5-2	116000 - 21800 Wye
	C-05999-5-3	116000 - 12600 Delta
	C-05999-5-4	116000 - 12600 Delta

SPECIAL COMMENTS

The transformers have been released to be prepared for shipment.

R W Reed
QA Representative

RWR/rb

EBASCO SERVICES INCORPORATED
VENDOR QUALITY ASSURANCE REPORT

CLIENT Pacific Power and Light Company EXAM NO: 90031006
 PROJECT Murder Creek Substation PO NO: 90024076
 SUPP NO. 1
 MANUFACTURER McGraw - Edison Company
 MATERIAL Four 15/20/25 MVA, 116 - 12.6/21.8/12.6 Kv LTC Transformer
 SPEC NO. GPR 1560-973 REV 1979 NOW PROMISED June 21, 1979 REPORT TITLE Final Release
 REF. NO. C-05999-5 LOCATION Cannonsburg, Pennsylvania
 SHOP NO. C-05999-5 DATE June 21, 1979
 PERSONNEL CONTACTED & TITLE J Rodd - Order Service Supervisor (412) 873-2513
J Falconi - Inspection
J Fedoris - Traffic

ELECTRICAL EQUIPMENT REPORT NUMBER 6

The purpose of this visit was to perform final on car examination.

Item examined and released for shipment.

PO ITEM	SERIAL NO.	QUANTITY	DESCRIPTION
1	C-05999-5-1	4	15/20/25 MVA,
	C-05999-5-2		116 Kv Delta to 12.6 Kv Delta/
	C-05999-5-3		21.8 Kv Wye/12.6 Kv
	C-05999-5-4		3 Phase, 60 Hertz, LTC
			Power Transformers

Order is complete at Vendor's facility.

DRAWINGS:

The following drawings were used during the examination.

DRAWING NO.	REVISION	TITLE
NPC 389941	-	Connection Diagram Nameplate
C-411009	A	Outline

SPECIFICATIONS:

The following specification was used during the examination.

SPECIFICATION NO.	REVISION	TITLE
GPR-1560-973	February 9, 1979	Two Winding Power Transformer Specification

EXAM NO: 90031006

PO NO: 90024076

June 21, 1979

VISUAL EXAMINATION:

The four transformers were examined on the rail cars with note taken of the following items:

- 1) The high voltage bushings were removed and crated for shipment. The low voltage bushings will ship installed in the transformers.
- 2) The transformers were drained of oil and filled with Dry Nitrogen at 3 psi for shipment.
- 3) The transformers were loaded on the following rail cars with impact recorders and seals as listed:

SERIAL NO.	<u>C-05999-5-1</u>	<u>C-05999-5-2</u>	<u>C-05999-5-3</u>	<u>C-05999-5-4</u>
CAR NO.	ATSF95017	ATSF90947	MP815102	EL8225
SEAL	02850	02816	02843	02841
IMPACT RECORDER	M2W-1979	K6139LL	2WC749L	2WM-30-2513

- 4) The parts car is EL8077 with impact recorder K6138LL (seal 02824).
- 5) The cars will be routed via CR-A & S-MP-DRGW-SP to their destination.
- 6) The transformers were anchored to their respective rail cars with eight one inch steel rods. (Minimum). Four rods from the top corners of the transformers and four rods through the jacking bosses.
- 7) The transformers were given a final coat of the Vendor's standard ANSI number 70 light gray paint.
- 8) The radiators, bushings and details for serial number C-05999-5-4 are shipping on the parts car EL8077. The balance of the radiators and details are on the respective transformer cars.
- 9) Serial numbers C-05999-5-1 and C-05999-5-2 are connected 21.8 Kv Wye on the low voltage connection.
- 10) Serial numbers C-05999-5-3 and C-05999-5-4 are connected 12.6 Kv delta on the low voltage connection.
- 11) The dew point measurements are as follows:

<u>C-05999-5-1</u>	<u>C-05999-5-2</u>	<u>C-05999-5-3</u>	<u>C-05999-5-4</u>
-39°F @ 71°F	-35°F @ 70°F	-16°F @ 73°F	-20°F @ 71°F
- 12) The final core meggers measured in Megohms are as follows:

<u>C-05999-5-1</u>	<u>C-05999-5-2</u>	<u>C-05999-5-3</u>	<u>C-05999-5-4</u>
6000 @ 21°C	2000 @ 25°C	10000 @ 23°C	20000 @ 25°C

EXAM NO: 90031006

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June 21, 1979

- 13) The transformers conformed to the physical description given in the outline drawing.
- 14) The nameplates agreed with the nameplate drawing.

COMMENTS:

The vendor indicated that he received authorization from Mr Les Stinson of Pacific Power and Light Company, to ship the transformers less the following items: (each transformer).

- 1) 7 fans
- 2) 3 HV Lightning Arrestors
- 3) 2 Oil gauge faces with quick disconnect leads
- 4) 1 Annunciator

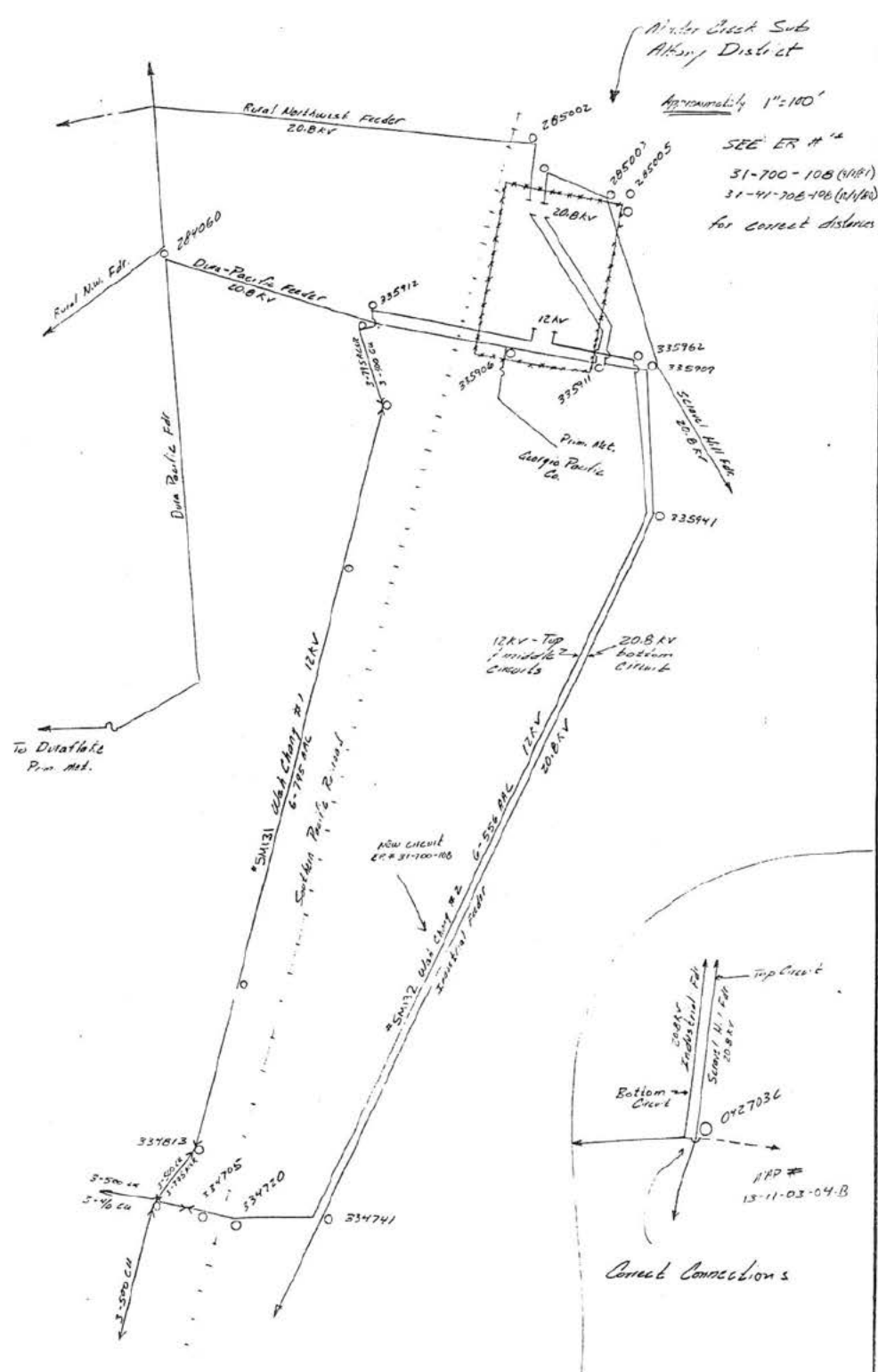
The transformers were found acceptable and released for shipment. The units are expected to leave late today June 21, 1979.

J P B Melanson
QA Representative

JPBM/dp

CRM 9/17/81

MURDER CASE SUBSTATION
CROWN DETAILS
20 & 12 KV CIRCUITS





TRANSFORMER TEST REPORT

Customer Pacific Power and Light CompanyDate of Test 6/19/79 Customer's Order 90024076 Our Order C-05999-5Type OA/FA/FA Phase 3 Cycles 60 Rise 65°C Spec. 14857H. V. Volts 116000A L. V. Volts 12600A/21800Y/12600 V. VoltsTaps See N.P. Dwg. #NPC389941 Taps See N.P. Dwg. #NPC389941 TapsKVA 15000/20000/25000 KVA 15000/20000/25000 KVA

Serial Number	C-05999-5	-1	-2	-3	-4	Avg.	Guarantee
Polarity	See N.P. Dwg. #NPC389941	Transf. Conn.: 116000-21800-Volts @ 15000 KVA					
W.M. Loss @ Full Load 85°C (Load)		66118	66548	66314	65536	66129	
Core Loss @ 100% Voltage (After Impulse)		17010	16860	17130	17100	17025	17100
Total Loss @ Full Load 100% Voltage		83128	83408	83444	82636	83154	86600
Core Loss @ 110% Voltage (After Impulse)		23430	23160	23430	22770	23198	25000
% Exciting Current @ 100% Voltage (After Impulse)		0.25	0.24	0.27	0.26	0.26	0.50
% Exciting Current @ 110% Voltage (After Impulse)		0.56	0.55	0.59	0.56	0.57	1.00
% Impedance @ 85°C		9.24	9.20	9.16	9.20	9.20	9.50
% Resistance @ 85°C		0.441	0.444	0.442	0.437	0.441	
% Reactance @ 85°C		9.23	9.19	9.15	9.19	9.19	
% Regulation @ 100% P.F. Full Load						0.86	
% Regulation @ 80% P.F. Full Load						6.12	
% Efficiency @ Full Load 100% P.F.						99.44	
% Efficiency @ 1/2 Load 100% P.F.						99.52	
% Efficiency @ 1/4 Load 100% P.F.						99.55	
% Efficiency @ 1/2 Load 100% P.F.						99.43	
Total H. V. Resistance in Ohms @ 85°C (Tap "A")		19.18	19.28	19.21	19.11		
Total L. V. Resistance in Ohms @ 85°C (Pos. "N")		0.1580	0.1589	0.1588	0.1576		
% Efficiency @ 1 1/4 Load 100% P.F.						99.36	
% Zero Sequence Impedance		9.12	9.11	9.08	9.13	9.11	
INSULATION TESTS							
H.V. to L.V. and Core Volts for 1 Min.		185000	185000	185000	185000		185000
L.V. to Core Volts for 1 Min.		50000	50000	50000	50000		50000
Induced - Times Normal Voltage		185000	185000	185000	185000		185000
TEMPERATURE RISE (Serial No. C-05999-5-1)				KVA	15000	25000	
Connected: 110000-13230 Volts				H.V.	59.7*	61.7	
Oil Rise Corrected to Shutdown °C (Aluminum Wdgs.)				L.V.	60.4*	60.3	65
Oil Rise °C					58.9*	53.4	

Unless otherwise specified the above Tests are in accordance with the latest A.S.A. and N.E.M.A. Standards.

REMARKS: @ 25000 KVA Guarantee

Hot Spot Temperature Rise °C: 74.2 80

*Rises @ OA Rating are calculated values based on the OA/FA/FA Temperature Test.

Each transformer satisfactorily withstood quality control impulse tests.

All tests were witnessed by Mr. J. Melanson or R. W. Reed of Ebasco Services, Inc.

See Pages #2 through #5 for additional test performance data.

T - 3657 - 3660

 Approved by: (b) (6)
 A. Badagliacca, Engineer in Charge of Test

Issued by: (b) (6) Date: July 3, 1979

S. Zabenko

 (b) (6)
 O. O. Chew
 Supervisor of Electrical Design

McGraw-Edison
Power Systems Division

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Canonsburg, Pennsylvania

TRANSFORMER TEST REPORT

M.E.P.S. Div. Spec.: 14857

M.E.P.S. Div. Order: C-05999-5

Customer: Pacific Power and Light Company

Customer's Order: 90024076

SERIAL NOS. C-05999-5-1, 2, 3 & 4

COMBUSTIBLE GAS IN OIL ANALYSIS DURING TEMPERATURE TEST.

Serial No. C-05999-5-1.	Oil Sample Before Test	Oil Sample After Test
Total Gas By Volume as Percent of Oil:	3.2%	40.3%
Hydrogen (H ₂):	0 P.P.M.	0 P.P.M.
Oxygen (O ₂):	5470 P.P.M.	7560 P.P.M.
Methane (CH ₄):	0 P.P.M.	0 P.P.M.
Carbon Monoxide (CO):	10 P.P.M.	30 P.P.M.
Ethane (C ₂ H ₆):	0 P.P.M.	0 P.P.M.
Carbon Dioxide (CO ₂):	40 P.P.M.	130 P.P.M.
Ethylene (C ₂ H ₄):	0 P.P.M.	0 P.P.M.
Nitrogen (N ₂):	26480 P.P.M.	32580 P.P.M.
Totals:	32000 P.P.M.	40300 P.P.M.

No Combustible Gas was generated during the Temperature Test.

SHUNT RESISTORS USED TO CALIBRATE THE HOT SPOT TEMPERATURE INDICATORS.

Serial No.	Shunt Resistor in Ohms @ 25°C	Resistor Rating (Watts)	Connected Between Terminals*
C-05999-5-1	2.57	25	"S" and "U"
C-05999-5-2	2.24	25	"S" and "U"
C-05999-5-3	1.78	25	"S" and "U"
C-05999-5-4	1.62	25	"S" and "U"

* Terminals located in the Sidewall Terminal Box.

Serial No. C-05999-5	-1	-2	-3	-4	Avg.
Core Loss @ 100% V. Before Impulse Tests:	16710	16800	17040	16680	16808
Core Loss @ 110% V. Before Impulse Tests:	22980	22890	23190	22800	22965
% Exciting Current @ 100% V. Before Impulse:	0.25	0.25	0.27	0.26	0.26
% Exciting Current @ 110% V. Before Impulse:	0.56	0.54	0.58	0.55	0.56

Date of Test - June 19, 1979

(b) (6)

A. Badagliacca

T - 3657 - 3660

McGraw-Edison
POWER SYSTEMS DIVISION

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Canonsburg, Pennsylvania

TRANSFORMER TEST REPORT

M.E.P.S. Div. Spec.: 14857

M.E.P.S. Div. Order: C-05999-5

Customer: Pacific Power and Light Company

Customer's Order: 90024076

SERIAL NOS. C-05999-5-1, 2, 3 & 4

	<u>AVG. PER UNIT</u>	<u>GUARANTEES</u>
Cooling Equipment Loss in Watts @ OA/FA Rating:	1310	1700
Cooling Equipment Loss in Watts @ OA/FA/FA Rating:	2315	3400

% IMPEDANCE @ 85°C

H.V. Tap	L.T.C. Pos.	MVA	Serial No. C-05999-5	L.V. Connected for 21800 Volts				
				-1	-2	-3	-4	AVG.
A	N	15		9.27	9.24	9.21	9.23	9.24
B	N	15		9.22	9.17	9.19	9.20	9.20
C	N	15		9.24	9.20	9.16	9.20	9.20
D	N	15		9.28	9.28	9.25	9.32	9.28
E	N	15		9.41	9.38	9.33	9.43	9.39
C	16R	15		9.47	9.45	9.42	9.46	9.45
C	N	15		9.24	9.20	9.16	9.20	9.20
C	16L	13.5		8.18	8.13	8.10	8.15	8.14
				L.V. Connected for 12600 Volts				
A	N	15		9.20	9.16	9.21	9.25	9.21
B	N	15		9.15	9.15	9.18	9.24	9.18
C	N	15		9.19	9.17	9.15	9.21	9.18
D	N	15		9.28	9.26	9.26	9.29	9.27
E	N	15		9.38	9.36	9.38	9.42	9.39
C	16R	15		9.40	9.43	9.43	9.44	9.43
C	N	15		9.19	9.17	9.15	9.21	9.18
C	16L	13.5		8.12	8.16	8.13	8.14	8.14

Date of Test - June 19, 1979

(b) (6)

A. Badagliacca

T - 3657 - 3660

McGraw-Edison
POWER SYSTEMS DIVISION

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Canonsburg, Pennsylvania

TRANSFORMER TEST REPORT

M.E.P.S. Div. Spec.: 14857

M.E.P.S. Div. Order: C-05999-5

Customer: Pacific Power and Light Company

Customer's Order: 90024076

SERIAL NOS. C-05999-5-1, 2, 3 & 4

CORONA TEST

The Corona Test was conducted during the Three Phase Induced Voltage Dielectric Test using the Bushing Capacitance Tap Method.

Measured R.I.V. Level in Microvolts

Induced Voltage in H.V. Winding ϕ to ϕ	Ser. No. C-05999-5-1			Ser. No. C-05999-5-2			Guarantees
	H1 ϕ	H2 ϕ	H3 ϕ	H1 ϕ	H2 ϕ	H3 ϕ	
185 KV	3	4	2	2	2	2	500 Max.
	Ser. No. C-05999-5-3			Ser. No. C-05999-5-4			
185 KV	2	2	2	2	5	10	500 Max.

ONE HOUR CORONA RUN @ 174 KV (1.5 TIMES RATED VOLTAGE).

Ser. No. C-05999-5-1				Ser. No. C-05999-5-2		
Time in Minutes - Start:	2	3	2	2	2	2
- 5:	2	2	2	2	2	2
- 10:	2	2	2	2	2	2
- 15:	2	2	2	2	2	2
- 20:	2	2	2	2	2	2
- 25:	2	2	2	2	2	2
- 30:	2	2	2	2	2	2
- 35:	2	2	2	2	2	2
- 40:	2	2	2	2	2	2
- 45:	2	2	2	2	2	2
- 50:	2	2	2	2	2	2
- 55:	2	2	2	2	2	2
- 60:	2	2	2	2	2	2

Ser. No. C-05999-5-3				Ser. No. C-05999-5-4		
Time in Minutes - Start:	2	2	2	2	3	3
- 5:	2	2	2	2	2	2
- 10:	2	2	2	2	3	2
- 15:	2	2	2	2	2	2
- 20:	2	2	2	2	2	2
- 25:	2	2	2	2	2	2
- 30:	2	2	2	2	2	2
- 35:	2	2	2	2	2	2
- 40:	2	2	2	2	2	2
- 45:	3	2	2	2	2	2
- 50:	3	2	2	2	2	2
- 55:	2	2	2	2	2	2
- 60:	2	3	2	2	2	2

Corona Guarantee during One Hour Run: 150 Microvolts Maximum.

Date of Test - June 19, 1979

(b) (6)

T - 3657- 3660

A. Badagliacca

McGraw-Edison
Power Systems Division

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Canonsburg, Pennsylvania

TRANSFORMER TEST REPORT

M.E.P.S. Div. Spec.: 14857

M.E.P.S. Div. Order: C-05999-5

Customer: Pacific Power and Light Company

Customer's Order: 90024076

SERIAL NOS. C-05999-5-1, 2, 3 & 4

% POWER FACTOR AND CAPACITANCE @ 20°C

	Ser. No. C-05999-5-1		Ser. No. C-05999-5-2	
	% P.F.	Capacitance	% P.F.	Capacitance
H.V. to L.V. and Ground:	0.18	0.00815 Mfd.	0.19	0.00822 Mfd.
L.V. to H.V. and Ground:	0.26	0.01530 Mfd.	0.20	0.01500 Mfd.
H.V. and L.V. to Ground:	0.31	0.01330 Mfd.	0.29	0.01320 Mfd.
H.V. to Ground, Guard on L.V.:	0.34	0.00152 Mfd.	0.27	0.00650 Mfd.
L.V. to Ground, Guard on H.V.:	0.31	0.00775 Mfd.	0.30	0.01200 Mfd.

	Ser. No. C-05999-5-3		Ser. No. C-05999-5-4	
	% P.F.	Capacitance	% P.F.	Capacitance
H.V. to L.V. and Ground:	0.15	0.00832 Mfd.	0.19	0.00820 Mfd.
L.V. to H.V. and Ground:	0.13	0.01500 Mfd.	0.26	0.01550 Mfd.
H.V. and L.V. to Ground:	0.34	0.01310 Mfd.	0.34	0.01360 Mfd.
H.V. to Ground, Guard on L.V.:	0.31	0.00154 Mfd.	0.41	0.00153 Mfd.
L.V. to Ground, Guard on H.V.:	0.24	0.00768 Mfd.	0.28	0.00796 Mfd.

INSULATION RESISTANCE IN MEGOHMS @ 20°C

Serial No. C-05999-5	-1	-2	-3	-4
H.V. to L.V. and Ground:	7050	6600	870	6520
L.V. to H.V. and Ground:	5640	3300	870	8150
H.V. and L.V. to Ground:	5360	1980	700	6520

(Measured with a 1000 Volt Megger Meter.)

CORE INSULATION RESISTANCE IN MEGOHMS @ 20°C

Serial No. C-05999-5	-1	-2	-3	-4
	6420	2820	12300	20000+

(Measured prior to shipment using a 1000 Volt Megger Meter.)

All control wiring and related equipment on each transformer satisfactorily withstood an Insulation Test to Ground of 1500 Volts, 60 Cycles, for a One Minute Duration.

Date of Test - June 19, 1979

(b) (6)

A. Badagliacca

T - 3657 - 3660



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

OFFICE OF THE ADMINISTRATOR

September 19, 1988

In reply refer to: PMCN

Mr. William Brauer
Vice President, Power Systems
Pacific Power & Light Company
920 SW. Sixth Avenue
Portland, OR 97204

Dear Mr. Brauer:

The Bonneville Power Administration (Bonneville) has determined that the electrical load at the Centralia Coal Mine (commonly called "WIDCo") served by Pacific Power & Light Company (Pacific) constitutes a New Large Single Load (NLSL) of Pacific. This determination is made pursuant to section 3(13) of the Northwest Power Act and section 8 of the Power Sales Contract between Bonneville and Pacific, Contract No. DE-MS79-81BP90424.

During the first 12 months of service by Pacific to WIDCo, which commenced at 2400 hours on December 23, 1986, the electrical energy consumption for the load was 10.4 average megawatts. This exceeds the 10 aMW NLSL threshold. NLSL status is effective December 23, 1986.

Enclosed is Revision No. 1 to Table 1 of Exhibit K ("New Large Single Load Determinations") of your Power Sales Contract reflecting this determination. Also enclosed for your information is a copy of the Administrator's Decision Document ("Bonneville Power Administration New Large Single Load Determination for the Centralia Coal Mine ('WIDCo')") which establishes the rationale for this action.

The materials and calculations which Pacific provided regarding the impact of WIDCo's NLSL status on Pacific's average system cost are being reviewed by the Exchange Program Branch. The ASC issue will be addressed separately under procedures of Bonneville's 1984 ASC Methodology.

Sincerely,

(b)(6)

~~acting~~ Administrator

2 Enclosures

RAho:alm:4117 (VS6-PMCN-4062b)

cc:

Admin. Chron. File - A
J. Robertson - A
S. Hickok - A
D. Geiger - AL
E. Sienkiewicz - AM
E. Spigal - AF
J. Luce - AP
T. Miller - AFP
R. Roach - APR
S. Ailshie - D
C. Meyer - DR
M. Roberts - DRE
E. Arnold - DRER
B. McLean - DRER
R. Hallgarth - DRES
R. Freeman - DSA
G. Gwinnutt - L
W. Helm - LB

J. Lenzen - LB
P. Livesley - LC
E. Schulenberg - LCA
District Managers - LG, UW,
UM, WI, WL
W. Pollock - P
S. Melton - PM
D. Metcalf - FM
L. Kitchen - PMC
E. Bleifuss - PMCE
R. Aho - PMCN
T. Esvelt - T
G. Reich - TC
S. Clarke - TCA
A. Harlow - UC
J. Rogers - WC
Official File - PMCN (PM-12-2-560)

Power Manager's Briefing Memo

Documents: (1) Administrator's Decision Document ("NLSL Determination on Centralia Coal Mine"), (2) Revision No. 1 to Table 1 of Exhibit K to Pacific Power & Light Company's Power Sales Contract (New Large Single Load Determinations Exhibit), and (3) transmittal letter to Pacific.

Existing Circumstances: Electrical service to the Centralia Coal Mine (commonly called WIDCo) was taken over by Pacific Power & Light Company in 1986. (It was formerly served by Lewis County PUD.) The electrical energy consumption at the Mine during the first 12 months of service by Pacific was 10.4 aMW, which exceeds the 10 aMW NLSL threshold of section 3(13) of the Northwest Power Act and section 8(b) of the PSC.

BPA has already informed Pacific that BPA may declare the load an NLSL. They have presented arguments against an NLSL result. Pacific asserts the Mine load should be considered part of the Centralia Steam Electric Plant's station service load, although historically it has never been considered so. In Pacific's view, the NLSL provision does not apply to station service loads.

Their other argument is an odd one: that an NLSL result would increase BPA's residential exchange subsidy payment to Pacific, and since that result would arguably not be in BPA's best interest, BPA should determine the load not to be an NLSL.

The Exchange Program Branch staff disagrees with Pacific's view and preliminarily suggests an adjustment to Pacific's ASC which may result in a refund to BPA of up to \$1.8 million (the maximum currently estimated exposure as of July 13). This ASC adjustment is based on an interpretation of the application of 1984 ASC Methodology footnote "f", which prescribes a hierarchy by which one identifies the cost of resources used to serve an NLSL and makes inferences as to how such costs are to be deducted from a utility's ASC. (Section 5(c)(7)(A) of the Northwest Power Act requires the "cost of additional resources" used to serve an NLSL be excluded from ASC.)

Financial Management believes that its approach comports better with the intent of Congress as to the impact that serving an NLSL should have on a utility's ASC (i.e., it should go down, not up).

Following this NLSL Determination by the Administrator, Financial Management will initiate a review of Pacific's ASC with regard to this load. A determination in that process will be required as to whether Pacific's contention that the Mine is being served by the Centralia Plant is correct. Financial Management's preliminary view is that the Mine load is served with higher-cost resources from Pacific's system.

The Office of General Counsel is working with Financial Management and, based on currently known facts, believes that footnote f of the ASC Methodology is being appropriately applied.

Changes Required/Impact on Existing Circumstances: The attached Administrator's Decision Document develops a rationale for a determination that the Mine load has become an NLSL of Pacific. The NLSL Determinations Exhibit K of Pacific's PSC should be amended pursuant to section 8(a) of the PSC to list the Mine load as an NLSL. The transmittal letter advises Pacific of BPA's NLSL Determination and serves as the cover to transmit the revised Exhibit K to them. It also mentions that, in a separate forum, BPA will be evaluating the impact of this NLSL Determination on Pacific's average system cost under section 5(c)(7)(A) of the Act.

Policy Implications: This will be the region's second NLSL. The first was Stauffer Chemical, formerly a DSI but now served by The Montana Power Company. That NLSL Determination was uncontested. In this case, Pacific's position being that the Mine is not an NLSL, litigation may occur.

Financial Management Concerns: None, with respect to the determination that the Mine is an NLSL.

General Counsel Concerns: None.

NEPA Determination: The Environmental Coordinator for the Office of Power Sales has determined this action is categorically excluded in accordance with 52 FR 240 (contract amendments and modifications which are clarifying and administrative in nature and which do not extend the terms or otherwise substantially change the contract being amended). This action does not individually or cumulatively have a significant effect on the human environment and may be implemented.

Signature Instructions: Four signatures required: The Administrator will sign the Exhibit K Revision (two copies), the Decision Document, and the transmittal letter.

Area Acceptance: Both the Puget Sound Area (where the Mine is located) and the Lower Columbia Area (principal point of contact with Pacific) concur with the proposed action and recommend signature. The other two Areas are cognizant of the proposed action and have voiced no objections.

RAho:aim:4117 (VS6-PMCN-4057b)

1. DATE		TRANSMITTAL FOR ADMINISTRATOR'S ACTION				NO. 19565	
2. ADDRESSEE, TYPE OF DOCUMENT, AND BRIEF DESCRIPTION OF SUBJECT MATTER							
Revision No. 1 to Exhibit K (NLSL Determinations) for Pacific Power & Light Company's Power Sales Contract, plus related documents.							
3. SEQUENCE/CONCURRENCE				4. ORIGINATOR'S PHONE NO.			
ROUTING		DATE		INITIALS		5. ROUTING	
ORIGIN	SYM	TO	IN	OUT			
X	DR	McGriffin	8/17/88	8/17/	RG	DR Ralph/LKitchen/ABurns	DR PAC
X	DR	RFox	8/8	8/10	RFB	6. TYPIST/PHONE NO. Dnd Aho - 4117	7. AREA & FLOOR L20 - 6
X	DR	Stelton	8/17	8/17	SRM	8. FAX PHONE NO. ETS 420-4573	9. CONTROL NO.
		Wilm				10. DUE DATE	11. ACTION USE ONLY
12. SUMMARY/SPECIAL INSTRUCTIONS							
The Centralia Coal Mine ("MIDCO") is served by Pacific Power & Light Company and recently exceeded the 10 MW New Large Single Load threshold. BPA should declare the load to be an NLSL and accordingly amend Pacific's Power Sales Contract (Exhibit K). Included in this 500 package are the Administrator's Decision Document and a transmittal letter to Pacific.							
X	L	LOWER COLUMBIA	8/5	8/11	TN		
	U	UPPER COLUMBIA					
	T	PUGET SOUND		8/8	TGE		
	W	SNAKE RIVER					
1.	P	POWER SALES	8/31	9/2	Wrg		
	R	ENERGY RESOURCES					
2.	AM	POWER MANAGEMENT					
	E	ENGINEERING					
	M	OPERATIONS, MAINTENANCE, AND CONSTRUCTION					
	AN	POWER FACILITIES					
X	D	FINANCIAL MANAGEMENT	8/8	8/12	HCK		
V	S	MANAGEMENT SERVICES					
X	AP	GENERAL COUNSEL	8/5	8/29	HS		
Y	AL	EXTERNAL AFFAIRS	8/5	8/9	DG		
3.	A	EXEC. ASST. ADMINISTRATOR	9-6				
4.	A	DEPUTY ADMINISTRATOR	9-7				
5.	A	ADMINISTRATOR	9-7	7/19	JSR		
13. AC						14. ADDITIONAL INSTRUCTIONS/COMMENTS (CHECK THOSE APPLICABLE)	
WASHINGTON, DC, OFFICE						<input checked="" type="checkbox"/> This document involves a change in Administration policy. <input checked="" type="checkbox"/> Return for mailing/processing. <input type="checkbox"/> Document will be transmitted by facsimile as soon as signed. <input type="checkbox"/> Call when signed. Name: Margaret Skiba Ext: 2564	

(Instructions on Reverse Side)

BPA 568 APR. 1985

Distribution: Forward white and yellow copy with accompanying materials.
Retain pink copy for pending file.

ADMINISTRATOR'S DECISION DOCUMENT

Bonneville Power Administration
New Large Single Load Determination
for the
Centralia Coal Mine ("WIDCo")

Prepared by

The Office of Power Sales
Division of Contracts and Rates
Power Contracts Branch

Portland, Oregon

August 1988

CONCLUSION

After carefully considering the available information, the arguments made, and Bonneville's previous decisions, I have determined that the electrical load at the Centralia Coal Mine operated by the Washington Irrigation and Development Company became a New Large Single Load of Pacific Power & Light Company effective at 2400 hours on December 23, 1986, in that the load became served by Pacific as of that date, and the load's energy consumption reached and exceeded 10 average megawatts during the first 12 months of service by Pacific thereafter.

Under Section 8(a) of Pacific Power & Light Company's power sales contract with the Bonneville Power Administration, Contract No. DE-M579-81BP90424, Table 1 to Exhibit K of Pacific's contract will be amended to reflect this determination.

(b)(6)

~~ACTING~~ Administrator
Bonneville Power Administration

9/20/88
Date

(VSE-PMCN-3317b)

Executive Vice President
Regulation and External Affairs

600 N.W. 10th Avenue, Suite 1100
Portland, Oregon 97227-2115
(503) 873-6193
FAX (503) 873-7177



April 20, 2001

The Honorable Tom Beck
President
Montana State Senate
Capitol Station
Helena, Montana 59601

Dear Senator Beck:

As you are aware, PacifiCorp and Flathead Electric Cooperative are parties to a 70 MW Power Sales Agreement that was entered into in early 1998. To date, PacifiCorp has made a sincere attempt to work with Flathead to find a mutually agreeable solution to the pricing provisions negotiated by Flathead that will switch to a market-based mechanism on October 1, 2001. PacifiCorp recognizes and acknowledges the seriousness of this situation to Flathead and its customers.

The purpose of this letter is to clearly state that PacifiCorp is willing to continue working with those individuals or entities that the Flathead Electric Cooperative Board of Directors names as their authorized representative(s) in order to seek creative sensible solutions to lessen the impact upon Flathead's customers.

Based on discussions to date, it would appear that one promising solution would be for Flathead to make an equity investment in generation such that Flathead could have access to a cost-based power supply. If this generation was in a location of use to PacifiCorp, Flathead could then sell this power to PacifiCorp at market and PacifiCorp would credit Flathead's monthly invoice. In discussing the situation with representatives of Flathead and their consultant last month, it is PacifiCorp's understanding that Flathead is pursuing just such an equity investment in the Salt Lake City area.

The State of Montana, through the Board of Investments or a state created power authority, might offer some opportunity to minimize credit risks should Flathead desire to obtain capital for an investment in generation. We believe that this is an idea worth pursuing.

Another possibility that Flathead may not have explored is the potential for Flathead to assign its power purchase from PacifiCorp to the Bonneville Power Administration. In order for this scenario to work for Flathead, BPA would then have to agree to allow Flathead to purchase more power following October 1, 2001.

06/01/01

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PLUM CREEK

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12:02

06/01/2001

The Honorable Tom Beck
April 20, 2001
Page 2

Due to the genuine interest expressed by you and the Flathead delegation, and because time is of the essence, we are willing to have our legislative representative, Tom Ebzery, meet at least monthly with the delegation in Kalispell in order to update members on the progress of the negotiations.

Sincerely,

(b)(6)

Senator Fred Thomas
Flathead Legislative Delegation

06/01/01 08:48 28408 882 1/1

FLUOR MOUNT

PEND OREILLE PUD



Department of Energy

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

EXECUTIVE OFFICE

March 20, 2023

In reply refer to: A-7

Ms. April Owen, Interim General Manager
Public Utility District No. 1 of Pend Oreille County
PO Box 190
Newport, WA 99156

Dear Ms. Owen:

This letter is to inform you that the Bonneville Power Administration (BPA) has determined that the load associated with Allrise Capital, Inc.'s Cascade Digital Mining, LLC, described below, became a New Large Single Load (NLSL) on Pend Oreille County Public Utility District No. 1's (Pend Oreille) system as of September 30, 2022, Hour Ending 2, under section 3(13) of the Northwest Power Act, and BPA's NLSL Policy.

The Cascade Digital Mining, LLC site is a data center, which is co-located at the existing Ponderay Industries, LLC (formerly Ponderay Newsprint Company) site which is an existing NLSL. It is currently being served out of the BPA Usk substation, with three 75 MVA 230 kV to 13.2 kV customer owned transformers are fed from the 230 kV bus. Those three transformers feed roughly 16 buildings onsite. Based upon its end user's representations, Pend Oreille understands that the site's real property is owned by Ponderay Real Estate, LLC, a Washington limited liability company and wholly owned subsidiary of Allrise Capital, LLC.

The Cascade Digital Mining, LLC is located on the Ponderay Industries site, which consists of:

Address: 422767 SR 20, Usk, WA 99180

Tax Parcel Numbers: 443208000005 and 443205500001

Abbreviated Legal Description: 3-59 F4 NE1/4; N1/2NW1/4; SE 1/4NW; NWSE1/4; 08-32-44

Based on BPA's current information, the increase in load during the January 1, 2022 – December 31, 2022 monitoring period of 87,652,300 kilowatt hours or 10 average megawatts at Cascade Digital Mining, LLC makes this facility an NLSL. All future load at this facility will be NLSL, including both increases and reductions of load. As noted in Section 4 of Exhibit A of Pend Oreille's Regional Dialogue Power Sales Contract No. 09PB-13090 (Agreement), Pend Oreille has elected to serve the Cascade Digital Mining, LLC data center with specified and unspecified dedicated resources.

BPA will revise Exhibit D of Pend Oreille's Agreement to designate the Cascade Digital Mining, LLC data center from Planned NLSL status to Existing NLSL status, and will provide Pend Oreille with originals of the exhibit for signature. BPA will continue to monitor load growth at the facility on an annual basis.

If you have any questions please don't hesitate to contact your Account Executive, Mike Normandeau at (406) 360-8714.

Sincerely,

**JOHN
HAIRSTON**  Digitally signed by JOHN
HAIRSTON
Date: 2023.03.20
12:36:11 -07'00'

John Hairston
Administrator and Chief Executive Officer

cc:
Tyler Whitney, Pend Oreille

bcc:

M. Lopez – KSBV-TPP-1

M. St. Brown – KSL-4

A. Babcock – KSM-6

T. Johnson – LP-7

M. Bodine-Watts – LP-7

E. Doot – LP-7

S. Cooper – P-6

K. Thompson – PS -6

M. Normandeau – PSE-RONAN

N. Schimmels – PSE-MEAD-GOB

R. Miller – PSS-6

L. Oberhausen – PSS-6

C. Allen – PSS-SEATTLE

K. Patton – PSS-SEATTLE

A. Miller – PSW-6

C. Augustine – PSSE-TPP-1

S. Babaidhan – PSSE-MEAD-GOB

L. Moore – PSSE-MEAD-GOB

CCM_Support – KSC-4 (Pend Oreille, 09PB-13090)

Official File – PSE (PM-12)



Department of Energy

Bonneville Power Administration
PO Box 3621
Portland, Oregon 97208-3621

POWER SERVICES

April 18, 2022

In reply refer to: P-6

Mr. F. Colin Willenbrock, General Manager
Public Utility District No. 1 of Pend Oreille County
P.O. Box 190
Newport, WA 99156-0190

Dear Mr. Willenbrock:

Pend Oreille County PUD No. 1 (Pend Oreille) and the Bonneville Power Administration (BPA) executed a Regional Dialogue Power Sales Contract, Contract No. 09PB-13090 (Agreement), on December 1, 2008. Under section 23.3 of the Agreement, BPA is required to make a Facility Determination for any load at a plant site that may become a New Large Single Load (NLSL) as defined in section 3(13) of the Northwest Power Act.

On December 13, 2021, Pend Oreille informed BPA of the development of a new large load, originally named Ponderay Data, LLC and of the planned service to this load located at the site of Ponderay Industries, LLC (formerly Ponderay Newsprint Company) on Pend Oreille's distribution system. The end-user for this new large load has since been identified as Cascade Digital Mining, LLC, a Delaware limited liability company ("Cascade Digital"). Based upon representations made by the end-user, Pend Oreille understands Cascade Digital to be a joint venture between Merkle Standard LLC, a Washington limited liability company ("Merkle Standard"), and Bitmain Delaware Holding Company, Inc., a Delaware corporation ("Bitmain Holding"). Additionally, Pend Oreille further understands Merkle Standard to be a wholly owned subsidiary of Allrise Capital Inc., a Delaware corporation ("Allrise"), and Bitmain Holding to be a wholly owned subsidiary of Bitmain Technologies Delaware Limited, a Delaware corporation. Cascade Digital is co-located on the Ponderay Industries, LLC (Ponderay Industries) site, which is an existing NLSL. Pend Oreille stated in its letter that a substantial increase in the load is expected in the near future. Pend Oreille requested that BPA make a Facility Determination for NLSL purposes for the Cascade Digital load, which will be a data center. This new load is in addition to the existing NLSL newsprint load at the Ponderay Industries site, and is located at the Ponderay Industries site. The Ponderay Industries NLSL newsprint load is not currently operating, but is being maintained for a possible restart in the future. Based upon the end-users' representations, Pend Oreille understands that Ponderay Industries is a wholly-owned subsidiary of Allrise.

FINDINGS

Pend Oreille and BPA have had extensive discussions regarding the development of this site, with the principals submitting data and plans to BPA for its review in anticipation of a Facility Determination. Due to the COVID-19 pandemic BPA has not been able to conduct a site visit to Ponderay Industries. In addition, BPA understands that Allrise is still working to restart the newsprint portion of the site load. It is not clear at this time what the final physical and electrical setup will be for both the newsprint and data center loads.

Therefore, with this letter, BPA is making this Facility Determination based on the information submitted to BPA and consistent with the criteria stated in section 23.3.2 of the Agreement for the Cascade Digital load, with the caveat that BPA may update its decision when a site visit is conducted. With the current information, BPA has concluded that the Cascade Digital load development consists of a facility that is separate from the Ponderay Industries existing NLSL under the Agreement and BPA's NLSL Policy.

Based upon the information supplied, the current description of this facility is: **The Cascade Digital Mining, LLC site** is a data center, which will be co-located at the existing Ponderay Industries site. It is currently being served out of the BPA Usk substation, with three 75 MVA 230kV to 13.2 kV customer owned transformers fed from the 230kV bus. Those three transformers feed roughly 16 buildings onsite. Based upon its end user's representations, Pend Oreille understands that the site's real property is owned by Ponderay Real Estate, LLC, a Washington limited liability company and wholly owned subsidiary of Allrise.

Legal Description

Cascade Digital is located on the Ponderay Industries site, which consists of:

Address: 422767 SR 20, Usk, WA 99180

Tax Parcel Numbers: 443208000005 and 443205500001

Abbreviated legal Description: 3-59 F4 NE1/4; N1/2NW1/4; SE 1/4NW; NW1/4SE1/4; 08-32-44.

NLSL Monitoring Period

The Monitoring Period for the Cascade Digital facility is January 1, 2022 through December 31, 2022. This load excludes any construction load. Any future construction load at this site must be separately metered and excluded from production load measurements.

FACILITY DETERMINATION FACTORS

Consistent with section 23.3 and its NLSL policy, BPA has based this Facility Determination for the Cascade Digital load on the following factors:

Single End-Use Consumer: The data center load is operated by Cascade Digital, which is a joint venture between Merkle Standard and Bitmain Holding.

Geographical Separation: This load is co-located within the existing Ponderay Industries NLSL facility. However, at the time of this Facility Determination, only the Cascade Digital load is operating.

Electrical Separation: At the time of this Facility Determination, only the Cascade Digital load is operating. Currently, there are three 75 MVA 230kV-to-13.2 kV customer-owned transformers fed from the 230kV bus in the substation. These transformers feed switchgear inside the building that then feed to the rest of the site. The protection scheme for the three transformers ties into the BPA and Pend Oreille protection relaying. A one-line distribution system diagram illustrates the current service arrangement for the site.

There is up to 4.521 MWs of grandfathered PF eligible load associated with the maintenance of the Ponderay Industries newsprint site and machinery, which shall be subtracted from the load at the Cascade Digital site for the purposes of monitoring the Cascade Digital load. Should the Ponderay Industries newsprint load restart, BPA will require a plan of service that illustrates how Cascade Digital and Ponderay Industries newsprint will be electrically separated.

Separate Metering: At the time of this Facility Determination, only the Cascade Digital load is operating. Should the Ponderay Industries newsprint load restart, BPA will require a plan of service that illustrates how Cascade Digital and Ponderay Industries will be electrically separated and metered separately for the purposes of monitoring the newsprint and the data center loads independently.

Separate Billing: Pend Oreille has indicated that, at the time of this Facility Determination, the power sales contract between Pend Oreille and Ponderay Real Estate, LLC, is solely for the purpose of providing an interim amount of power to the site until a longer-term contract can be negotiated between the parties. However, Pend Oreille presumes that the Cascade Digital load and the Ponderay Industries load (when restarted), will be billed under the same contract.

Separate Product Lines: Cascade Digital proposes to serve both cryptocurrency and high-density computing services, herein described as data center load, at the Ponderay Industries site. This load is distinct from the newsprint production load that historically operated at the site and that was determined to be an NLSL as of January 13, 1990.

Because there will be no means to identify or segregate products and services created by the data center load, BPA will consider any load growth in any part of the physical site related to the data center load to be added load growth to the Cascade Digital facility for load measurement and metering purposes.

As mentioned above, the Ponderay Industries newsprint load is not currently operating beyond basic maintenance load. Should the Ponderay Industries newsprint load resume production, BPA will need to complete a site visit to determine how the newsprint load is being electrically separated and metered separately from the data center load. Once a site visit has been completed, BPA will update this Facility Determination based on the findings of that site visit and what is described in this letter. The updated Facility Determination will be the final and permanent Facility Determination.

Per Pend Oreille's request, Cascade Digital will begin being served with non-federal resources as a Planned NLSL. Pend Oreille expects the Cascade Digital load to increase by 10 average megawatts or more during the first 12-month Monitoring Period, and when it does, BPA will

declare such load growth an NLSL. After a load becomes an NLSL, all subsequent load growth at the facility will also be an NLSL under BPA's NLSL Policy. In such event that the Cascade Digital load does not become an NLSL in the first 12-month Monitoring Period, a subsequent 12-month Monitoring Period will commence and the load at the facility would then consist of two parts: a base amount (grandfathered amount) eligible for BPA service with federal power at the applicable PF rate, and a Planned NLSL amount, which must be served with non-federal power because Pend Oreille purchases BPA's block product.

Thank you for your understanding and cooperation. Please don't hesitate to call your Power Account Executive, Mike Normandeau, at (406) 676-2669 should you have any questions or concerns regarding this letter.

Sincerely,

(b) (6)

Digitally signed by
SUZANNE COOPER
Date: 2022.04.18
08:41:41 -07'00'

Suzanne Cooper
Senior Vice President for Power Services

cc: April Owen, Pend Oreille
Tyler Whitney, Pend Oreille

bcc:

M. Lopez – KSBV-TPP-1

A. Babcock – KSM-4

M. Bodine-Watts – LP-7

E. Doot – LP-7

T. Johnson – LP-7

D. Villalobos – PEJB-MEAD-GOB

J. Hurlburt – PGL-5-Portland

K. Thompson – PS-6

M. Normandeau – PSE-RONAN

N. Schimmels – PSE-MEAD-GOB

C. Allen – PSS-SEATTLE

R. Miller – PSS-6

E. Oberhausen – PSS-6

K. Olive – PSS-6

W. Roghair – PSS-6

K. Patton – PSW-SEATTLE

S. Wilson – PSW-6

C. Augustine – PSSE-TPP-1

S. Babaidhan – PSSE-MEAD-GOB

L. Moore – PSSE-MEAD-GOB

CCM_Support – KSC-4 (Pend Oreille, 09PB-13090)

Official File – PSE (PM-11-14)

PENDE OREILLE & PONDERAY PAPER NLSL & NORMALIZATION

Pende Oreille currently has the distinction of being the only BPA customer serving a consumer with an NLSL with a PF eligible component.

In 1985 Pende Oreille was contemplating serving a new paper mill in its service territory Ponderay Paper. Pende Oreille requested a Facility Determination for the new load, they proposed that the paper mill load and the thermomechanical pumping load constituted two separate facilities under BPA's NLSL Policy. BPA ultimately agreed.

In 1988 Pende Oreille approached BPA about expected load growth at Ponderay Paper with an eye to phasing-on the expected load growth to avoid NLSL status, Pende Oreille was also interested in using non-federal resources to serve the load in some circumstances which was complicated by the fact that Pende Oreille was Computed Requirements Customer without Automatic Generation Control (sort of a proto Slice arrangement)¹.

Ponderay Paper had an established Measurement Period running from October to the following September. Their plan for phasing-in to avoid NLSL status turned on construction ending and commercial operation beginning midway through the Measurement Period so that the initial load would accumulate over less than 12 months in that first Measurement Period.

Ponderay Paper had unexpected construction delays which put back the date of commercial operation which greatly reduced the number of kilowatt hours ascribed to the first Measurement Period and thus reduced the average megawatts in the first year. This dislocated Ponderay Papers plan to phase-in their load growth by shifting load growth planned for year 1 into year 2. This resulted in Ponderay Paper becoming an NLSL on Pende Oreille in the second Measurement Period with a small amount of load (4.521 aMw) eligible for service with power purchased at PF².

Pende Oreille tried to invoke the NLSL Policy concept of Normalization in this instance.

Normalization is described in section 8 (f) of the 1981 Northwest Power Act Power Sales Contract and in BPA's NLSL Policy of April 2001 at II.B.4, below.

¹ BPA offered an updated Computed Requirements Customer contract for Subscription in 2000; there were no takers.

² See Revision No. 1 to Exhibit K dated January 13, 1990

PENDE OREILLE & PONDERAY PAPER NLSL & NORMALIZATION

4. Adjust for load normalization, if appropriate. BPA must adjust the comparison of amounts of consumption in two 12-month periods to eliminate any reductions in the load due to unusual events reasonably beyond the control of the Consumer. Normalization is possible where the consumer's facility has a period of normal operation, then a period of reduced load, and then an increase in load. The consumer requests normalization through the retail utility, supplying data to support the request.

In a letter dated December 27, 1989, BPA rejected Pende Oreille's premise stating in part:

'Section 8(f) of the power sales contract provides that, for the purpose of calculating whether a load has become a New Large Single Load (NLSL), BPA will determine whether the reductions in the consumer's load due to unusual events were reasonably beyond the consumer's control and if so will compute the consumer's energy consumption as if such reductions had not occurred. This section was developed during the negotiation of the power sales contract in order to protect commercially operating loads from becoming the New Large Single Loads based on unusual events. The rationale for the provision was that if the consumption of energy by such loads was reduced due to events beyond the consumer's control, such as strikes or natural disasters, so that resumption of normal production would cause an increase of 10 aMW or more in the following 12 – month period, the consumer should not be penalized for the period of reduced loads by becoming an NLSL.

Section 8 (f) contemplates three different periods: an initial period of normal commercial operation before any load reduction occurs; the period during which the load reduction due to unusual events occurred; and a period of increased load following the load reduction period. The initial period of normal operation establishes the level from which the load was reduced. Without this period of normal operation, the amount of the load reduction is uncertain and undemonstrable. . . .

The difficulty with Ponderay's request is that the reduction occurs in the load's initial period of operation and is based on construction rather than normal commercial operation in that period. There has been no "normal" load at the plants prior to the period for which

**PENDE OREILLE & PONDERAY PAPER
NLSL & NORMALIZATION**

normalization has been requested; there is no load, other than sporadic testing loads, from which a “load reduction” could occur. The load reduction in question is not the type of load reduction addressed by the parties in Section 8 (f) and is not provided for in the contract.’

As a result of this finding the Ponderay Paper Company newsprint facility became an NLSL on Pende Oreille with a small PF-eligible component.

JAMES A. SEWELL & ASSOCIATES

Branch Office
110 Hutton Bldg.
Spokane, WA. 99204
(509) 747-5794

CONSULTING ENGINEERS
NEWPORT, WASHINGTON 99156
(509) 447-3626

Newport Office
James A. Sewell C.E.
Fellow A.S.C.E.
Joe M. Olmstead C.E.
Member A.S.C.E.

*System Studies *Power Analysts *Civil Engineering *Land Surveys

July 23, 1984

Mr. Peter T. Johnson, Administrator
Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208

Dear Mr. Johnson:

This letter is being written in accordance with a suggestion made by staff members of your Administration during a meeting with Consultants to the Ponderay Paper Company on July 9, 1984. As you know, the Pend Oreille Public Utility District is contemplating the sale of power to the Company for the operation of a newsprint manufacturing plant to be located in the District's service area.

Initially, the District will be able to serve the Company's load from its own resources. Later, the District may need to purchase power from BPA to meet normal load growth.

Assuming that the District executes the Power Sales Contract which has been presented by BPA, and further assuming that the District can and will serve the paper company from its own resources prior to its purchase of any power from BPA for the District's normal load growth, are we correct in concluding that all such purchases from BPA under the contract would be acquired under the Priority Firm Power Rate rather than the New Resource Firm Power Rate or any modification thereof?

We are certain that you will appreciate the fact that an answer to the foregoing is an absolute prerequisite to the ability of the Board to make an intelligent and informed decision as to the execution of the proposed contract.

We wish to emphasize that an immediate answer to this inquiry will be greatly appreciated due to the fact that we expect to make a decision on service to the newsprint plant on or about August 1, 1984.

Yours truly,

PUBLIC UTILITY DISTRICT NO. 1
of Pend Oreille County, Wash.

(b) (6)

By

James A. Sewell, Engineer

JAS:jvz

cc: Sienkiewicz
Noguchi
Chastek
Horan
Jones
Valo
McNally
PUD
File

PKL

AUG 10 1984

Mr. James A. Sewell & Associates
James A. Sewell, Consulting Engineer
for Pend Oreille County PUD
Newport, WA 99156

Dear Mr. Sewell:

In your letter of July 23, 1984, you indicated that Pend Oreille County PUD (District) was considering service to Penderay Paper Co., a new large newsprint manufacturing plant, to be located in the District's service area. You assumed that (i) the District intends to sign a Regional Act power sales contract with BPA, and (ii) the District has sufficient resources to serve its present load and Penderay from its own resources, without placing any load on BPA.

You have asked whether purchases from BPA for service to the District's load growth separate from Penderay will be at the Priority Firm Power Rate or some other rate as a consequence of the District's service to Penderay.

I am assuming that the question arises because the Penderay load will be such that it might be considered a New Large Single Load under section 8 of the power sales contract.

If the District fully serves Penderay's requirements, under these assumptions, future District load growth, other than any growth of Penderay's load, which is placed upon BPA will be served at the Priority Firm Power Rate.

To accomplish this, when submitting its initial Firm Resource Exhibit to the power sales contract, the District needs to hold back enough of its resources described by Regional Act section 5(h)(1)(B) to serve Penderay. These resources must be controlled by the District and of sufficient capability to serve Penderay. These resources will be considered the "other than Firm Resources" referred to in section 8(e) of the power sales contract. So long as the District serves Penderay in this manner, for purposes of computing BPA's firm power obligation to the District, Penderay will not be a part of the District's Actual Firm Load and the other resources dedicated to serve Penderay will not be a part of the District's Assured Capability.

Assuming that the Penderay load is such that it would be designated a New Large Single Load, it will be so designated even if the District serves it. This means that if the District should ever request that BPA serve this load, pursuant to the limitations of section 8(e) and section 9 of the power sales contract, any power purchased for service to Penderay would not be at the Priority Firm Power Rate. Service would likely be at the New Resources Firm Power Rate or its successor.

I hope that this response will be of assistance to the District as it makes its decisions regarding Penderay. If you need any further assistance, please contact Art Harlow, the Upper Columbia Area Power Manager.

Sincerely,

(Sgd.) E. W. SIENKIEWICZ

Assistant Administrator for
Power and Resources Management

EBleifuss:1o (WP-PKL-4537b)

cc:
E. Hallmark - AP
J. McLennan - PG
T. Noguchi - PK
J. Pyrch - PK
D. J. Anderson - PKL

D. Faulkner - PS
L. Dean - PS
A. Harlow - OK
Official File - PKL

JAN 16 1985

PKL

Mr. James McCampbell, Manager
Pend Oreille County PUD
130 W. Washington Ave., Box 190
Newport, WA 99156

Dear Mr. McCampbell:

Bonneville Power Administration (BPA) has reviewed Pend Oreille County PUD's (Pend Oreille) November 14, 1984, facility determination letter. Subject to BPA's review of Pend Oreille's contracts with Ponderay Paper Company (Ponderay) (expected spring of 1985) BPA concurs with Pend Oreille's finding that Ponderay's thermomechanical wood pulp (TMP) and paper mill facilities will be two separate facilities. If completed in accordance with the submitted diagrams and proposed plan of service, the Ponderay facilities meet the separate facility determination criteria in section 8(a) of BPA's utility power sales contract proposed to Pend Oreille. Upon completion the two facilities will (1) produce different products, (2) be administered under separate contracts, (3) be metered and billed separately, and (4) will be electrically independent.

BPA also agrees that, if the actual energy consumption at the two facilities occurs, as stated in Pend Oreille's letter, only the load at the TMP facility would become a New Large Single Load. The statutory test and the test in section 8(b) of the 5(b) power sales contract is an actual energy consumption test. Pend Oreille has the responsibility to monitor the load at each of the Ponderay facilities, during each consecutive 12-month period, from the agreed upon date of commercial operation. The actual energy consumption of the load at the facilities will be the deciding factor in determining when and how much of the load or load growth at either facility has become a New Large Single Load.

Should you have any questions concerning this facility determination, please contact Janet McLennan at (503) 230-5154.

Sincerely,

(SGD) Peter T. Johnson

Administrator

JAMES A. SEWELL & ASSOCIATES

Brecon Office
718 Hutton Bldg.
Spokane, WA. 99204
(509) 747-6794

CONSULTING ENGINEERS
NEWPORT, WASHINGTON 99156
(209) 447-3628

Newport Office
James A. Sewell C.E.
Fellow A.S.C.E.
Jon M. Olmstead C.E.
Member A.S.C.E.

*System Studies *Power Analysis *Civil Engineering *Land Surveys

November 14, 1984

Department of Energy
Bonneville Power Administration
U.S. Courthouse, Room 561
W. 920 Riverside
Spokane, Washington 99201

Attn: Mr. Arthur W. Harlow, Area Power Manager

Subject: BPA-Proposed Paper Mill

Dear Art:

In our negotiations for the power sales contract for the proposed paper facility construction by the Ponderay Paper Company in Pend Oreille County, they have indicated that they plan two separate facilities. These would be a thermomechanical pulp (TMP) facility and a paper mill facility. (See Attachment 1, Site Plan).

The first facility would produce thermomechanical (TMP) wood pulp, which is a commercially saleable product and is also a raw material for the paper mill facility. Commercial sales of such pulp are currently made from mills operated by Finlay Forest Industries, Ltd. and Quesnel River Paper Co. in British Columbia. The primary raw materials for the TMP facility are wood chips and bleaching chemicals. (See Attachment 5, Flow Chart). The TMP load during the first twelve months is anticipated to be less than ten average megawatts, therefore that portion of the TMP load would not then or thereafter be a New Large Single Load. It is anticipated that the TMP load growth during the second twelve month period might exceed ten average megawatts, in which case that load growth and future load growth would be a New Large Single Load. (See Attachment 3, Planned Startup Schedule.)

The second facility (paper mill) would produce newsprint paper. The primary raw materials for the paper mill are TMP pulp and kraft pulp, which would be purchased from outside suppliers. (See Attachment 5, Flow Chart.) The paper mill load during the first twelve months is anticipated to be less than ten average megawatts, and the load growth during the second twelve months is anticipated to be less than ten average megawatts; thus this facility would not be a New Large Single Load. Ponderay Paper Company plans to monitor and control the paper mill load so that the ten average megawatt limit would not be exceeded. (See Attachment 4, Planned Startup Schedule.)

November 14, 198

Page 2

Each facility would operate independently of the other and service to each facility would be provided by the District under separate contracts and would have separate metering and billing. The two points of delivery would be electrically independent. (See Attachment 2, One-line Electrical Diagram.)

Tender of a Power Sales Contract and the construction schedule for the facilities is dependent upon completion of the Environmental Impact Statement as required by the Washington State Environmental Protection Act and obtaining of the required state and local permits. The District would notify BPA of the date of commercial operation of each facility so that the load of each facility can be monitored.

We hope you will consider the above information and that BPA will concur with the District's determination that these are two separate facilities and that, under the startup plan outlined herein, only the portion of the TMP load that exceeds the ten average megawatt load growth limit in a consecutive twelve month period and future load growth at the TMP facility, would be a New Large Single Load. Thus any power purchased for this portion of the TMP facility from BPA would be billed under the New Resource Rate, while all other power purchased from BPA would be under the Priority Firm Power Rate.

Please feel free to call me if you have any questions. We would appreciate a letter confirming your agreement in the near future.

Very truly yours,

PUBLIC UTILITY DISTRICT NO. 1
of Pend Oreille County, Wash.

(b) (6)

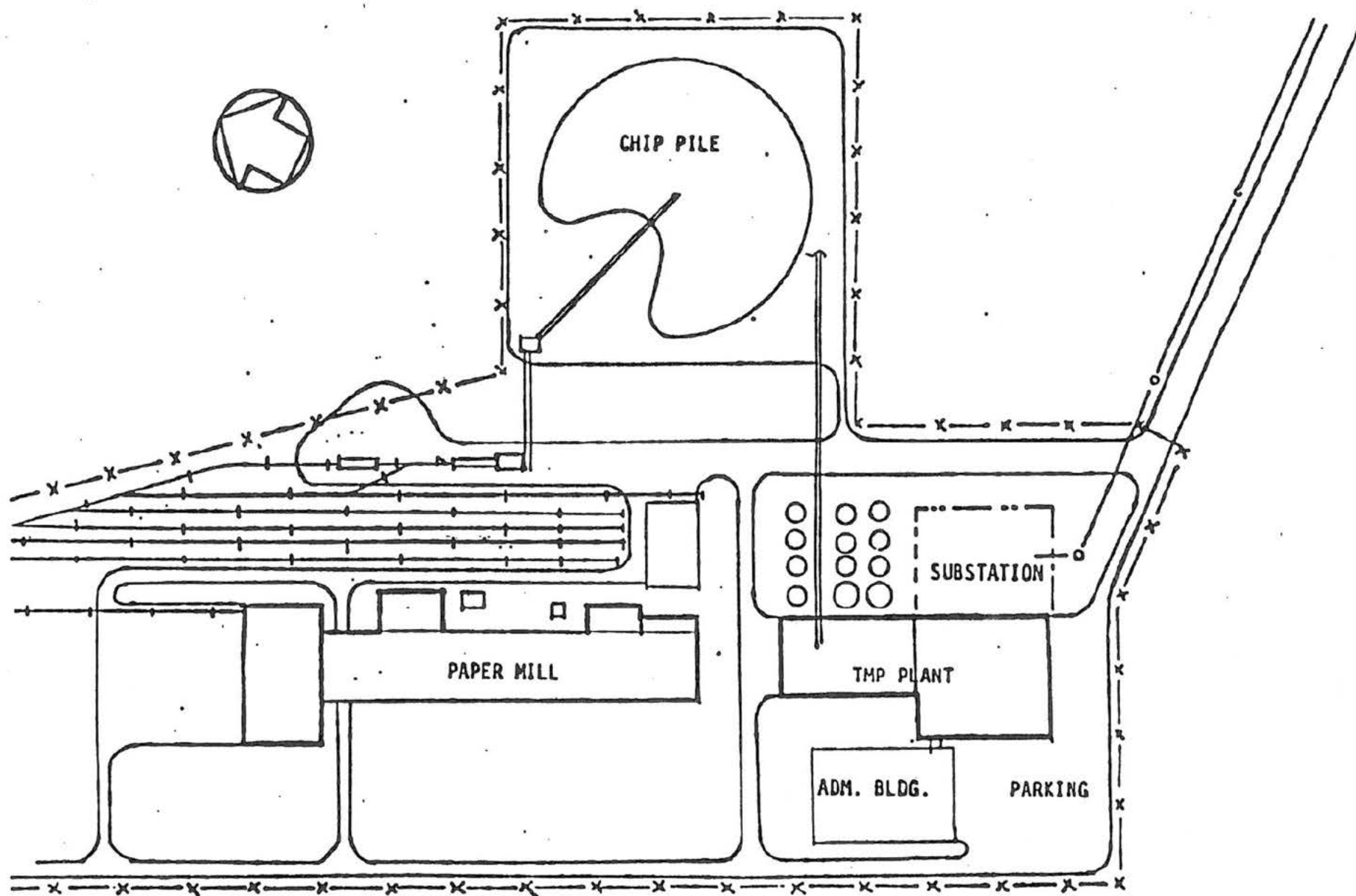
By

James A. Sewell, Engineer

JAS:jvz

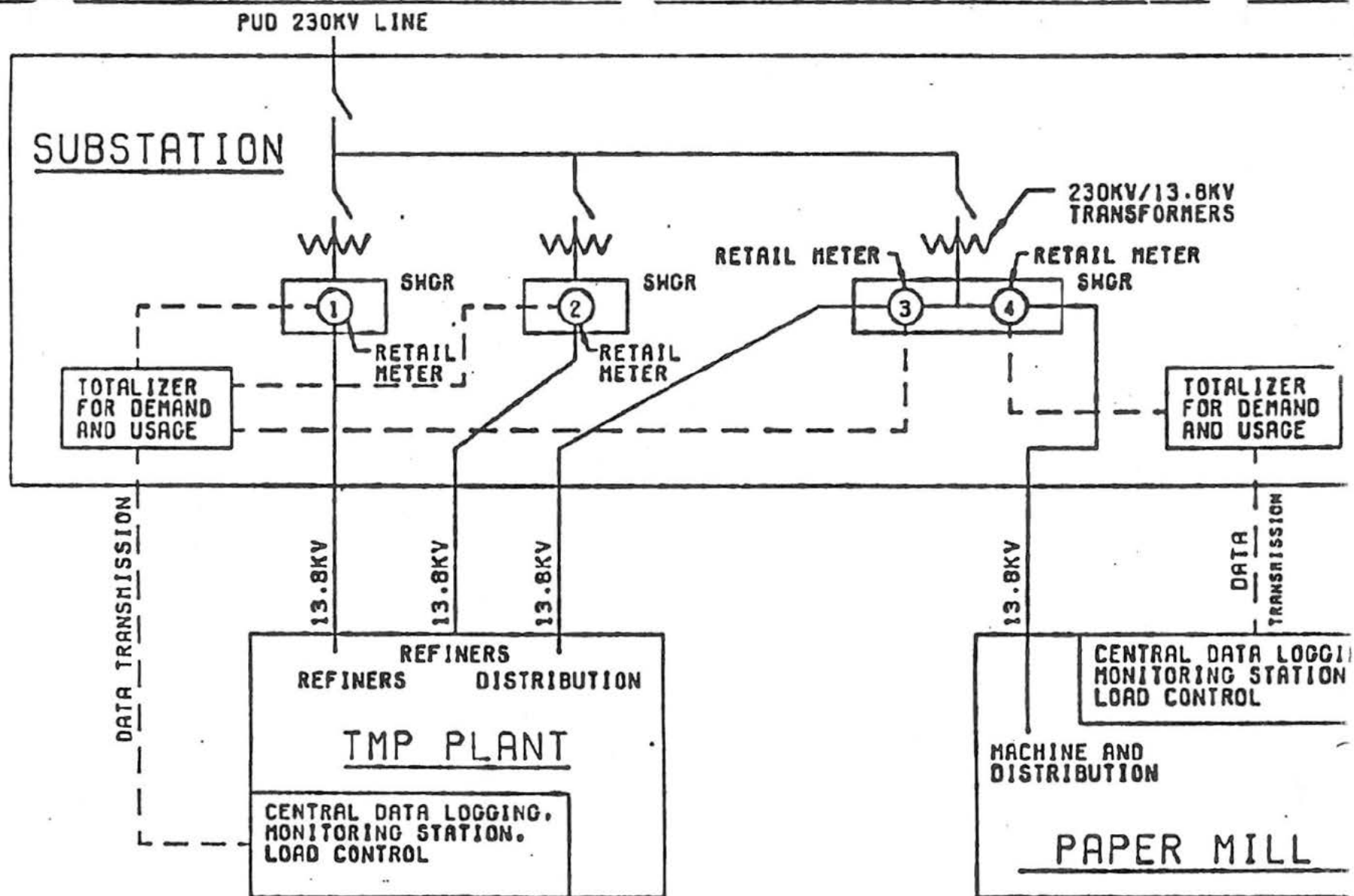
cc: PUD
File

Enclosure



PONDERAY PAPER COMPANY
CUSICK, WASHINGTON
SITE PLAN

ATTACHMENT 1



PUBLIC UTILITY DISTRICT NO.1 OF PEND OREILLE COUNTY, WASHINGTON

ONE LINE DIAGRAM - PONDERAY PAPER ON SITE FACILITIES

SCALE: N/A

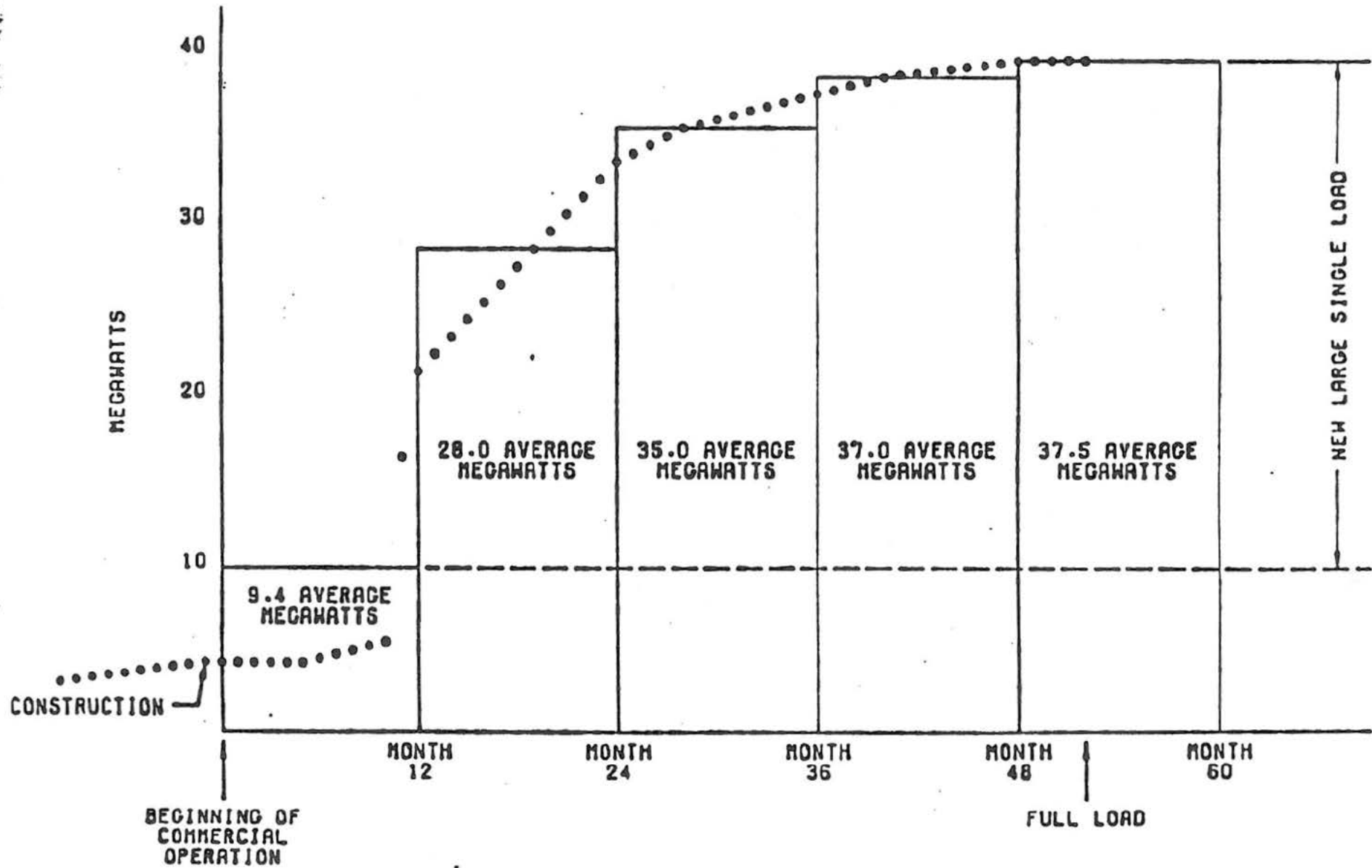
DATE: 10-12-84

ATTACHMENT 2

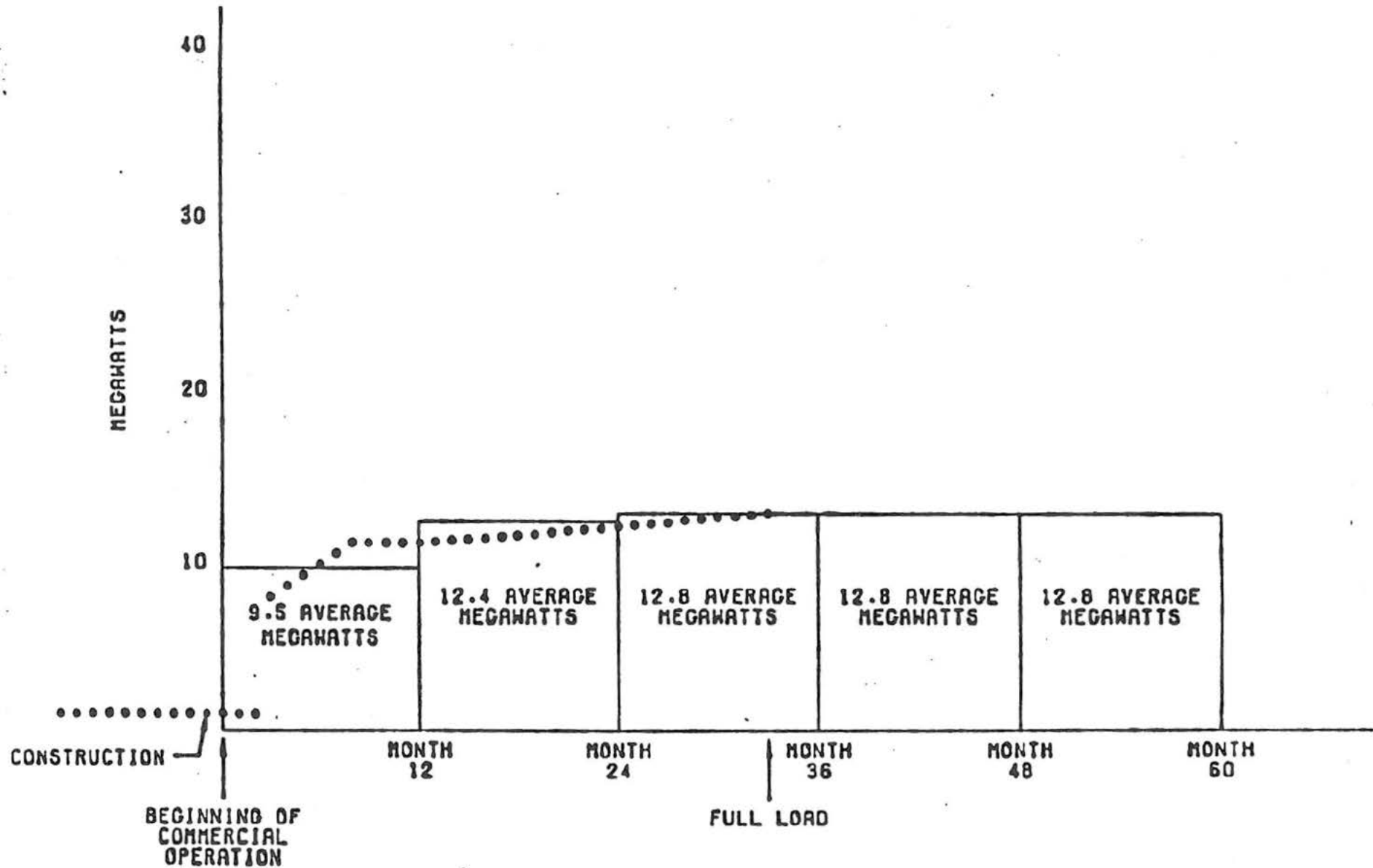
DRAWN: D.N.

APPROVED:

PLANNED STARTUP SCHEDULE

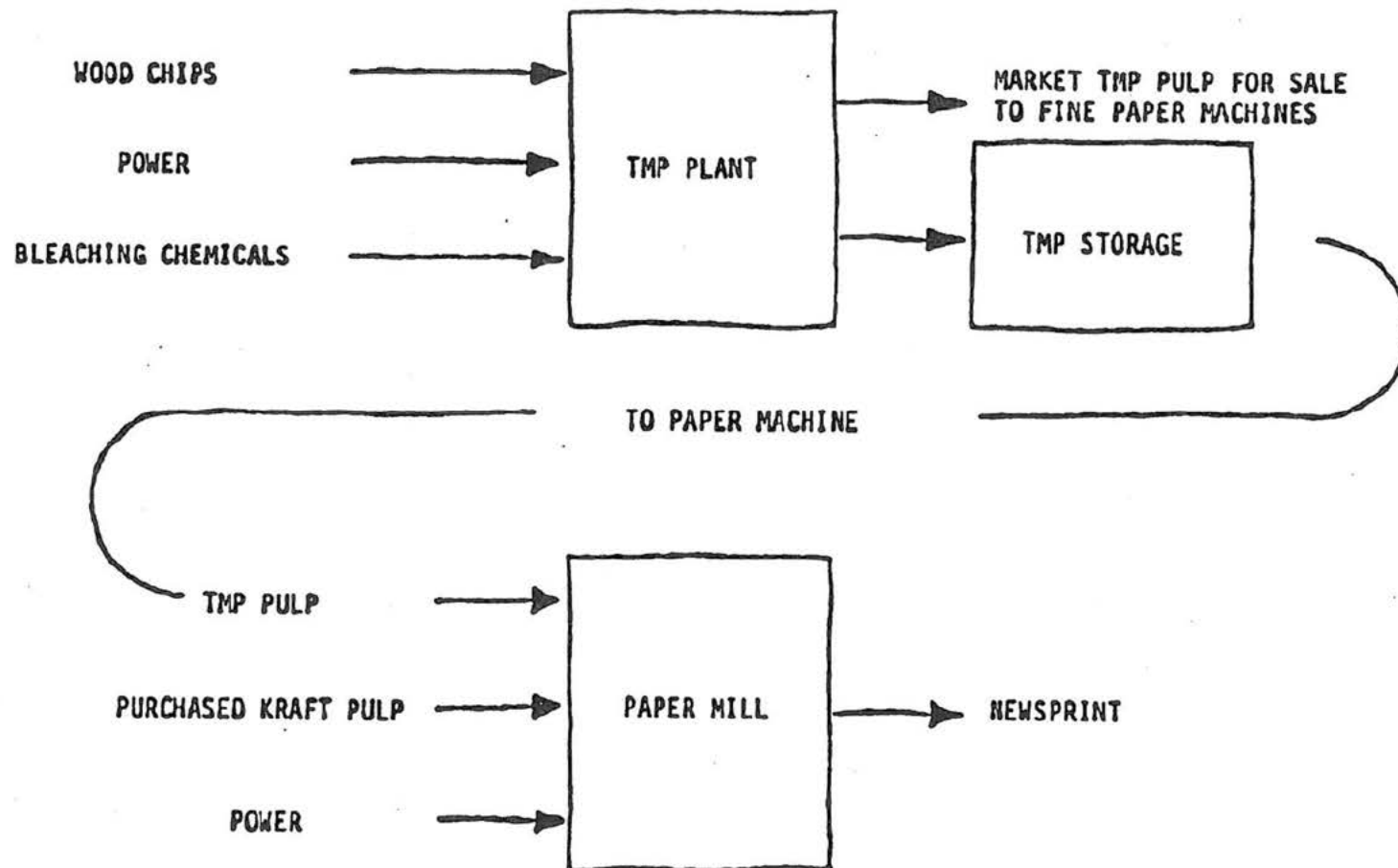


PLANNED STARTUP SCHEDULE



PONDERAY PAPER COMPANY - CUSICK, WASHINGTON

RAW MATERIAL AND PRODUCT FLOW CHART



ATTACHMENT 5



Department of Energy
Bonneville Power Administration
Upper Columbia Area
Room 561, U.S. Court House
West 920 Riverside Avenue
Spokane, Washington 99201-1083

January 30, 1987

In reply refer to: OKC

Mr. James McCampbell, Manager
Pend Oreille County PUD No. 1
P.O. Box 190
Newport, WA 99156

Dear Jim:

After reviewing Pend Oreille County PUD's Power Sales Contract with Ponderay Newsprint Company and the other enclosures in your October 8, 1986, letter, it appears that the situation has not changed significantly since BPA issued the two New Large Single Load (NLSL) letters of August 10, 1984, and January 16, 1985. On that assumption, we concur with your understanding of NLSL issues as represented by items 1-5 in your letter:

1. The thermomechanical pump (TMP) facility and the paper mill facility are two separate facilities, assuming circumstances have not changed since BPA made the facility determination;
2. The portion of the TMP load that occurs during the first 12 months of operation will not be a NLSL if it consumes less than 10 average MW during that time, and it will therefore be eligible for PF power;
3. Load growth during the second 12-month period and subsequent load growth would be a NLSL if it exceeds 10 average MW during that time;
4. The paper mill facility would not be a NLSL if its load growth stays under the 10 average MW annual growth threshold;
5. The PUD can purchase priority firm power to serve its load growth other than NLSL(s).

With regard to the additional question in your October 24, 1986, letter, Section 8(e) of the Bonneville Power Administration (BPA) Power Sales Contract provides for the PUD to obtain power from an alternate (non-BPA) supplier for solely dedicated service to any NLSL. A NLSL served in this manner is not part of the PUD's Actual Firm Load, and this explains why it need not be served with Firm Resources. The transaction essentially occurs outside the Power Sales Contract. To accomplish this, the PUD holds back enough of its Firm Resources to serve the NLSL, or it acquires an external resource. The PUD must control this resource and it must be of sufficient capability to serve the NLSL. If load shaping services are required, BPA can provide them

through a service and exchange agreement with the PUD. So long as the NLSL is served with the alternate resource, the NLSL will not be part of the PUD's Actual Firm Load and the resource will not be a part of the PUD's Assured Capability. The PUD should include a footnote in its Firm Resources Exhibit which documents the use of the resource. BPA's letter to the PUD, dated August 10, 1986, details these procedures.

Sincerely,

(b) (6)

A. A. Harlow
Area Power Manager

AHarlow:nuf;2590 (WP-ORC-3237H)

cc:
T. Noguchi - FK
M. Flynn - FAL
Official File - ORC



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

MAY 26 1989

In reply refer to: PMC

Mr. Dick Arkills, Operations Director
Public Utility District No. 1
of Pend Oreille County
P.O. Box 190
Newport, WA 98823-0190

Dear Mr. Arkills:

In your letter of April 4, 1989, you asked a number of questions concerning service to Ponderay Newsprint Company's pulp plant (the "fiber mill") at Usk, Washington, relating to the delivery of power to the portion of the load which is expected to receive priority firm (PF) power. Our answers to your questions are the following:

1. Assuming the first year consumption at the fiber mill will be less than 87,600,000 kWh, the hourly, daily, and monthly amounts of PF power available to the fiber mill, together with all of the District's Actual Firm Load, will be governed by the terms of section 17(g) of the power sales contract and Exhibit E, the Power Scheduling Procedures Exhibit.

Limitations on deliveries to the fiber mill PF load must be viewed in the context of the District's Actual Firm Load, because the provisions of the power sales contract address the purchaser's total Actual Firm Load and not just portions of the load. The PF energy load at the fiber mill will be a portion of the District's Actual Firm Load under the power sales contract, and as such will be used, within the limits established in the power sales contract, to calculate the District's Computed Average Energy Requirement and Computed Energy Maximum each month. These values then will be used in determining the amounts of PF power the District will be permitted to schedule.

Assuming that the increase in energy consumption at the fiber mill during the second year after energization will exceed 87,600,000 kWh, then, in addition to the limitations specified in the power sales contract, monthly amounts of PF energy available to the fiber mill will be limited to the average first year energy consumption multiplied by the number of hours in the month (a "flat" distribution).

A flat distribution of the fiber mill energy load eligible for PF service (that which is phased in in load increases of less than 87,600,000 kWh per year) will not require equal purchases of PF energy from BPA in all months of the operating year. The flat distribution is simply a ceiling on the amount of PF energy that may be delivered for the fiber mill load in any month.

If the District has sufficient resources to serve some or all of the phased-in fiber mill energy load in some months of the year, the District will not be required to purchase PF energy for the entire phased-in load at the fiber mill in those months. However, the amount of billing energy in the District's power bill will reflect a portion of the Computed Energy Maximum, including the fiber mill load, whether or not the District purchases PF energy to serve the fiber mill in a given month. If the District purchases less than the maximum amount of PF energy available to the fiber mill in any month, the difference may not be carried over to permit purchases above the maximum in any later month.

Monthly amounts of PF peak capacity available to the fiber mill, subject to the limits expressed in the power sales contract, will be limited to the flat monthly energy amount divided by the estimated fiber mill load factor, as described in response 3 below.

2. Limitations on deliveries during light load hours are specified in the power sales contract. These limitations, including section 17(g)(2) and Exhibit E, sections 2(a)(2) and 2(a)(3), are based on the District's Actual Firm Load, including the fiber mill PF load. For example, as stated in Exhibit E, section 2(a)(2), light load hour deliveries Monday through Saturday are limited to 320 percent of the District's Computed Average Energy Requirement minus 160 percent of the average amount of energy the District preschedules during heavy load hours.
3. The amount of PF peaking available to the fiber mill load for each operating year will be based on the estimated load factor for the fiber mill. Until historical load factors which reflect normal commercial operation are available for the fiber mill, PF peaking will be calculated using a typical load factor for a new thermomechanical pulp plant. Our estimate of this load factor is approximately 80 percent. Once historical load factors are available, PF peaking will be calculated using the historical average load factor from normal commercial operation at the Usk fiber mill.
4. If the District's resources fail to supply the Assured Capability shown in Exhibit J to the power sales contract, the District has the obligation to replace the missing output. The District may purchase resources to supply Assured Capability from any source, provided transmission is available to deliver the purchased resources to the District's loads.

I hope these responses resolve your questions. We will continue to work to settle the details of billing and operations for service to the District including the new loads at Usk. If you have any further questions or concerns, please contact Art Harlow at (509) 456-2590.

Sincerely,

(b) (6)

Walter E. Pollock
Assistant Administrator
for the Office of Power Sales



Public Utility District No. 1

OF BENTON COUNTY
P.O. BOX 100 TEL. 347-3127
NEWPORT, WASHINGTON
99156

Robert Gaddes
District 1

Robert E. Johnson
District 2

John Middleton
District 3

April 4, 1989

Rick Itami
Bonneville Power Administration
Room 561, U.S. Courthouse
W. 920 Riverside Avenue
Spokane, Washington 99201

Dear Rick:

I have the following questions about our BPA Power Sales Contract:

1. At the end of the first year from the date of energization of the Fiber Mill facility, how much PF energy and peak can the District purchase on an hourly, daily or monthly basis for the Fiber Mill, assuming first year energy consumption was less than 87,600,000 kwh?
2. During light load hours, what, if any, restrictions is the District under for purchasing PF peak for the Fiber Mill?
3. What plant factor should be applied to PF energy in order to determine PF peak the District is limited to purchase for the Fiber Mill?
4. Assuming my resources do not perform to my assured capability, (example, due to lack of water) may I purchase energy above my computed requirements from BPA or another source for my non New Large Single Load loads?

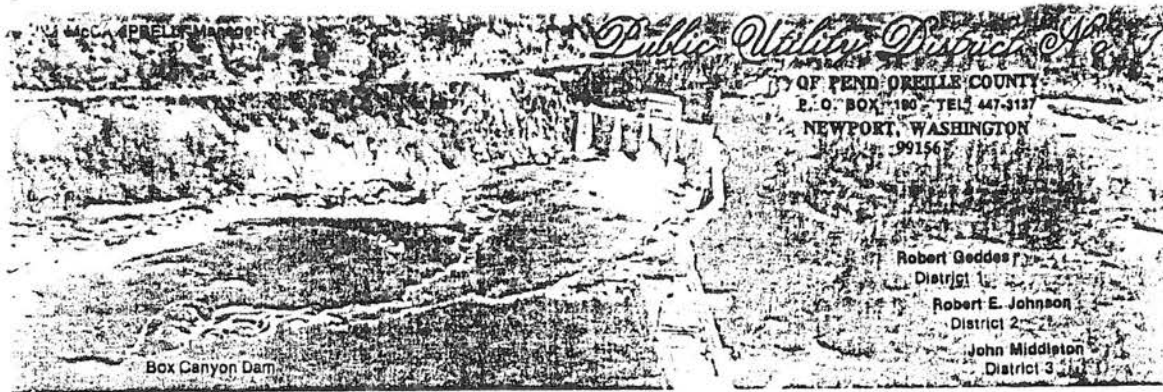
Thank you for your help.

Sincerely,

(b) (6)

DICK ARKILLS
OPERATIONS DIRECTOR

DA/rn



June 23, 1989

Wayne Lee, Area Manager
Bonneville Power Administration
Room 561, U.S. Courthouse
W. 920 Riverside Avenue
Spokane, Washington 99201

Subject: Power Sales Contract DE-MS79-84BP91671

Dear Wayne:

Pend Oreille County Public Utility District No. 1 (the District) is preparing for service to commercial operations of Ponderay Newsprint Company including a portion of the company's fiber mill which is expected to become a new large single load (NLSL) under Section 8(b) of the above contract. By this letter, the District formally confirms that, as permitted under Section 8(e) of the contract, it will serve the NLSL portion of the fiber mill load with resources dedicated exclusively to this load.

The resources to be dedicated to the fiber mill NLSL will consist of all of the District's entitlement from the Boundary Project and a portion of the output of the District's Box Canyon Project, as shown in the revision to the Firm Resources Exhibit (Exhibit I) to the contract effective at 2400 hours on June 30, 1989. Part of the Box Canyon output dedicated to the fiber mill NLSL will be provided through the exchange agreement between the District and Washington Water Power (Contract No. WP-PS89-4406). Power exchanged under this agreement may be dedicated to the fiber mill NLSL. Deliveries of power under the exchange agreement will begin in July, 1989. This exchange will not alter the total amount of Box Canyon output dedicated to the fiber mill NLSL in Exhibit I.

Wayne Lee - Page 2

The District will exclude the resource capability to be dedicated to the fiber mill NLSL from the District's Assured Capability in Exhibit J to the contract for Operating Year 1989-90. The District proposes that the NLSL be removed from the District's Actual Firm Load by a revision to the Special Provisions (Exhibit (Exhibit L) to the contract. Until the District satisfies the notice requirements in the contract, including the notice periods set forth in Section 9, BPA will be free of any obligation to provide power to the District for service to the fiber mill NLSL.

Sincerely,

(b) (6)

JIM McCAMPBELL
MANAGER

cc J.A. Sewell & Assoc.

June 23, 1989

UCA

Mr. Dick Arkills, Operations Director
Box Canyon Dam
P.O. Box 347
Tona, WA 99139

Dear Dick:

You asked for clarification of the terms "load" and "energy consumption", as they are used in Section 3(d) of the Power Sales Contract. These terms are used in regards to the determination of a New Large Single Load (NLSL). Neither transmission losses, nor adjustment for losses between the point of delivery (POD) and the point of metering, are used in a NLSL determination. This interpretation does not alter the obligation of a utility to pay for losses resulting from service to a New Large Single Load.

For example, determination of a NLSL at the Usk POD will be based upon the metered amounts registered on the meters, as described in the Pend Oreille County PUD No. 1 Power Sales Contract, Revision No. 2, Exhibit H, Contract No. DE-R579-84BP91671:

Metering: at two points in the Usk Substation, in the 13.8 kV circuits over which such electric power and energy flow to:

(1) the Fibermill facility, and (2) the Paper Plant facility.

Please give me a call if I can be of any further assistance.

Sincerely,

(b) (6)

A. A. Harlow
Area Power Manager

GStage:kb:2896(VS12-UCA-WP3858c)

CC:
C. Combs - PMCG
D. Wolfe - PMCG
R. Rodewald - UW
Official File - UC

July 24, 1983

UC

Mr. James McCampbell, Manager
Pend Oreille County PUD No. 1
P.O. Box 190
Newport, WA 99156

Dear Jim:

Thank you for the advance notice of the impending request for normalization of the Ponderay Paper Company's loads during the first 12-month period for each facility, as provided in Section 8 (f) of your Power Sales Contract.

We will be prepared to evaluate the formal request and documentation when we receive it.

Sincerely,

(b) (6)

Wayne R. Lee
Area Manager

AHarlow:kb:2590 (VS12-UC-WP3611E)

cc: w/encl.
L. Kitchen - PMC
C. Combs - PMCG
Official File - UC



Public Utility District No. 1

OF PEND OREILLE COUNTY

P. O. BOX 190 TEL 447-3137

NEWPORT, WASHINGTON

99156

Robert Geddes

District 1

Robert E. Johnson

District 2

John Middleton

District 3

July 19, 1989

Wayne Lee, Manager
BPA
Room 561 U.S. Courthouse
W. 920 Riverside Avenue
Spokane, Washington 99201

Dear Wayne:

Attached is a copy of a letter we received from Ponderay Newsprint notifying us of a possible delay in the completion of their plants.

This delay will impact their energy consumption for their first year of operation at both of their facilities.

The enclosed letter refers to the normalization of their first year consumption. For the mutual interests of all parties concerned, we would ask that you give this maximum and favorable consideration. We will keep you informed as additional data is received from the paper company.

Thank you for your consideration and the cooperation we have always enjoyed.

Sincerely,

(b) (6)

JIM MCCAMPBELL
MANAGER

JM/rn
Encl.



Ponderay Newsprint Company

P.O. Box 130, Usk, Washington, U.S.A. 99180
Telephone (509) 445-1511
Fax (509) 445-1233



July 12, 1989

Mr. James McCampbell, Manager
Public Utility District No. 1
Post Office Box 190
Newport, WA 99156

Dear Jim:

Re: Fiber Mill and Paper Plant

As you know, and as confirmed by the Power Schedules we provided to you in December, 1988, as required by our Fiber Mill and Paper Plant Power Sales Contracts, our schedule called for completion of construction and testing and commencement of production in the first part of October, 1989. That schedule has unavoidably slipped due to delayed delivery of critical material and delays in engineering and construction in spite of extraordinary measures on our part.

We are in the process of documenting the events that resulted in this delay and the actions that we took to overcome them. This letter is to let you know that when we complete the documentation and are reasonably sure of a revised production date, we will make a request for normalization of our loads during the first 12 month period for each facility as provided in Section 8 (f) of your Power Sales Contract with BPA.

In the meantime, we would appreciate it if you would take whatever steps that you feel are appropriate with BPA to make them aware of the situation and our forthcoming request.

Sincerely yours,

(b) (6)

William G. Meany
Mill Manager

WGM:nf

Notes:

____ Mgr. ____
____ Acctg. ____
____ Eng. ____
____ Prod. ____
____ Supt. ____
____ Atty. ____
____ Board ____
✓ Other *Wayne Lee - BPA*

Return to _____

*This is the trade mark of Ponderay Newsprint Company.

PMC

DEC 27 1989

Mr. James McCampbell, Manager
Pend Oreille County PUD No. 1
P.O. Box 190
Newport, Washington 99156

Dear Mr. McCampbell:

By letter dated October 13, 1989, Pend Oreille PUD No. 1 (the District) and its retail customer, Ponderay Paper Company (Ponderay), requested that the Bonneville Power Administration (BPA) normalize Ponderay's loads under section 8(f) of the District's power sales contract with BPA. BPA has carefully reviewed the circumstances of Ponderay's request, the information which accompanied the request, and supplemental information provided in meetings between representatives of Ponderay, the District, and BPA. Based on this information and a review of the contract, we have concluded that we are unable to normalize the loads as requested. The reasons for this decision are explained below.

Section 8(f) of the power sales contract provides that, for the purpose of calculating whether a load has become a New Large Single Load (NLSL), BPA will determine whether reductions in the consumer's load due to unusual events were reasonably beyond the consumer's control and if so will compute the consumer's energy consumption as if such reductions had not occurred. This section was developed during the negotiation of the power sales contract in order to protect commercially operating loads from becoming NLSL's based on unusual events. The rationale for the provision was that if the consumption of energy by such loads was reduced due to events beyond the consumer's control, such as strikes or natural disasters, so that resumption of normal production would cause an increase of 10 aMW or more in the following 12-month period, the consumer should not be penalized for the period of reduced loads by becoming an NLSL.

Section 8(f) contemplates three different periods: an initial period of normal commercial operation before any load reduction occurs; the period during which the load reduction due to unusual events occurs; and a period of increased load following the load reduction period. The initial period of normal operation establishes the level from which the load was reduced. Without this period of normal operation, the amount of the load reduction is uncertain and undemonstrable.

..

As explained in the materials supplied to us, Ponderay's request is based on the failure of its pulp and paper facilities to begin operations as planned, due to difficulties of its facility in design and construction, complicated by delays in the delivery of materials, adverse weather conditions, and unauthorized work stoppages during the construction period. As a result, Ponderay will have difficulty carrying out its plans to "phase in" its loads so that certain loads at the site are eligible for service at the PF rate. Ponderay has requested that, in measuring the loads of the two plants for NLSL purposes, BPA make adjustment for the construction delays and adopt the loads listed in the start-up schedule which Ponderay supplied to the District in April 1989.

The difficulty with Ponderay's request is that the reduction occurs in the load's initial period of operation and is based on construction rather than normal commercial operation in that period. There has been no "normal" load at the plants prior to the period for which normalization has been requested; there is no load, other than sporadic testing loads, from which a "load reduction" could occur. The load reduction in question is not the type of load reduction addressed by the parties in section 8(f), and is not provided for in the contract.

The terms of the power sales contract concerning NLSL's are addressed to actual loads: the load to be measured is the actual consumption of the consumer's facilities; a load becomes an NLSL when its actual consumption has increased by 10 aMW or more over the consumption during the previous 12-month period. Because Section 8 of the power sales contract addresses actual energy consumption, it is inconsistent to apply section 8(f) to adopt theoretical loads as measurements of potential NLSL's. Because there is no actual normal operating load at Ponderay for an initial period prior to the period for which Ponderay requests normalization, section 8(f) is not applicable.

In a meeting on December 15, 1989 between Ponderay's representatives and BPA staff concerning this request, a number of technical questions were raised concerning various options for service to NLSL's. An analysis of these questions is being prepared and will be sent in a separate letter.

We regret that we are unable to agree to the requested normalization of Ponderay's loads. If you have any further questions or concerns, please contact this office or Art Harlow at (509) 353-2590.

Sincerely,

(b) (6)



Shirley Melton
Director, Division of
Contracts and Rates

DW01fe:dvw:3556:12/15/89 (VS6-PMCG-6243b)

cc:

T. Miller - APP
J. Curtis - P
C. Combs - PMCG
A. Harlow - UC

Official File - PM 12-11-2 NLSL

W. Pollock - P
L. Kitchen - PMC
D. Wolfe - PMCG
G. Stege - UCA



October 13, 1989

Wayne Lee, Manager
Donneville Power Administration
Room 561 U.S. Courthouse
W. 920 Riverside Avenue
Spokane, Washington 99201

Dear Mr. Lee:

Attached please find three (3) copies of Ponderay Newsprint's letter and attachments regarding the normalization of loads per Section 8 (f) of our BPA Power Sales Contract. This was first discussed with you in my letter of July 19, 1989.

We would appreciate your consideration and response to this request as early as possible.

If necessary, the staffs of Pend Oreille P.U.D. and Ponderay Newsprint will be happy to meet with BPA staffs and discuss further details.

Thank you for your consideration.

(b) (6)

JIM MCCAMPBELL
MANAGER

JM/rn
Encls
cc Dick Arkills, Operations Director

AMgr	CRM
Deputy	TrM
<input checked="" type="checkbox"/> PwrMgr	SubM
CstSvc	SPM
Contr	PSC
Econ	SubO
Engr	EnvSp
Consrv	AEngr
	Eng-1
PAO	Eng-2
AdmO	Eng-3
Pers	
	File



Ponderay Newsprint Company

P.O. Box 130, Usk, Washington, U.S.A. 99180

Telephone (509) 445-1511

Fax (509) 445-1233

October 13, 1989

Mr. Jim McCampbell, Manager
Pend Oreille PUD
Box 190
Newport, Washington 99156

Dear Mr. McCampbell:

On July 12, 1989, we notified you of a slippage in completion of construction of our project at Usk. We stated in that letter that we were in the process of documenting the events that resulted in the delays in the engineering and construction schedule. You forwarded a copy of our letter with your cover letter to BPA. In follow-up, this letter is to formally request an adjustment of the power consumption for our Fiber Mill and Paper Plant facilities during the first 12 months following energization of the Ponderay electrical facilities on January 13 and April 3, 1989, respectively, due to unusual events reasonably beyond our control, as provided in Section 8 (f) of your power sales contract with BPA.

The slippage in the construction schedule resulted primarily from the unforeseen increase in the volume of paper mill construction projects which caused delays in engineering, which were compounded by late deliveries of key material, all of which resulted in construction delays that were impossible to totally overcome.

For purposes of New Large Single Load determination, we request that the energy consumption from October 1 through November 3, 1989, be computed on the basis of our start-up schedule as provided to you dated April 11, 1989. This is the schedule that we developed based on the dates of energization for the two facilities.

Our intentions regarding start-up are clearly delineated in your exchange of letters with BPA dated October 9, 1986 and January 30, 1987. It has always been our intent to ramp the Paper Plant facility in over a two year period without becoming a NLSL and to intentionally let the Fiber Mill facility become a NLSL in the second year. BPA's granting of this request for normalization of our loads will make it possible for us to adhere to these intentions through a normal start-up without adverse impact on the PUD, BPA or the region. The delays in completion of construction were truly beyond our control and we were unable to overcome them in spite of extreme measures on our part to make up for the delays as they occurred.

*This is the trade mark of Ponderay Newsprint Company

Mr. Jim McCampbell
October 13, 1989
Page 2

Documentation of the events that resulted in delay and actions that we took to try to overcome them are attached. Also attached is a copy of the April 11, 1989 schedule of planned peak loads and energy consumption referred to above.

Sincerely yours,

(b) (6)

A large black rectangular redaction box covers the signature area.

William G. Meany
General Manager

WBM:mm.18

Attachment

HIGH YIELD PULP MILL				PAPER MILL			
		Peak (MW)	Energy (MWH)			Peak (MW)	Energy (MWH)
1989	Jan	2 (St.Mtr.)	1-05-89 - .25				
	Feb	2	.25				
	Mar	2	.25				
	Apr	2	.25				
	May	2	.50				
	Jun	2	.50				
	Jul	2 (testing)	.50				
	Aug	34 (testing)	1.00				
	Sep	34 (testing)	4.00				
	Oct	57	35.00				
	Nov	57	39.00				
	Dec	57	39.00				
			-NLSL				
			120				
1990	Jan	62	45			23.5	19.5
	Feb	62	45			24	20
	Mar	62	45			24	20
							-NLSL
							119.5
							1st Yr.
	Apr	64	38*			25	16*
	May	64	48			25	20
	Jun	64	48			25	20
	Jul	65	50			26	20
	Aug	65	50			26	20
	Sep	65	50			26	20
	Oct	65	50			26	20
	Nov	65	50			26	20
	Dec	65	50			26	20
1991	Jan	65	50			26	20
	Feb	65	50			26	21.5
	Mar	65	50			26	22
							- NLSL
							239.5
							2nd Yr.
	Apr	65	47			27	24
	thru						
	Dec						
1992	Jan	67	49.1			27	24
	thru						
	Dec						
1993	Jan	67	49.1			27	24
	thru						
	Jun						

*Required Valmet Machine Shutdown (5 Days)

Ponderay Newsprint Company

DOCUMENTATION

Request for Normalization
of Load

October 1989

Ponderay Newsprint Company

TABLE OF CONTENTS

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1. Introduction	1
2. Project Overview	1
3. Project Planning and Scheduling	2
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6. Construction	6
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Ponderay Newsprint Company

REQUEST FOR NORMALIZATION OF LOAD

1. INTRODUCTION

The Ponderay Newsprint mill is located 50 miles north of Spokane. The large project, originally scheduled to be designed and constructed in twenty-six months, has slipped more than one month due to unforeseen circumstances beyond the owner's control.

The schedule slippage has adversely effected the planned power ramp-up of the mill. The purpose of this submittal to the PUD is to document the case for the project schedule changes and seek approval for modifying power usage with regards to New Large Single Load determination by BPA.

2. PROJECT OVERVIEW

The Ponderay Newsprint Company mill located in north-eastern Washington state is a joint venture between Lake Superior Forest Products, a wholly-owned subsidiary of Canadian Pacific Forest Products Limited, and five American newspaper publishers. The publisher partners are Knight-Ridder, Inc., of Miami, Kearns-Tribune Corporation of Salt Lake, McClatchy Newspapers of Sacramento, Central Newspapers, Inc. of Indianapolis and the Copley Press, Inc. of San Diego.

Lake Superior Forest Products, with 40 percent participation in the partnership, is the managing partner responsible for construction and operation of the mill. Ponderay Newsprint Company is the mill operator.

The mill will produce annually, 180,000 tonnes of standard newsprint. It will employ 157 workers.

Estimated development and construction costs for the project will be approximately \$300 million (U.S. funds) excluding financing costs and working capital. Project construction began in October, 1987, with projected start-up originally set for October, 1989.

The mill site is on the Pend Oreille River near the community of Usk. The woodchip supply and low power rates were the deciding factors in locating the mill in this area.

The mill will use residual woodchips from local sawmills and wood processing plants as well as chips produced by chipping plants using area pulpwood. This demand will strengthen the wood products industry for 60 to 80 miles around the mill site.

The papermaking process at Ponderay will be state-of-the-art with a high speed paper machine and an efficient, environmentally clean, thermo-mechanical process for breaking woodchips into individual wood fibers.

3. PROJECT PLANNING AND SCHEDULING

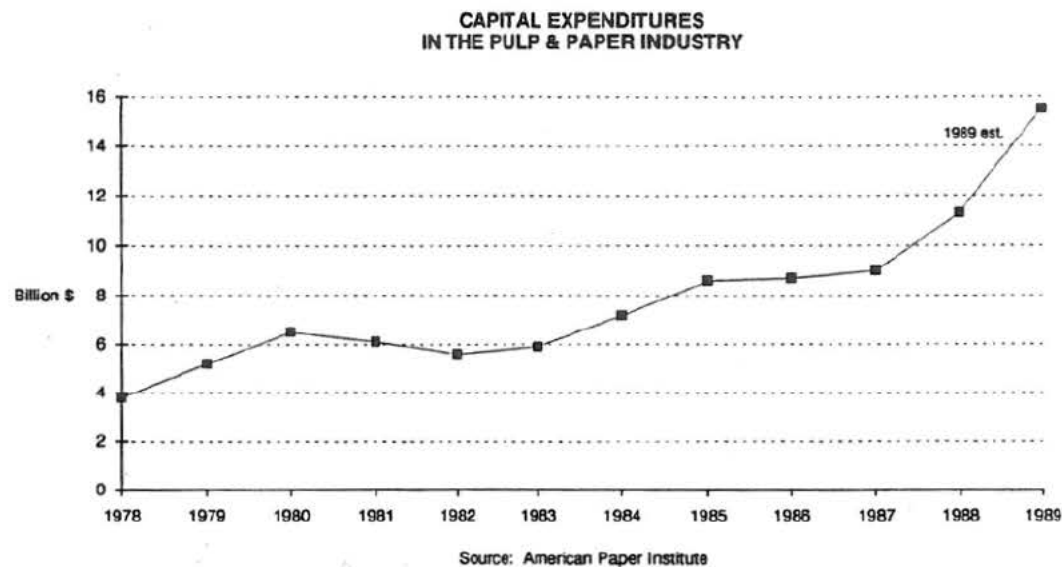
From the early days of the project, in July 1987, the projected mill start-up date was October 1, 1989. The engineering and construction companies were selected for the project because of their experience with large industrial projects in the paper industry.

Early planning in 1987 was based on scope and estimates developed in 1985 with adjustments made to allow for changes in the economy over the two year period. Of particular importance was the downtrend in industrial construction during the 1985-1987 period.

The 1987 planning projected a continuation of the depressed construction period and therefore based construction projections on normal delivery times for materials and equipment and an abundant supply of engineers and construction tradesmen.

Realization that the environment was changing came in February, 1988, as engineering progress began to suffer due to lack of vendor information and the shortage of experienced engineers. The shortage became particularly critical for pulp and paper experienced personnel as plans were announced for the construction of some 25 new paper machines in North America over the next three years. (*See chart on page 3*).

The engineering company advertised nationally for experienced engineers. The slow engineering start, however, plagued the project throughout. The initial deficit in engineering caused by the business environment could not be overcome until February 1989, and set off a chain of events which in spite of efforts by all parties, caused the mill start-up to be adjusted from October 1 to sometime in November, 1989.

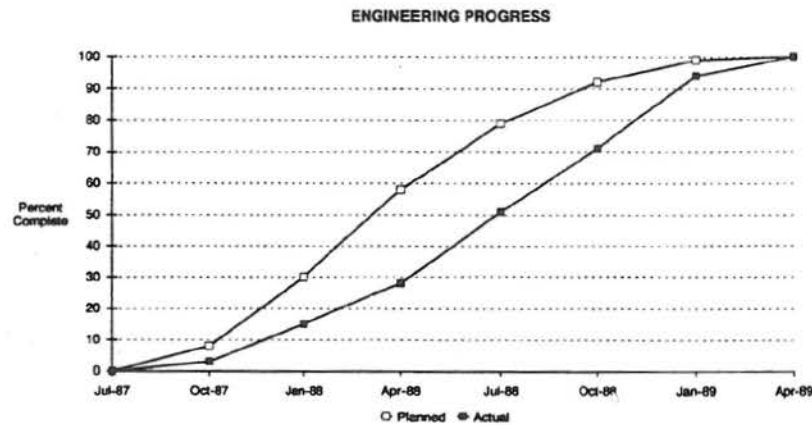


This presentation will present evidence concerning the effects of the changes in the construction environment on the project and efforts by all concerned parties to ameliorate these effects to meet the planned October 1, 1989 start-up date. Most importantly, the unforeseen delays and resulting late start-up were reasonably beyond the control of Ponderay Newsprint.

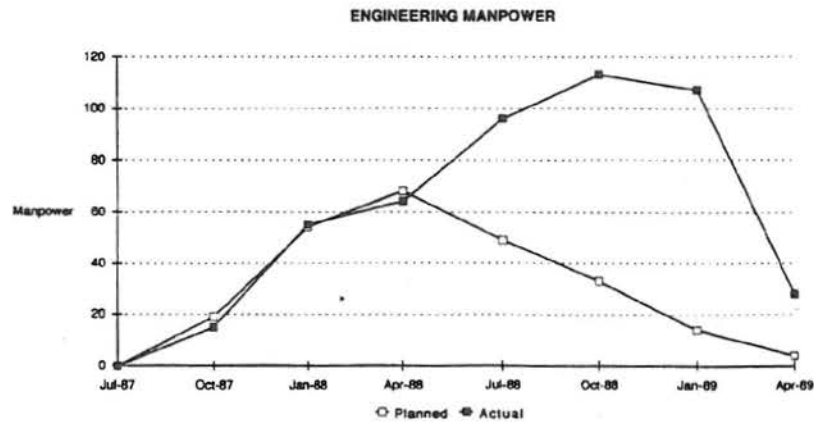
4. ENGINEERING

Engineering on a large project must stay on schedule. Late engineering caused late equipment deliveries and construction had to work on the heels of engineering. Much engineering was deferred to the field because of late vendor information.

The schedules for engineering progress and manpower were developed by the engineering consultants.



By mid-1987 engineering began to fall behind schedule due to the shortage of experienced engineers. Manpower was increased but the damage to the construction effort by late engineering could not be overcome.



A secondary factor aggravating the engineering effect was an inability to get vendor information. Vendor information was hard to obtain in 1988 because of increased construction and greater demand placed on vendor products.

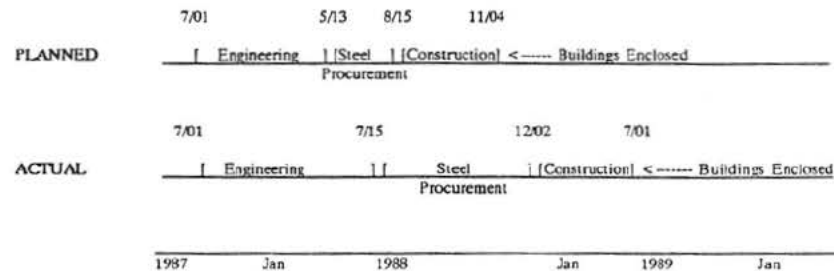
Facility engineering is dependent upon equipment sizes and weights from vendors. Lack of vendor information necessitated designing without accurate information. This necessitated many field changes as more accurate data was received. These field changes greatly impacted on the delivery of structural steel.

The overall effect was that the construction effort was slowed by lack of engineering and field changes. Consequently, project field engineering was unusually high as the field group tried to compensate for designs based on inadequate vendor information and designs done hurriedly by inexperienced engineers.

5. PROCUREMENT

Once a project has been engineered, the material is procured for construction. Equipment deliveries are also a part of the overall critical path. Many late deliveries were incurred (ex., building steel, paper machine drives, unit substations and motors). Because of these late deliveries, enclosing the building was delayed and complicated by the severe winter weather. This caused plans to complete inside work during the bad weather to be delayed and resulted in a necessary reduction in work force during what was planned as the peak period in the project.

SCHEDULE & ACTUAL ENGINEERING, PROCUREMENT & CONSTRUCTION



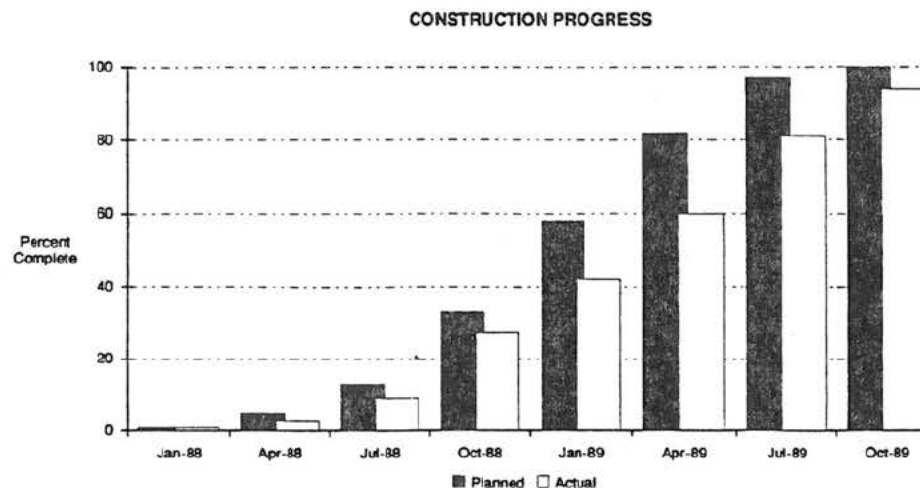
Action was initiated to speed the delivery of structural steel; a subsidiary of the steel supplier began assisting in detailing of engineering drawings and production work was started at an additional facility in Vancouver, B.C. in May, 1988. These delays were the direct result of the increased demand for equipment.

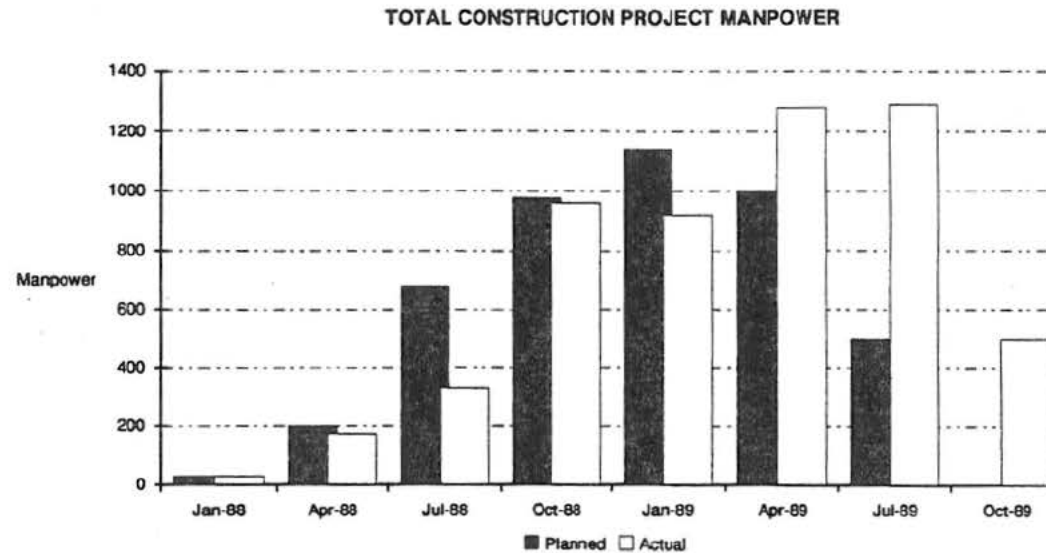
A substitute low voltage motor vendor was selected when the original vendor was unable to meet his delivery schedule because of production over commitments. Vendors were repeatedly over committed as the construction industry moved into a period of fast growth. The large equipment, with long lead times, was affected most. Intensive expediting efforts were unsuccessful and since the equipment is custom-made, switching vendors mid-stream was not an option.

6. CONSTRUCTION

Construction operated toward a fixed completion date and attempted to compensate for late engineering and slow material deliveries. The domino effect however, proceeded as late steel and equipment necessitated reduction in the construction effort in January, 1989 due to material shortages. The late delivery of steel, for instance, delayed installation of critical electrical facilities and major equipment that was dependent upon the steel structure for support.

As the graph further shows, in spite of great increases over budget in man-hours, the effort could not overcome the deficit in movement toward project completion. (See chart below and on page 7).





The decision to officially shift the start-up schedule was reluctantly made in July, 1989. Prior to July, the consulting engineers and construction companies were optimistic about being able to regain the ground lost during the winter of 1988-89, with overtime and additional work force, and they were then still projecting on time completion in September. Construction craft hourly wages were increased in an effort to improve productivity. Two local contractors were retained to bring in a more skilled labor force, and overtime was greatly increased.

The construction effort was also slowed by two unauthorized work stoppages in spite of a no work stoppage clause in the master project agreement with the labor unions totalling 6 days. Actual lost progress, however, amounts to some 12 days due to non-productive time before and after the actual stoppages.

There was a substantial incentive payment reward clause in the construction contract in the event construction had been completed ahead of schedule. As a result of the delays, the contractor was denied those incentive payments.

7. SUMMARY

Planning and scheduling a large project is a very difficult task. To look ahead and put dates on completion and start-up requires a great deal of skill and experience. The Ponderay Newsprint mill owners were careful to select engineering and construction firms well qualified for this project. These firms were well versed in planning and scheduling. The engineering and construction companies were also very experienced in large pulp and paper projects. The mill assisted whenever possible in engineering and construction.

The chain of events beginning with a dramatic change in the economy which resulted in the late engineering causing late steel deliveries. Therefore a slowing of the construction effort could not be overcome by increasing construction man-hours.

At each step through the process every effort was made to change the course of events; extensive recruiting was done for engineers, additional engineering and fabricating facilities were used, equipment was intensively tracked and expedited and overtime was applied to the construction effort to the point of becoming counter productive but the deficits could not be overcome.



January 31, 1989

Art Harlow
Bonneville Power Administration
Room 561, U.S. Courthouse
W. 920 Riverside Avenue
Spokane, Washington 99201

Dear Mr. Harlow:

The TMP plant (pulp mill) of Ponderay Newsprint Company started taking power at 1440 on January 13, 1989. The power is being used for testing and check out of equipment as it is installed in the plant.

The above data will be used to determine if the plant will be designated as a New Large Single Load (NLSL) and what part, if any, of the load will not be designated NLSL per the Pacific Northwest Electric Power Planning and Conservation Act of 1980 (Public Law 96-501).

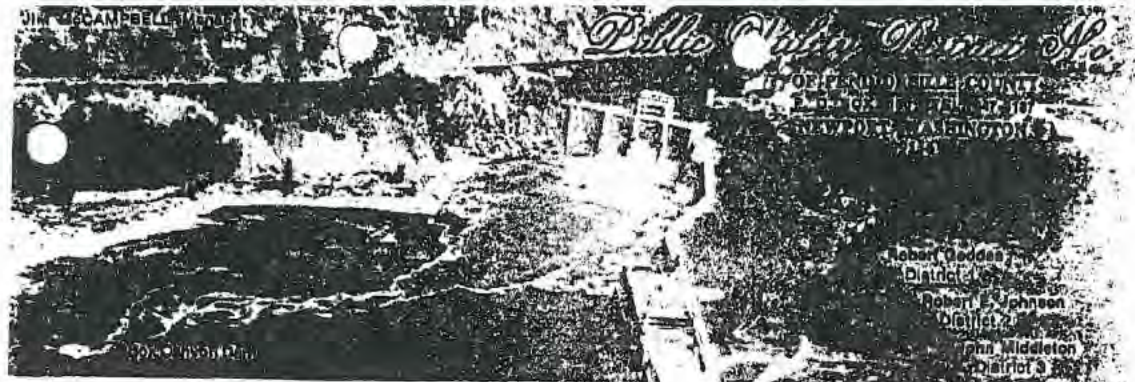
Sincerely,

(b) (6)

JIM MCCAMPBELL
MANAGER

JM/rn
cc Box Canyon Dam
Ponderay Newsprint
J.A. Sewell

AMgr	O&M
Deputy	TAM
Eng	SubM
Service	SPM
Contr	PG
Boon	SubO
Engr	Eng-1
Comm	Eng-2
	Eng-3
PAO	Eng-4
AdmD	Eng-5
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	Eng-100



March 29, 1989

Art Harlow
Bonneville Power Administration
Room 561, U.S. Courthouse
W. 920 Riverside Avenue
Spokane, Washington 99201

Dear Mr. Harlow:

The paper mill of Ponderay Newsprint Company will start taking power for testing and check out April 3, 1989. The transformer will be energized on April 1, 1989.

The April 3 date should be used to determine if the plant will be designated as a New Large Single Load (NLSL) and what part, if any, of the load will not be designated NLSL per the Pacific Northwest Electric Power Planning & Conservation Act of 1980 (Public Law 96-501).

I will advise you if unforeseen circumstances prevent us from meeting the above dates.

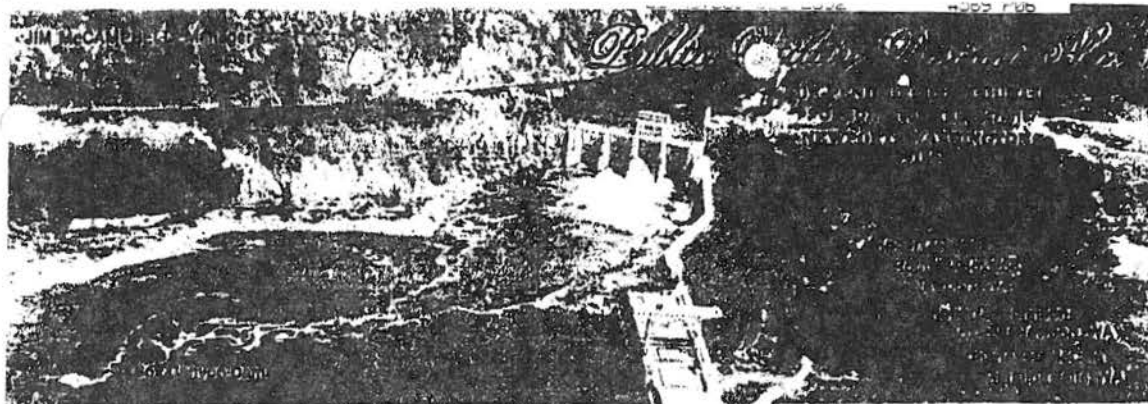
Sincerely,

(b) (6)

JIM MCCAMPBELL
MANAGER

JM/rn
cc Box Canyon Dam
Ponderay Newsprint
J.A. Sewell

Disputy	O&M
TrM	TrM
SubM	SubM
SPM	SPM
PEC	PEC
SubO	SubO
EnvOp	EnvOp
ASher	ASher
Eng-1	Eng-1
Eng-2	Eng-2
Eng-3	Eng-3
File	File



October 6, 1986

Mr. Art Harlow
Bonneville Power Administration
Room 561 U.S. Courthouse
W. 920 Riverside Avenue
Spokane, Washington 99201

Re: Ponderay Newsprint Company - Ref: Our letters of 7/23/84 & 11/14/84
and BPA replies of 8/10/84 and 1/16/85 (copies enclosed) -

Dear Art:

In accordance with our previous discussion and correspondence, we are enclosing copies of the Power Sales Contracts with Ponderay for your review. These contracts have been approved and signed by both Ponderay and the District. Also enclosed are Attachments 1 - 5 to our 11/14/84 letter which have been revised as to detail (the principles with respect to New Large Single Load matters are unchanged.)

We would appreciate BPA's review of the Power Sales Contracts and the enclosed Attachments 1 - 5, and concurrence that:

1. the thermomechanical pump (TMP) facility and the paper mill facility are two separate facilities with respect to Section 8.(a) of BPA's Power Sales Contract with the District,
2. the portion of the TMP load that occurs during the first twelve months, if less than ten average megawatts, will not be a New Large Single Load, and power purchased from BPA to serve that portion of the TMP load can be purchased at the Priority Firm Power Rate,
3. the load growth of the TMP load during the second twelve months if it exceeds ten average megawatts, and any load growth thereafter, will be a New Large Single Load and can be served from District resources in

Mr. Harlow - Page 2

accordance with BPA's letter of 8/10/84; however, firm power purchased from BPA to serve part or all of the New Large Single Load portion of the TMP load would be subject to provisions of Sections 8 and 9 of the BPA Power Sales Contract and would be billed at the New Resource Rate,

4. The paper mill facility would not be a New Large Single Load as long as the load during the first twelve-month period or the load growth in any succeeding twelve-month period thereafter does not exceed ten average megawatts and if not, power purchased from BPA to serve the paper mill can be purchased at the Priority Firm Power Rate, and

5. power purchased by the District from BPA to serve District load growth, other than Ponderay's New Large Single Load or any other New Large Single Load, can be purchased at the Priority Firm Power Rate.

We would appreciate a letter of concurrence as soon as possible in order for plans for construction of the project to proceed.

Please let me know if you have any questions.

Sincerely yours,

(b) (6)

SIM McCAMPBELL
MANAGER

JM/zn

cc Terry Brown
Larry Peterson



Department of Energy

Bonneville Power Administration

Upper Columbia Area

Room 561, U.S. Court House

West 920 Riverside Avenue

Spokane, Washington 99201-1083

January 16, 1990

In reply refer to: UCA

Mr. James McCampbell, Manager
Pend Oreille County PUD No. 1
P.O. Box 190
Newport, WA 99156

Dear Jim:

Following your request, I have prepared answers to several of the questions raised in our meeting of January 5, 1990.

1. How can the District remove energy resources from the Firm Resource Exhibit (FRE)?

- In the Seventh Operating Year

The energy capability of a resource may be removed in the Seventh Operating Year (refer to Section 12(b)(8) of the Power Sales Contract). This can be accomplished by the appropriate notations in the FRE columns entitled, "Purchaser's Percent of Resource Dedicated to Firm Load Under this Agreement" and "Date of Resource Removal".

- Depending on Load Resource Balance Conditions

Any Firm Resource may be permanently removed if and to the extent that Bonneville is expected to have a surplus of Firm Resources over its firm load in the First Operating Year for which the Purchaser proposes to remove such Firm Resource (refer to Section 12(b)(9) of the Power Sales Contract). Note: The "medium loads" forecast of the 1989 Loads & Resources Study will be used to determine Bonneville's firm load-resource balance. This forecast shows that Bonneville will have a deficit until July 1, 1993, which would be the earliest that a Firm Resource could be removed under current conditions.

Prior to the submittal of any Firm Resource Exhibit removing resources under this Provision, the Purchaser shall notify Bonneville, in writing, of the times and amounts of Firm Resources it proposes to remove. Bonneville shall notify the Purchaser in writing within 30 days of any limitation on the amount of Firm Resources, which it may remove.

2. Can the District dedicate Box Canyon power, recaptured from the SCL Power Purchase Contract, to serve the NLSL portion of the fiber mill?

Since the Box Canyon power contracted to SCL was not a resource available to the District to serve firm load for the year prior to the enactment of the Northwest Power Act, recapture of that power from the SCL purchase becomes a New Resource (see Section 5(b)(1)(B) of the 1980 Northwest Power Act). The District has the right to determine how New Resources will be used.

In the past, increments of recaptured power have been used to serve firm load; and therefore, these resources have been considered to be Firm Resources. However, the District has the right to determine if future increments of recaptured power (New Resources) will be Firm Resources, or will be dedicated to serve excluded load.

3. How will the District be billed for the NR portion of the fiber mill load?

Because the entire fiber mill NLSL has been removed from the District's Actual Firm Load (as stated in Exhibit L, the Special Provisions Exhibit), there is no "NR portion" of the fiber mill load. By removing the entire NLSL from the District's Actual Firm Load, the District has removed the NLSL from the loads BPA is obligated to serve.

If BPA power is used to serve loads BPA is not obligated to serve, any BPA deliveries to such loads would be treated as overruns, and would be subject to the overrun provisions of the power sales contract, including the Relief from Overrun Exhibit. Overruns may be subject to unauthorized increase charges.

Please give me a call if I can be of any further assistance.

Sincerely,

A. A. Harlow
Area Power Manager

GAStege:2896 (VS12-UCA-WP3983c)

cc:
D. Wolfe - PMCG
K. Hartner - PMR
H. Speropulos - PMRP
A. Miller - PMRP
S. Furst - PMCG
Official File - UC

AUTHENTICATED

Revision No. 1
Exhibit K, Table 1, Page 1 of 1
Contract No. 95MS-91671
Pend Oreille County PUD No. 1
Effective on January 13, 1990

NEW LARGE SINGLE LOAD DETERMINATIONS EXHIBIT

(This exhibit reflects determinations made pursuant to Section 3(13) of Public Law 96-501 and section 8 of this Contract as of the Effective Date set forth above.)

TABLE 1

LIST OF PURCHASER'S LOADS WHICH ARE NEW LARGE SINGLE LOADS

Description of Facility	Location
Ponderay Newsprint Company Plant, Fiber mill Facility	Usk, Washington
The energy consumption prior to becoming a NLSL through January 13, 1990, was 4.521 average megawatts (aMW). The energy consumption for the following 12-month period increased by more than 10 aMW and all subsequent increases are a NLSL as of January 13, 1990.	

(M:\PLAN\MPSM-W\MPSM\PSCOFFER\MPSK_SPO\91671R1K.DOC)

Contract No. 95MS-91671

AUTHENTICATED

Revision No. 3
Exhibit L, Page 1 of 1
Contract No. DE-MS79-84BP 91671
Pend Oreille County Public
Utility District No. 1
Effective on the date of
execution

SPECIAL PROVISIONS EXHIBIT

This revision deletes item 1 from the previous revision, which concerned an exchange energy account carried over from the Purchaser's previous power sales contract, and adds a new item 2, which provides for the removal from the Purchaser's Actual Firm Load of the expected new large single load of the Purchaser's consumer, Ponderay Newsprint.

1. PURCHASE OF NONFIRM ENERGY

The parties hereby incorporate the principles of the November 16, 1984 letter of Thomas N. Noguchi. During periods of high water on the Pend Oreille River, BPA agrees that, subject to availability, Pend Oreille may purchase nonfirm energy from BPA to support the assured capability of the Box Canyon Hydroelectric Project. Such nonfirm energy purchases are allowed pursuant to section 19(b)(2) of the power sales contract and the Nonfirm Deliveries section of the General Contract Provisions. The rate for such nonfirm energy shall be the applicable rate from the Nonfirm Energy Rate Schedule then in effect.

2. REMOVAL OF PONDERAY NEWSPRINT COMPANY FIBER MILL NEW LARGE SINGLE LOAD FROM PURCHASER'S ACTUAL FIRM LOAD

The parties agree that the portion of the load of the fiber mill (wood pulp plant) at Usk, Washington, owned by the consumer Ponderay Newsprint Company, which is expected to become a new large single load (NLSL) under section 8 of this Agreement, is removed from the Purchaser's Actual Firm Load from the date it becomes a NLSL. BPA shall not be obligated to provide power to the Purchaser for service to the fiber mill NLSL until the Purchaser satisfies the notice requirements of this Agreement, including the notice provisions concerning new large loads in section 9 of this Agreement. If any part of the fiber mill NLSL becomes a part of the loads BPA is obligated to serve, any such load will be served according to the provisions of section 8 of this Agreement.

PEND OREILLE COUNTY
PUBLIC UTILITY DISTRICT NO. 1

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By /S/ LARRY WEISS

By /S/ EDWARD W. SEINKIWICZ

Title Manager

Title Senior Assist. Administrator

Date July 24, 1990

Date AUG 6, 1990

Contract No. 95MS-91671

AUTHENTICATED

Revision No. 3
Exhibit L, Page 2 of 1
Contract No. DE-MS79-84BP 91671
Pend Oreille County Public
Utility District No. 1
Effective on the date of
execution

Contract No. 95MS-91671

AUTHENTICATED

Revision No. 4
Exhibit L, Page 1 of 2
Contract No. DE-MS79-84BP91671
Pend Oreille County PUD No. 1
Effective at 2400 hours on
May 4, 1993

Revision 1 and 2 have never been signed as of 7-19-93

SPECIAL PROVISIONS EXHIBIT

This revision reduces Bonneville's obligation to serve Ponderay Newsprint Company by the amount of Bonneville funded Energy Savings at the Ponderay Newsprint Company's Fiber Mill.

1. PURCHASE OF NONFIRM ENERGY

The Parties hereby incorporate the principles of the November 16, 1984 letter of Thomas N. Noguchi. During periods of high water on the Pend Oreille River, Bonneville agrees that, subject to availability, Pend Oreille may purchase nonfirm energy from Bonneville to support the assured capability of the Box Canyon Hydroelectric Project. Such nonfirm energy purchases are allowed pursuant to section 19(b)(2) of the Power Sales Contract and the Nonfirm Deliveries section of the General Contract Provisions. The rate for such nonfirm energy shall be the applicable rate from the Nonfirm Energy Rate Schedule then in effect.

2. REMOVAL OF PONDERAY NEWSPRINT COMPANY FIBER MILL NEW LARGE SINGLE LOAD FROM PURCHASER'S ACTUAL FIRM LOAD

The Parties agree that the portion of the load of the Fiber Mill (wood pulp plant) at Usk, Washington, owned by the consumer Ponderay Newsprint Company, which is expected to become a new large single load (NLSL) under Determination of New Large Single Loads Section 8 of this Power Sales Contract, is removed from the Purchaser's Actual Firm Load from the date it becomes a NLSL. Bonneville shall not be obligated to provide power to the Purchaser for service to the Fiber Mill NLSL until the Purchaser satisfies the notice requirements of this Power Sales Contract, including the notice provisions concerning new large loads in the Limitation on Increases of Single Loads Section 9 of this Power Sales Contract. If any part of the Fiber Mill NLSL becomes a part of the loads Bonneville is obligated to serve, any such load will be served according to the provisions of the Determination of New Large Single Loads Section 8 of this Power Sales Contract.

3. REDUCTION OF BONNEVILLE'S OBLIGATION TO SERVE

Bonneville is obligated to serve 4.521 aMW at the Priority Firm Rate at the Ponderay Newsprint Company's Fiber Mill (subject to the Determination of New Large Single Loads Section 8 of this Power Sales Contract). This obligation will **first** be reduced by the amount of Energy Savings from any Project installed at the facility (pursuant to Bonneville Conservation Agreement DE-MS79-93BP93924) **before** reduction of any

Contract No. 95MS-91671

AUTHENTICATED

Revision No. 4
Exhibit L, Page 1 of 2
Contract No. DE-MS79-84BP91671
Pend Oreille County PUD No. 1
Effective at 2400 hours on
May 4, 1993

Bonneville service to such facility at the New Resource Rate. This reduction shall apply for the remaining term of this Power Sales Contract.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By /S/ TOM VON MULLER
Account Executive
Customer Account Executive

Date November 9, 1994

PEND OREILLE COUNTY PUD NO. 1

By /S/ L. WEIS

Name Larry Weis
(Print / Type)

Title General Manager

Date October 25, 1994

(MCPLAN-MPSM-W\MPSM\PSCOFFER\MPSK_SPO\91671LR4.DOC)

Contract No. 95MS-91671

PORTLAND GENERAL ELECTRIC

SEP 10 1991

PMCG

Mr. Patrick G. Hager
Manager of Revenue Requirements
Portland General Electric Company
121 SW. Salmon Street
Portland, OR 97204

Dear Mr. Hager:

The Bonneville Power Administration (BPA) received a request for a contracted for, committed to (CF/CT) determination to establish that Portland General Electric Company (PGE) was obligated to serve the load at Smurfit Newsprint Corporation (Smurfit), formerly Publishers' Paper Company (Publishers), located at Newberg, Oregon, prior to September 1, 1979, the cutoff date for CF/CT loads under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). If this load is included in PGE's CF/CT loads the PGE resources used to serve the load may be exchangeable under PGE's Residential Purchase and Sale Agreement in accordance with BPA's Average System Cost methodology, because the CF/CT amount of the load will be exempt from new large single load (NLSL) status, consistent with BPA's NLSL practices.

In making such determination BPA considered the following listed information. BPA also used the information in determining the size of the load "contracted for, or committed to" which establishes a floor upon which future increases, if any, at such facility may be measured.

1. Contracts.

a. September 18, 1967, power sales contract between PGE and Publishers. (Support that the load was contracted for prior to September 1, 1979.)

2. Correspondence.

a. August 31, 1977, letter from PGE to Publishers which was in effect between PGE and Publishers until replaced by a 1986 contract with Smurfit. (Support that prior to September 1, 1979, PGE was obligated to serve 606,000 MWh of load or 69.18 average megawatts (aMW).)

b. July 10, 1986, memorandum from Randy Dahlgren to Bob Stratton. (Support that Publishers Paper Co. was renamed Smurfit Newsprint Corp.)

c. August 25, 1991, letter from Smurfit to BPA. (Support that Smurfit is the successor in interest to Publishers.)

Based on the preceding information, particularly the fact that a power sales agreement existed between Smurfit's predecessor in interest, Publishers, and PGE prior to September 1, 1979, BPA has determined that the predecessor of Smurfit had an executed contract obligating PGE to provide the future power requirements of the Newberg plant.

BPA has further determined that the load contracted for prior to September 1, 1979, for the purposes of inclusion in your power sales contract No. DE-MS79-81BP90425, Exhibit K, Table 2, is 69.18 aMW based on the August 31, 1977, letter and actual load data submitted. Thus, the contracted for amount is 69.18 aMW. This will be the floor amount from which any future increases will be measured.

The contracted for load established by this determination is specific to the Smurfit plant at Newberg, Oregon. The eligibility of all or a portion of this load to be included in an exchange with BPA under the Residential Purchase and Sale Agreement with PGE is established by this determination for the Smurfit Newberg, Oregon plant, and is not transferable to other Smurfit facilities or operations or to sites outside of PGE's service territory. This determination is not applicable to service to this facility by another utility.

BPA will monitor the consumption at this load annually to determine whether the load has become a NLSL as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact Dennis Metcalf, of the Lower Columbia Area Office at (503) 230-4554.

Sincerely,

(SGD) E. W. SIENKIEWICZ

ACTING Administrator

Enclosure:
Exhibit K, Table 2

GBell:gb:3556:09/19/91 (VS6-PMCG-9118b)

cc:

Adm. Chron. File - A	W. Pollock - P	S. Luttmer - PSCD
H. Spigal - AP	J. Luce - P	T. White - PSCD
S. Larson - AP	D. Wolfe - PG	G. Moorman - RPC
T. Miller - APP	S. Berwager - PM	R. Clark - RPCB
B. Mclean - DRER	L. Kitchen - PMC	C. Lee - RPCD
C. Blanco - DRES	G. Bell - PMCG	J. Kiley - YH
T. Scanlon - DRES	C. Combs - PMCG	G. Lenzen - YH
J. Yocom - DSA	D. Faulkner - PS	Area Power Managers - LC, TC, UC, WC
C. Loosli - LC	A. Holm - PSCA	Official File - PMC (PM-12-11-2 NLSL)

Decision Paper

On August 30, 1991, REQUEST BY PORTLAND GENERAL ELECTRIC COMPANY (PGE) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, PGE HAD COMMITTED TO SERVE LOADS AT SMURFIT NEWSPRINT CORPORATION (SMURFIT) IN THE AMOUNT OF 69.18 AVERAGE MEGAWATTS (aMW).

ISSUE: Was the Smurfit load contracted for, or committed to, as of September 1, 1979, by PGE and, if so, what was the size of such load for purposes of establishing a floor upon which future increases in load at such facility, if any, can be measured?

BACKGROUND: On August 30, 1991, PGE requested that BPA determine that the load at Smurfit is not a new large single load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) and section 8(b) of PGE's power sales contract with BPA. PGE alleges that the loads at PGE were contracted for, or committed to, prior to September 1, 1979.

In making its CF/CT determination BPA considered the following listed information. BPA also used the information in determining the size of the load "contracted for, or committed to" which establishes a floor upon which future increases, if any, at such facility may be measured.

1. Contracts.

a. September 18, 1967, power sales contract between PGE and Publishers. (Support that the load was contracted for prior to September 1, 1979.)

2. Correspondence.

a. August 31, 1977, letter from PGE to Publishers which was in effect between PGE and Publishers until replaced by a 1986 contract with Smurfit. (Support that prior to September 1, 1979 PGE was obligated to serve 606,000 MWh of load (69.18 MW) prior to September 1, 1979.)

b. August 25, 1991, letter from Smurfit to BPA. (Support that Smurfit is the successor in interest to Publishers.)

RECOMMENDATION: A complete review of the above information establishes the following facts. Throughout the period of September 18, 1967, to September 1, 1979, and beyond, PGE had a contract in effect for service of this load as then operated by Publishers. Smurfit assumed the contract for service to the plant and facilities at Newberg, Oregon, from its predecessor Publishers, along with the physical assets of the load. Therefore, the load at the facility located at Newberg, Oregon, and presently operated by Smurfit was a load which was contracted for by PGE at this facility as of September 1, 1979. The amount of the load contracted for by PGE at the facility as of

September 1, 1979, is 69.18 megawatts (MW) based on the August 31, 1977, letter and actual load data submitted. In the absence of an energy limitation in the PGE contract, a load factor of 100 percent is assumed. Thus, the contracted for amount is 69.18 average MW (aMW).

Therefore, staff recommends a finding that the Administrator determine that the contracted for load of 69.18 aMW be entered in Exhibit K, Table 2, of PGE's Power Sales Contract, No. DE-MS79-81B90425.

GBell:gb:3556:09/19/91 (VS6-PMCG-9120b)



Department of Energy

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

EXECUTIVE OFFICE

MAR 07 2014

In reply refer to: PSW-6

Dr. Stefan Brown
Resource Strategy Project Manager
Portland General Electric Company
Three World Trade Center, 3WTC0306
121 SW Salmon Street Portland, OR 97204

Dear Dr. Brown:

On November 25, 2013, you sent a letter to Scott Wilson, Senior Account Executive, Bonneville Power Administration (BPA), requesting that BPA's Administrator make a determination under section 3(13)(A) of the Regional Act that the Evraz Group Steel plant, formerly Oregon Steel, load is a Contracted For or Committed To (CFCT) load of Portland General Electric Company (PGE).

In its request letter of November 25, 2013, PGE made the following points:

1. PGE was serving the predecessors of Oregon Steel at this location on September 1, 1979.
2. PGE's installed transformation capacity to serve the Oregon Steel plant was 110 MW.
3. PGE submitted monthly kWh consumption at the Oregon Steel plant from December 1978 to November 1979 and 1981 to present, showing an ongoing obligation to serve the plant.

BPA policy requires BPA to consider contemporaneous documents evidencing either a contractual agreement to serve or an obligation or commitment by the utility to serve the consumer load, including the amount of service to be taken. Such evidence may include contracts, bills, meter readings, meeting notes, letters, actions taken, and other relevant documents.

PGE provided contemporaneous one line substation engineering diagrams showing installed transformation capacity at the mill, monthly kWh consumption and applicable rate schedule for 1979, a contract with Gilmore Steel evidencing a history of service, and continuous load data beginning in 1981.

BPA has reviewed the documents and all other information provided by PGE in support of its request for a CFCT determination for the Oregon Steel plant and has conducted site visits to the Rivergate Substation and PGE offices to verify the information provided.

Based on BPA's staff review of the above mentioned one line substation engineering diagrams and monthly consumption data, I find that the PGE load at the Oregon Steel plant was a CFCT load on September 1, 1979. The CFCT load was served or committed to be served by PGE in the amount of 110 megawatts. Therefore, the floor for measuring any increases in load from that September 1, 1979 date shall be 110 MWs at a 100% plant factor for purposes of any calculations under section 3(13)(A) of the Northwest Power Act.

Sincerely,

(b)(6)

Elliot E. Mainzer
Administrator and Chief Executive Officer

cc:
Bruce Werner

Enclosures:
Determination Decision Paper

bcc:
L. Miller – DKR-7
C. Lockman – KSC-4
R. Roach – L-7
T. Miller – LP-7
M. Gendron – P-6
G. Thompson – PS-Spokane
L. Dimitman – PSI-6
J. Shaughnessy – PSI-6
R. Anderson – PSS-6
L. Bleifuss – PSS-6
J. McNeill – PSS-6
S. Wilson – PSW-6
CCM_Support – KSC-4 (PGE, 09PB-13208)
Official File - PSW (PM-11)

(W:\PSW\POWER RD\Contract\Customer\PGE\13208\PGE_CFCT Response letter re Oregon Steel_20140205)

Oregon Steel
CFCT Determination Decision Paper
January 30, 2014

On November 25, 2013, Portland General Electric requested that Bonneville Power Administration (BPA) determine that, as of September 1, 1979, the load associated with the Evraz Group Steel Plant (formerly Oregon Steel) located in Portland, Oregon, was a "Contracted For or Committed To" (CFCT) load. BPA did not receive a request for a facilities determination for this site although publicly available information on its website might suggest multiple facilities; therefore, BPA treats this load as a single facility under the New Large Single Load policy.

Issue

Was the Oregon Steel plant contracted for or committed to as of September 1, 1979 by PGE pursuant to Section 3(13)(A) of The Pacific Northwest Electric Power Planning and Conservation Act (Regional Act), and, if so, what was the size of such load for the purposes of establishing a CFCT amount against which future increases in load at such facility, if any, can be measured?

Background

In a November 25, 2013 letter to BPA Senior Account Executive Scott Wilson, PGE requested that BPA determine that the load at the Oregon Steel plant is a "contracted for or committed to" load (CFCT) of PGE. PGE stated in its letter that the load at the Oregon Steel plant was contracted for or committed to be served by it prior to September 1, 1979. Oregon Steel's subsequent load has never increased by 10 aMW or more in any consecutive 12-month period. PGE did not request a CFCT determination for this load at the time of enactment of the Regional Act, but Congress did not specify any time limitation for CFCT determination requests. Utilities, including PGE, have an ongoing right to request a CFCT determination for their large retail loads. With the implementation of the Residential Exchange Program (REP) settlement whereby Average System Costs (ASC) determine, in part, an exchanging utility's REP benefits, a CFCT determination for the Oregon Steel load may have an impact on PGE's REP benefits.

The standard of proof for all CFCT determinations is contemporaneous documentary evidence regarding the load. Such evidence may include contracts, bills, meter readings, meeting notes, letters, and other relevant documents. As part of its November 25, 2013 request, PGE shared historical information surrounding the construction of the plant in 1928. PGE also provided one line substation engineering diagrams for Oregon Steel from 1975 and 2007 showing installed capacity at Oregon Steel's substation. In addition, PGE submitted monthly kWh usage data from 1979 and for 1981 to the present, engineering drawings for its Rivergate Substation, correspondence sent to Oregon Steel in 1979, and the applicable rate schedule from 1979. BPA staff conducted a site visit to PGE's Rivergate Substation to inspect the substation and related facilities on January 6, 2014.

To comply with the NLSL Policy CFCT standard of "contemporaneous documentary evidence" BPA staff visited PGE offices on January 23, 2014 to view the documents involved in the determination. PGE's standard practice has been to scan all records into PDF and not retain original documents, so only PDF versions were available for inspection. PGE staff provided written affirmation that this is PGE's customary document storage method.

Facility Description and Electrical Plan of Service

The facility at the Oregon Steel plant consists of three product lines: the rolling mill, the spiral pipe mill, and the structural tubing mill. The facility is served by PGE over one 115 kV line from Rivergate

Substation to the Oregon Steel plant's substation. The Oregon Steel plant is served in its entirety by 3 dedicated single phase transformers in the Rivergate Substation currently; however, the plant was previously served by a single, larger transformer that also served load other than Oregon Steel. Based on substation diagrams of Oregon Steel's substation, installed capacity in 1979 was 110 MVA.

Contemporaneous Documentary Evidence

1. Series of 12 line drawings of PGE's Rivergate Substation (May 28, 1968, May 31, 1968, June 15, 1970, November 6, 1972, and November 14, 1972). The drawings confirm the 115 kV transmission circuits and major installed and operating equipment at the time.
2. One Line Diagram of Oregon Steel Substation (October 15, 1975). This document shows installed capacity at the steel mill's own substation in 1975 was 110 MVA plus a 30 MVA standby transformer. An additional One Line Diagram of the Oregon Steel Substation originally drafted in 1969 and last updated May 18, 2007 corroborates the electrical connections shown in the 1975 diagram. This 2007 diagram shows installed capacity to be 212 MVA. The diagram also shows furnace transformers totaling 98 MVA in the steel mill.
3. Rate Schedule 89 (February 26, 1979). This document shows that Industrial Service customers are served at transmission voltages rather than distribution voltages. This is the rate schedule under which Oregon Steel was billed per the letter referenced at #4 below.
4. Correspondence with load data for 1978-1979 (December 21, 1979). This letter designates Oregon Steel as a "Major Use" consumer of PGE in 1979. The letter includes monthly kWh consumption for the steel mill for December 1978 through November 1979, showing annual usage, served by PGE at the time, and notes the applicable rate schedule for the load.
5. Load data 1981-1983 (January 1984). This document shows monthly and year-to-date energy and demand at the steel mill and also confirms the applicable Rate Schedule 89.
6. Agreement for Electric Power Service between PGE and Gilmore Steel (May 23, 1984). This agreement shows a history of continuous service beginning with Elkem Metals, assigned to Gilmore Steel, and continuing through this long-term sale to Gilmore Steel which later became Oregon Steel.
7. Internal correspondence confirming that only PDF copies of one line diagrams exist today, not originals (December 12, 2013).
8. PGE letter affirming PGE's document storage policy (January 29, 2014). This letter confirms that PGE's documents from 1979 have been converted to electronic format and originals destroyed.

Threshold Questions

1. Is there evidence of a contracted for or committed to status for load at the Oregon Steel plant?

Yes, PGE had a 115 kV line connected to installed transformation capacity in the substation at the steel mill prior to September 1, 1979, showing that PGE was committed to serve the load.

2. Can the size of the load that would qualify for CFCT status be determined?

Yes, the one line engineering diagram closest in time to September 1, 1979 establishes installed capacity for the steel mill of 110 MW. Precedent from prior CFCT decisions dictates that BPA use 100% capacity factor for CFCT amounts. In this case, there is a spare 30 MVA transformer depicted in the one line diagram, however there is no evidence the spare transformer was used to serve Oregon Steel, so it was not included in the steel mill's capacity.

Findings

The historical evidence provided by PGE supports the determination that PGE had planned to serve and was serving the Oregon Steel load on September 1, 1979 under its industrial tariff, and PGE considered this load a major use consumer. As of 1979, PGE was committed to serve up to 110 MW of load at the facility. The Oregon Steel plant therefore qualifies as a CFCT load on PGE at the level of 110 MW pursuant to Section 3(13)(A) of The Regional Act.

Based on a review of the installed capacity for the plant in 1975, BPA staff verified that PGE committed to serve the Oregon Steel plant up to 110 MW prior to September 1, 1979. On October 6, 1983, BPA determined that all CFCT calculations would be based on an assumed 100% load factor, effectively making energy equal demand. Given this precedent, BPA can determine the size of the CFCT load to be equal to the installed transformer capacity prior to September 1, 1979.

Detailed review of billing data since 1979 shows that the Oregon Steel plant load has never increased by more than 10 aMW per year, although it had grown to almost 53 aMW by 1995. The most recent NLSL test year shows that the load was approximately 11.5 aMW in 2011.

Conclusion

Based on contemporaneous evidence supplied by PGE supports PGE was committed to serve up to 110 MW at the Oregon Steel plant as of September 1, 1979 and was serving such load even though PGE was not able to provide a signed contract for that level of service at that date. This determination is consistent with prior CFCT determinations.

PONDERAY INDUSTRIES

PENDE OREILLE & PONDERAY PAPER NLSL & NORMALIZATION

Pende Oreille currently has the distinction of being the only BPA customer serving a consumer with an NLSL with a PF eligible component.

In 1985 Pende Oreille was contemplating serving a new paper mill in its service territory Ponderay Paper. Pende Oreille requested a Facility Determination for the new load, they proposed that the paper mill load and the thermomechanical pumping load constituted two separate facilities under BPA's NLSL Policy. BPA ultimately agreed.

In 1988 Pende Oreille approached BPA about expected load growth at Ponderay Paper with an eye to phasing-on the expected load growth to avoid NLSL status, Pende Oreille was also interested in using non-federal resources to serve the load in some circumstances which was complicated by the fact that Pende Oreille was Computed Requirements Customer without Automatic Generation Control (sort of a proto Slice arrangement)¹.

Ponderay Paper had an established Measurement Period running from October to the following September. Their plan for phasing-in to avoid NLSL status turned on construction ending and commercial operation beginning midway through the Measurement Period so that the initial load would accumulate over less than 12 months in that first Measurement Period.

Ponderay Paper had unexpected construction delays which put back the date of commercial operation which greatly reduced the number of kilowatt hours ascribed to the first Measurement Period and thus reduced the average megawatts in the first year. This dislocated Ponderay Papers plan to phase-in their load growth by shifting load growth planned for year 1 into year 2. This resulted in Ponderay Paper becoming an NLSL on Pende Oreille in the second Measurement Period with a small amount of load (4.521 aMw) eligible for service with power purchased at PF².

Pende Oreille tried to invoke the NLSL Policy concept of Normalization in this instance.

Normalization is described in section 8 (f) of the 1981 Northwest Power Act Power Sales Contract and in BPA's NLSL Policy of April 2001 at II.B.4, below.

¹ BPA offered an updated Computed Requirements Customer contract for Subscription in 2000; there were no takers.

² See Revision No. 1 to Exhibit K dated January 13, 1990

PENDE OREILLE & PONDERAY PAPER NLSL & NORMALIZATION

4. Adjust for load normalization, if appropriate. BPA must adjust the comparison of amounts of consumption in two 12-month periods to eliminate any reductions in the load due to unusual events reasonably beyond the control of the Consumer. Normalization is possible where the consumer's facility has a period of normal operation, then a period of reduced load, and then an increase in load. The consumer requests normalization through the retail utility, supplying data to support the request.

In a letter dated December 27, 1989, BPA rejected Pende Oreille's premise stating in part:

'Section 8(f) of the power sales contract provides that, for the purpose of calculating whether a load has become a New Large Single Load (NLSL), BPA will determine whether the reductions in the consumer's load due to unusual events were reasonably beyond the consumer's control and if so will compute the consumer's energy consumption as if such reductions had not occurred. This section was developed during the negotiation of the power sales contract in order to protect commercially operating loads from becoming the New Large Single Loads based on unusual events. The rationale for the provision was that if the consumption of energy by such loads was reduced due to events beyond the consumer's control, such as strikes or natural disasters, so that resumption of normal production would cause an increase of 10 aMW or more in the following 12 – month period, the consumer should not be penalized for the period of reduced loads by becoming an NLSL.

Section 8 (f) contemplates three different periods: an initial period of normal commercial operation before any load reduction occurs; the period during which the load reduction due to unusual events occurred; and a period of increased load following the load reduction period. The initial period of normal operation establishes the level from which the load was reduced. Without this period of normal operation, the amount of the load reduction is uncertain and undemonstrable. . . .

The difficulty with Ponderay's request is that the reduction occurs in the load's initial period of operation and is based on construction rather than normal commercial operation in that period. There has been no "normal" load at the plants prior to the period for which

**PENDE OREILLE & PONDERAY PAPER
NLSL & NORMALIZATION**

normalization has been requested; there is no load, other than sporadic testing loads, from which a “load reduction” could occur. The load reduction in question is not the type of load reduction addressed by the parties in Section 8 (f) and is not provided for in the contract.’

As a result of this finding the Ponderay Paper Company newsprint facility became an NLSL on Pende Oreille with a small PF-eligible component.



Ponderay Newsprint Company

P.O. Box 130, Usk, Washington, U.S.A. 99180
Telephone (509) 445-1511
Fax (509) 445-1233



July 12, 1989

Mr. James McCampbell, Manager
Public Utility District No. 1
Post Office Box 190
Newport, WA 99156

Dear Jim:

Re: Fiber Mill and Paper Plant

As you know, and as confirmed by the Power Schedules we provided to you in December, 1988, as required by our Fiber Mill and Paper Plant Power Sales Contracts, our schedule called for completion of construction and testing and commencement of production in the first part of October, 1989. That schedule has unavoidably slipped due to delayed delivery of critical material and delays in engineering and construction in spite of extraordinary measures on our part.

We are in the process of documenting the events that resulted in this delay and the actions that we took to overcome them. This letter is to let you know that when we complete the documentation and are reasonably sure of a revised production date, we will make a request for normalization of our loads during the first 12 month period for each facility as provided in Section 8 (f) of your Power Sales Contract with BPA.

In the meantime, we would appreciate it if you would take whatever steps that you feel are appropriate with BPA to make them aware of the situation and our forthcoming request.

Sincerely yours,

(b) (6)

William G. Meany
Mill Manager

WGM:nf

Notes:

____ Mgr. ____
____ Acctg. ____
____ Eng. ____
____ Prod. ____
____ Supt. ____
____ Atty. ____
____ Board ____
✓ Other *Wayne Lee - BPA*

Return to _____

*This is the trade mark of Ponderay Newsprint Company.

PMC

DEC 27 1989

Mr. James McCampbell, Manager
Pend Oreille County PUD No. 1
P.O. Box 190
Newport, Washington 99156

Dear Mr. McCampbell:

By letter dated October 13, 1989, Pend Oreille PUD No. 1 (the District) and its retail customer, Ponderay Paper Company (Ponderay), requested that the Bonneville Power Administration (BPA) normalize Ponderay's loads under section 8(f) of the District's power sales contract with BPA. BPA has carefully reviewed the circumstances of Ponderay's request, the information which accompanied the request, and supplemental information provided in meetings between representatives of Ponderay, the District, and BPA. Based on this information and a review of the contract, we have concluded that we are unable to normalize the loads as requested. The reasons for this decision are explained below.

Section 8(f) of the power sales contract provides that, for the purpose of calculating whether a load has become a New Large Single Load (NLSL), BPA will determine whether reductions in the consumer's load due to unusual events were reasonably beyond the consumer's control and if so will compute the consumer's energy consumption as if such reductions had not occurred. This section was developed during the negotiation of the power sales contract in order to protect commercially operating loads from becoming NLSL's based on unusual events. The rationale for the provision was that if the consumption of energy by such loads was reduced due to events beyond the consumer's control, such as strikes or natural disasters, so that resumption of normal production would cause an increase of 10 aMW or more in the following 12-month period, the consumer should not be penalized for the period of reduced loads by becoming an NLSL.

Section 8(f) contemplates three different periods: an initial period of normal commercial operation before any load reduction occurs; the period during which the load reduction due to unusual events occurs; and a period of increased load following the load reduction period. The initial period of normal operation establishes the level from which the load was reduced. Without this period of normal operation, the amount of the load reduction is uncertain and undemonstrable.

..

As explained in the materials supplied to us, Ponderay's request is based on the failure of its pulp and paper facilities to begin operations as planned, due to difficulties of its facility in design and construction, complicated by delays in the delivery of materials, adverse weather conditions, and unauthorized work stoppages during the construction period. As a result, Ponderay will have difficulty carrying out its plans to "phase in" its loads so that certain loads at the site are eligible for service at the PF rate. Ponderay has requested that, in measuring the loads of the two plants for NLSL purposes, BPA make adjustment for the construction delays and adopt the loads listed in the start-up schedule which Ponderay supplied to the District in April 1989.

The difficulty with Ponderay's request is that the reduction occurs in the load's initial period of operation and is based on construction rather than normal commercial operation in that period. There has been no "normal" load at the plants prior to the period for which normalization has been requested; there is no load, other than sporadic testing loads, from which a "load reduction" could occur. The load reduction in question is not the type of load reduction addressed by the parties in section 8(f), and is not provided for in the contract.

The terms of the power sales contract concerning NLSL's are addressed to actual loads: the load to be measured is the actual consumption of the consumer's facilities; a load becomes an NLSL when its actual consumption has increased by 10 aMW or more over the consumption during the previous 12-month period. Because Section 8 of the power sales contract addresses actual energy consumption, it is inconsistent to apply section 8(f) to adopt theoretical loads as measurements of potential NLSL's. Because there is no actual normal operating load at Ponderay for an initial period prior to the period for which Ponderay requests normalization, section 8(f) is not applicable.

In a meeting on December 15, 1989 between Ponderay's representatives and BPA staff concerning this request, a number of technical questions were raised concerning various options for service to NLSL's. An analysis of these questions is being prepared and will be sent in a separate letter.

We regret that we are unable to agree to the requested normalization of Ponderay's loads. If you have any further questions or concerns, please contact this office or Art Harlow at (509) 353-2590.

Sincerely,

(b) (6)



Shirley Melton
Director, Division of
Contracts and Rates

DW01fe:dvw:3556:12/15/89 (VS6-PMCG-6243b)

cc:

T. Miller - APP
J. Curtis - P
C. Combs - PMCG
A. Harlow - UC

Official File - PM 12-11-2 NLSL

W. Pollock - P
L. Kitchen - PMC
D. Wolfe - PMCG
G. Stege - UCA



Ponderay Newsprint Company

P.O. Box 130, Usk, Washington, U.S.A. 99180

Telephone (509) 445-1511

Fax (509) 445-1233

October 13, 1989

Mr. Jim McCampbell, Manager
Pend Oreille PUD
Box 190
Newport, Washington 99156

Dear Mr. McCampbell:

On July 12, 1989, we notified you of a slippage in completion of construction of our project at Usk. We stated in that letter that we were in the process of documenting the events that resulted in the delays in the engineering and construction schedule. You forwarded a copy of our letter with your cover letter to BPA. In follow-up, this letter is to formally request an adjustment of the power consumption for our Fiber Mill and Paper Plant facilities during the first 12 months following energization of the Ponderay electrical facilities on January 13 and April 3, 1989, respectively, due to unusual events reasonably beyond our control, as provided in Section 8 (f) of your power sales contract with BPA.

The slippage in the construction schedule resulted primarily from the unforeseen increase in the volume of paper mill construction projects which caused delays in engineering, which were compounded by late deliveries of key material, all of which resulted in construction delays that were impossible to totally overcome.

For purposes of New Large Single Load determination, we request that the energy consumption from October 1 through November 3, 1989, be computed on the basis of our start-up schedule as provided to you dated April 11, 1989. This is the schedule that we developed based on the dates of energization for the two facilities.

Our intentions regarding start-up are clearly delineated in your exchange of letters with BPA dated October 9, 1986 and January 30, 1987. It has always been our intent to ramp the Paper Plant facility in over a two year period without becoming a NLSL and to intentionally let the Fiber Mill facility become a NLSL in the second year. BPA's granting of this request for normalization of our loads will make it possible for us to adhere to these intentions through a normal start-up without adverse impact on the PUD, BPA or the region. The delays in completion of construction were truly beyond our control and we were unable to overcome them in spite of extreme measures on our part to make up for the delays as they occurred.

*This is the trade mark of Ponderay Newsprint Company

Mr. Jim McCampbell
October 13, 1989
Page 2

Documentation of the events that resulted in delay and actions that we took to try to overcome them are attached. Also attached is a copy of the April 11, 1989 schedule of planned peak loads and energy consumption referred to above.

Sincerely yours,

(b) (6)

A large black rectangular redaction box covers the signature and name of the sender.

William G. Meany
General Manager

WBM:mm.18

Attachment

HIGH YIELD PULP MILL				PAPER MILL			
		Peak (MW)	Energy (MWH)			Peak (MW)	Energy (MWH)
1989	Jan	2 (St.Mtr.)	1-05-89 - .25				
	Feb	2	.25				
	Mar	2	.25				
	Apr	2	.25				
	May	2	.50				
	Jun	2	.50				
	Jul	2 (testing)	.50				
	Aug	34 (testing)	1.00				
	Sep	34 (testing)	4.00				
	Oct	57	35.00				
	Nov	57	39.00				
	Dec	57	39.00				
			-NLSL				
			120				
1990	Jan	62	45			23.5	19.5
	Feb	62	45			24	20
	Mar	62	45			24	20
							-NLSL
							119.5
							1st Yr.
	Apr	64	38*			25	16*
	May	64	48			25	20
	Jun	64	48			25	20
	Jul	65	50			26	20
	Aug	65	50			26	20
	Sep	65	50			26	20
	Oct	65	50			26	20
	Nov	65	50			26	20
	Dec	65	50			26	20
1991	Jan	65	50			26	20
	Feb	65	50			26	21.5
	Mar	65	50			26	22
							- NLSL
							239.5
							2nd Yr.
	Apr	65	47			27	24
	thru						
	Dec						
1992	Jan	67	49.1			27	24
	thru						
	Dec						
1993	Jan	67	49.1			27	24
	thru						
	Jun						

*Required Valmet Machine Shutdown (5 Days)

Ponderay Newsprint Company

DOCUMENTATION

Request for Normalization
of Load

October 1989

Ponderay Newsprint Company

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3. Project Planning and Scheduling	2
4. Engineering	4
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6. Construction	6
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Ponderay Newsprint Company

REQUEST FOR NORMALIZATION OF LOAD

1. INTRODUCTION

The Ponderay Newsprint mill is located 50 miles north of Spokane. The large project, originally scheduled to be designed and constructed in twenty-six months, has slipped more than one month due to unforeseen circumstances beyond the owner's control.

The schedule slippage has adversely effected the planned power ramp-up of the mill. The purpose of this submittal to the PUD is to document the case for the project schedule changes and seek approval for modifying power usage with regards to New Large Single Load determination by BPA.

2. PROJECT OVERVIEW

The Ponderay Newsprint Company mill located in north-eastern Washington state is a joint venture between Lake Superior Forest Products, a wholly-owned subsidiary of Canadian Pacific Forest Products Limited, and five American newspaper publishers. The publisher partners are Knight-Ridder, Inc., of Miami, Kearns-Tribune Corporation of Salt Lake, McClatchy Newspapers of Sacramento, Central Newspapers, Inc. of Indianapolis and the Copley Press, Inc. of San Diego.

Lake Superior Forest Products, with 40 percent participation in the partnership, is the managing partner responsible for construction and operation of the mill. Ponderay Newsprint Company is the mill operator.

The mill will produce annually, 180,000 tonnes of standard newsprint. It will employ 157 workers.

Estimated development and construction costs for the project will be approximately \$300 million (U.S. funds) excluding financing costs and working capital. Project construction began in October, 1987, with projected start-up originally set for October, 1989.

The mill site is on the Pend Oreille River near the community of Usk. The woodchip supply and low power rates were the deciding factors in locating the mill in this area.

The mill will use residual woodchips from local sawmills and wood processing plants as well as chips produced by chipping plants using area pulpwood. This demand will strengthen the wood products industry for 60 to 80 miles around the mill site.

The papermaking process at Ponderay will be state-of-the-art with a high speed paper machine and an efficient, environmentally clean, thermo-mechanical process for breaking woodchips into individual wood fibers.

3. PROJECT PLANNING AND SCHEDULING

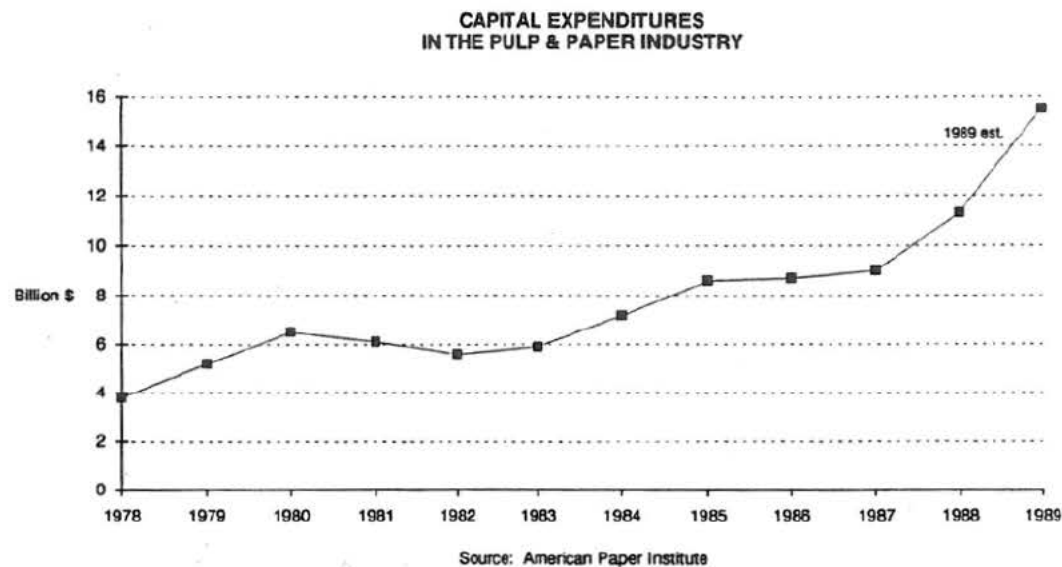
From the early days of the project, in July 1987, the projected mill start-up date was October 1, 1989. The engineering and construction companies were selected for the project because of their experience with large industrial projects in the paper industry.

Early planning in 1987 was based on scope and estimates developed in 1985 with adjustments made to allow for changes in the economy over the two year period. Of particular importance was the downtrend in industrial construction during the 1985-1987 period.

The 1987 planning projected a continuation of the depressed construction period and therefore based construction projections on normal delivery times for materials and equipment and an abundant supply of engineers and construction tradesmen.

Realization that the environment was changing came in February, 1988, as engineering progress began to suffer due to lack of vendor information and the shortage of experienced engineers. The shortage became particularly critical for pulp and paper experienced personnel as plans were announced for the construction of some 25 new paper machines in North America over the next three years. (*See chart on page 3*).

The engineering company advertised nationally for experienced engineers. The slow engineering start, however, plagued the project throughout. The initial deficit in engineering caused by the business environment could not be overcome until February 1989, and set off a chain of events which in spite of efforts by all parties, caused the mill start-up to be adjusted from October 1 to sometime in November, 1989.

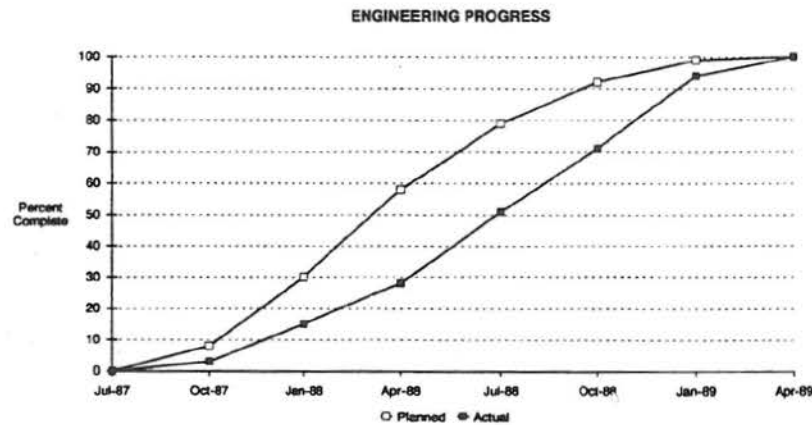


This presentation will present evidence concerning the effects of the changes in the construction environment on the project and efforts by all concerned parties to ameliorate these effects to meet the planned October 1, 1989 start-up date. Most importantly, the unforeseen delays and resulting late start-up were reasonably beyond the control of Ponderay Newsprint.

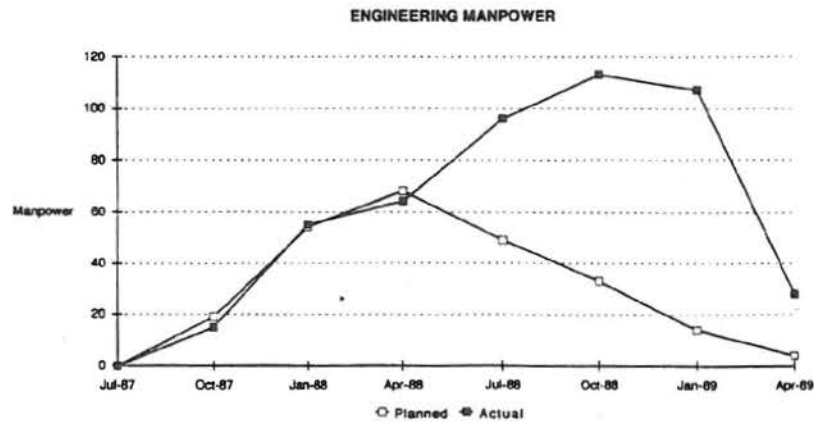
4. ENGINEERING

Engineering on a large project must stay on schedule. Late engineering caused late equipment deliveries and construction had to work on the heels of engineering. Much engineering was deferred to the field because of late vendor information.

The schedules for engineering progress and manpower were developed by the engineering consultants.



By mid-1987 engineering began to fall behind schedule due to the shortage of experienced engineers. Manpower was increased but the damage to the construction effort by late engineering could not be overcome.



A secondary factor aggravating the engineering effect was an inability to get vendor information. Vendor information was hard to obtain in 1988 because of increased construction and greater demand placed on vendor products.

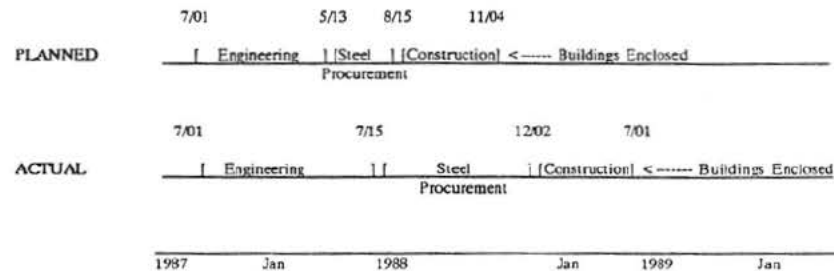
Facility engineering is dependent upon equipment sizes and weights from vendors. Lack of vendor information necessitated designing without accurate information. This necessitated many field changes as more accurate data was received. These field changes greatly impacted on the delivery of structural steel.

The overall effect was that the construction effort was slowed by lack of engineering and field changes. Consequently, project field engineering was unusually high as the field group tried to compensate for designs based on inadequate vendor information and designs done hurriedly by inexperienced engineers.

5. PROCUREMENT

Once a project has been engineered, the material is procured for construction. Equipment deliveries are also a part of the overall critical path. Many late deliveries were incurred (ex., building steel, paper machine drives, unit substations and motors). Because of these late deliveries, enclosing the building was delayed and complicated by the severe winter weather. This caused plans to complete inside work during the bad weather to be delayed and resulted in a necessary reduction in work force during what was planned as the peak period in the project.

SCHEDULE & ACTUAL ENGINEERING, PROCUREMENT & CONSTRUCTION



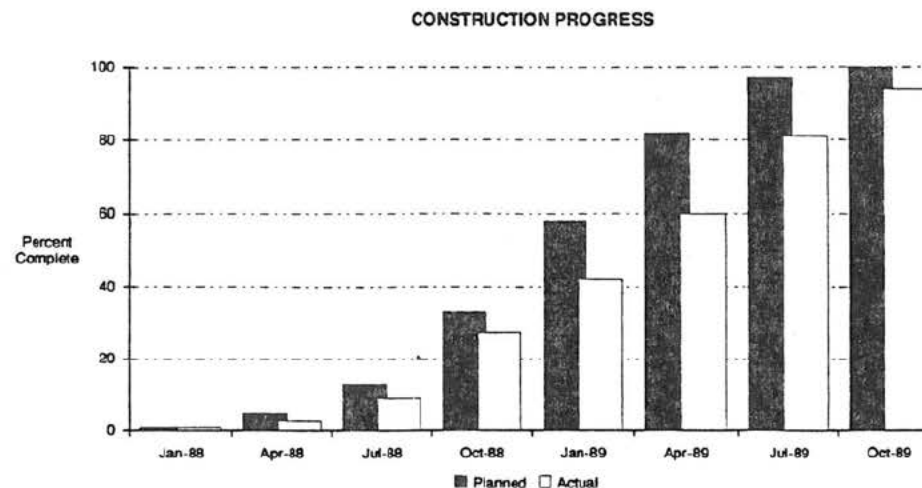
Action was initiated to speed the delivery of structural steel; a subsidiary of the steel supplier began assisting in detailing of engineering drawings and production work was started at an additional facility in Vancouver, B.C. in May, 1988. These delays were the direct result of the increased demand for equipment.

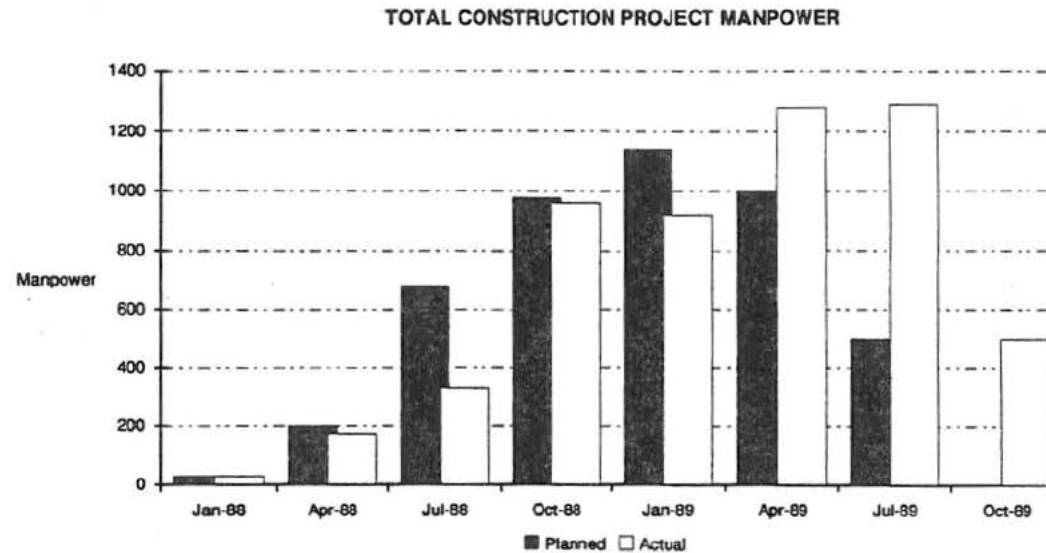
A substitute low voltage motor vendor was selected when the original vendor was unable to meet his delivery schedule because of production over commitments. Vendors were repeatedly over committed as the construction industry moved into a period of fast growth. The large equipment, with long lead times, was affected most. Intensive expediting efforts were unsuccessful and since the equipment is custom-made, switching vendors mid-stream was not an option.

6. CONSTRUCTION

Construction operated toward a fixed completion date and attempted to compensate for late engineering and slow material deliveries. The domino effect however, proceeded as late steel and equipment necessitated reduction in the construction effort in January, 1989 due to material shortages. The late delivery of steel, for instance, delayed installation of critical electrical facilities and major equipment that was dependent upon the steel structure for support.

As the graph further shows, in spite of great increases over budget in man-hours, the effort could not overcome the deficit in movement toward project completion. (See chart below and on page 7).





The decision to officially shift the start-up schedule was reluctantly made in July, 1989. Prior to July, the consulting engineers and construction companies were optimistic about being able to regain the ground lost during the winter of 1988-89, with overtime and additional work force, and they were then still projecting on time completion in September. Construction craft hourly wages were increased in an effort to improve productivity. Two local contractors were retained to bring in a more skilled labor force, and overtime was greatly increased.

The construction effort was also slowed by two unauthorized work stoppages in spite of a no work stoppage clause in the master project agreement with the labor unions totalling 6 days. Actual lost progress, however, amounts to some 12 days due to non-productive time before and after the actual stoppages.

There was a substantial incentive payment reward clause in the construction contract in the event construction had been completed ahead of schedule. As a result of the delays, the contractor was denied those incentive payments.


7. SUMMARY

Planning and scheduling a large project is a very difficult task. To look ahead and put dates on completion and start-up requires a great deal of skill and experience. The Ponderay Newsprint mill owners were careful to select engineering and construction firms well qualified for this project. These firms were well versed in planning and scheduling. The engineering and construction companies were also very experienced in large pulp and paper projects. The mill assisted whenever possible in engineering and construction.

The chain of events beginning with a dramatic change in the economy which resulted in the late engineering causing late steel deliveries. Therefore a slowing of the construction effort could not be overcome by increasing construction man-hours.

At each step through the process every effort was made to change the course of events; extensive recruiting was done for engineers, additional engineering and fabricating facilities were used, equipment was intensively tracked and expedited and overtime was applied to the construction effort to the point of becoming counter productive but the deficits could not be overcome.

SALMON RIVER ELECTRIC COOP


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

OFFICE OF THE ADMINISTRATOR

NOV 17 1983

In reply, refer to: PKI

Mr. Clayton Hurless, Manager
Salmon River Electric Cooperative
P. O. Box 384
Challis, ID 98226

Dear Mr. Hurless:

On October 6, 1983, the Bonneville Power Administration (BPA), after consultation with representatives of each of BPA's customer groups, agreed to apply a 100 percent load factor to all Regional Act, section 3(13)(A) contracted for, or committed to determinations involving contract demand contracts. Previously, as part of a negotiated agreement with the Public Power Council, BPA had applied a 100 percent load factor to consumers of public agency customers with contract demand contracts. This action reflects recognition of changed conditions since passage of the Regional Act and BPA's desire to play a positive role in the economic recovery of the region. This criteria change will allow a consumer's facility which had a contract or commitment, prior to September 1, 1979, to achieve the maximum contracted for, or committed to load floor without triggering the New Large Single Load consequences of the Regional Act. BPA will retroactively apply a 100 percent load factor to all past determinations with contract demand contracts or commitments.

Enclosed is a revised signed and dated Exhibit K, Table 2, reflecting the increase in your previous contracted for, or committed to determination. The increase results from application of a 100 percent load factor to the load BPA determined was contracted for, or committed to prior to September 1, 1979. This amended Exhibit should be attached to your utility power sales contract.

Your existing Exhibit K, Table 2, may be discarded. Should you have any questions regarding this exhibit revision please contact your BPA Area or District office.

Sincerely,

(b)(6)

Administrator

Enclosure

Revision No. 1
Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-87BP90562
Salmon River Electric Cooperative
Effective on the date of the above
power sales contract

Contracted For, Committed to Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO, PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Ave. MW)</u>
Cyprus Thompson Creek Molybdenum Mine	Custer County, Forty miles southwest of Challis, ID	35

(b)(6)

Bonneville Power Administrator

NOV 17 1983

Date

(WP-PK1-3627b)

KIP 09

MAY 28 1982

PCI

Mr. Clayton Hurless, Manager
Salmon River Electric Cooperative
P.O. Box 304
Challis, ID 83226

Dear Mr. Hurless:

Pursuant to your request I have reviewed my earlier determination that Cyprus Mine's Thompson Creek (Cyprus) committed to load, as of September 1, 1976, was 26.35 average megawatts. I have revised my earlier determination to reflect the additional information presented by you and Cyprus to my staff on April 8 at BPA headquarters. I have determined that Cyprus' committed to load should be revised upward to 28.26 average megawatts. My decision is based on the higher load estimates stated in Cyprus' February 26, 1978 letter to Salmon River, which references an estimated load of 31 peak megawatts at 91 percent load factor and at 95 percent power factor, equalling 28.26 average megawatts. This revised amount of 28.26 average megawatts shall be listed in Exhibit K, Table 2 of Salmon River's power sales contract as Cyprus' committed to load as of September 1, 1976.

Sincerely,

(Sgd.) EARL GJELDE

ACTING Administrator

Exhibit K, Page 1 of 1
Table 2
Contract No. DE-MS79-BP8190562
Salmon River Electric
Cooperative, Inc.
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit is for information purposes only and shall not control any determinations made pursuant to section 8 of this contract or section 3(13) of P. L. 96-501.)

TABLE 2

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CONTRACTED FOR, OR COMMITTED TO PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Yearly Amount of Firm Energy (avg. MW)</u>
Cyprus Mines Corporation <u>1/</u>	Northwest of Clayton, Custer County, Idaho	<u>31.5</u> <u>2/</u> 28.26

1/ Administrator's determination that this load is a load committed to prior to September 1, 1979, as documented in a June 22, 1981, letter from Mr. Peter Johnson to Mr. Clayton Hurless, Manager, Salmon River Electric Cooperative.

2/ At full operation estimated to occur in winter 1983-84.

28.26
= 35 MW
x 85% L.F.
x 95% P.F.

Exhibit K, Page 1 of 1
Table 2
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Salmon River Electric
Cooperative, Inc.
Effective on the effective date
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2/ At full operation estimated to occur in winter 1983-84.

DECISION PAPER

REQUEST FROM SALMON RIVER ELECTRIC COOPERATIVE THAT THE ADMINISTRATOR MAKE THE DETERMINATION THAT CYPRUS' THOMPSON CREEK MINE IS A COMMITTED TO LOAD IN ACCORDANCE WITH SECTION 3(13) OF THE REGIONAL ACT, AND THAT THE LEVEL OF SUCH COMMITMENT ON 9/1/79 WAS 31.5 AVG. MW.

ISSUE:

Whether Cyprus' Thompson Creek Mine was a committed to load, pursuant to section 3(13) of the Regional Act and, if so, the level of such commitment as of 9/1/79.

BACKGROUND:

In June 1981 the Administrator made the determination that Cyprus' Thompson Creek Mine (Cyprus) was a committed to load. This determination was communicated by the Administrator to Mr. Clayton Hurlless, Manager, Salmon River Electric Cooperative in a June 22, 1981 letter which referred to several letters referring to 31 MW from February 20, 1978 to August 2, 1979 from Cyprus to Salmon River. Because BPA's letter did not state whether this number referred to peak or average megawatts, on September 18, 1981, a followup letter to Mr. Hurlless was sent clarifying that the amount of Cyprus' committed to load on September 1, 1979 was 26.35 average megawatts. The 26.35 average megawatts was based on an estimated load of 31 peak megawatts at 85 percent load factor. These figures reflected the February 20, 1978 letter and other correspondence stating the 31 megawatts was a peak load. Salmon River asserted that this initial figure was unjustifiably low based on the engineering studies for the project and asked BPA to review its finding.

On February 9, 1982 Roy Nishi, Snake River Area Manager, wrote Mr. Spigal, Assistant General Counsel, and urged that the Administrator approve 31.5 average megawatts as the committed load. This figure came from a January 1980 Salmon River-BPA load forecast, that had been approved by then Power Manager, Hector Durocher, during the time BPA was developing its allocations policy.

In response to Mr. Nishi's letter a meeting was held at BPA headquarters on Thursday, April 8, in order to hear the Salmon River/Cyprus case. In attendance were:

Roy Nishi - Snake River Area Manager
Clayton Hurlless - Manager of Salmon River
Don Angell - Power Engineers
Dale Huffman - Cyprus Mines
Eric Redman - Attorney for Cyprus
Jay Purvis - Cyprus Mines
Mark Passarini - AMOCO Metals Co.
Ted Springer - Attorney for Salmon River
Kip Moxness - Contract Negotiations
M. M. McGee - General Manager of Cyprus Mines
Harvey Spigal - Office of General Counsel
Janet McLennan - Office of Power Management
Jim Jones - Office of Power Management
Tom Miller - Office of General Counsel

Mr. Nishi opened the meeting by summarizing the record and the events leading up to Thursday's meeting. Spokesmen for Snake River and Cyprus Mines presented additional information, data and analysis regarding the size of the load. Both Mr. Springer, attorney for Salmon River and Mr. Redman, attorney for Cyprus Mines, provided information respecting Cyprus' Thompson Creek Mine and its relation to the legislative history of the Regional Act. Both attorneys stated that this mine was the unnamed Idaho "committed to" load referenced in the legislative history. New information was introduced during the course of the presentation, including a historical summary of the engineering studies from December 1974 to the present which had hitherto been unavailable to both BPA and Salmon River. In addition, there was a thorough discussion of the correspondence submitted to date. Both Cyprus Mines and Salmon River emphasized that the project and the load has not essentially changed since it was first discussed in the early 1970's. Both parties argued that the correspondence prior to 1980 that discussed load size were necessarily based on engineering estimates. Current engineering does not present figures which are precise and until the load goes into production, the actual energy requirement for the load cannot be fixed.

This problem of quantifying the size of the load as precisely as possible is one of the most difficult tasks confronting BPA staff in reviewing requests for determinations of either "contracted for, or committed to" loads as of September 1, 1979. Prior to the Regional Act being signed into law on December 5, 1980, a variety of cutoff dates and formulas for contracted for, committed to loads had been suggested. Congress established September 1, 1979 as the cutoff date. The significance of September 1, 1979 was not apparent until the Regional Act was enacted on December 5, 1980. Much of the correspondence does not directly refer to size of load as of that date. However, because Section 8 of the utility power sales contract makes it necessary to establish a floor from which future increases in load are monitored and measured, it has become essential to quantify the committed to, contracted for loads in order to determine the rate at which the load should be billed.

Therefore there are a range of possible bases in the correspondence on which to quantify Cyprus Mines Thompson Creek mine load committed to as of September 1, 1979:

- 1) There is a Salmon River-BPA load estimate of January 1980, developed during the allocation process, which established the load at 42 peak megawatts at 75 percent load factor or 31.5 average megawatts. The problem with this figure is that there is no other reference anywhere else in the correspondence prior to September 1, 1979 which would support or suggest this figure.
- 2) Cyprus' February 20, 1978, letter to Salmon River gives a range of loads in peak megawatts at varying power factors. The maximum load at the maximum power factor based on this correspondence would be 35 peak megawatts at 85 percent load factor and 95 percent power factor, or 28.26 average megawatts. This is the only clear engineering estimate on size of load prior to September 1, 1979.
- 3) BPA's September 18, 1981 figure of 26.35 average megawatts was based on Salmon River's correspondence with Cyprus Mines on February 26, 1980 which stated the load and earlier references to 31 MW was a 31 MW peak load, and

Cyprus' February 20, 1978 to Salmon River which cited a load factor up to 85 percent.

Both Cyprus and Salmon River argue that the basis for BPA's earlier determination of 31 peak megawatts at 85 percent load factor for 26.35 average megawatts was questionable because the load was taken from one letter and the load factor from another and there was no necessary correlation between the two letters. Failing establishment of the 42 peak megawatts at 75 percent load factor which is not supported by the engineering studies prior to September 1, 1979, Cyprus asserts that the figures mentioned in Cyprus' February 20, 1978 letter is a preferred choice because both the size of the load and the power factor are referred to in the same letter and it is a letter which preceded the cutoff date in the Regional Act.

RECOMMENDATION:

After review of the additional information and the presentation made and examining the range of choices, BPA staff recommends option #2 as a more reasonable basis on which to establish Cyprus Thompson Creek Mine load, and this estimate should be selected to supercede BPA's previous size of load. This recommendation means a "committed to" load would be established at 28.26 average megawatts. Upon review and adoption of a final figure by the Administrator, the figure should then be entered in Exhibit K, Table 2 of Salmon River's utility power sales contract.

KMoxness/TMiller:lo (WP-PCI-1559b)

DRAFT: 4-5-82

TMiller:lb

Doc. 7459B

STATUS REPORT NEW LARGE SINGLE LOADS

A pre-meeting has been scheduled for Wednesday at 10:00 a.m. in Room 459 for briefing on the request of Cyprus Mines and Salmon River Electric Cooperative for a redetermination of their size of load "committed to," as discussed below. As a general note, the Public Power Council and public utilities have challenged BPA's interpretation of section 3(13) of the Regional Act and section 8 of the initial utility power sales contract in their lawsuit. This should be borne in mind in discussions with Salmon River and Cyprus, scheduled for Thursday at 10:00 a.m. in Room 552.

Cyprus Mines - Size of Load

A memo from Roy Nishi dated February 9, 1982, forwarded a letter from Salmon River Electric Cooperative, Inc. dated February 1, 1982, in which Salmon River indicated it wished to have additional information considered on their commitment to the Cyprus Mines load, and requested a meeting with BPA to reach a satisfactory agreement. Roy Nishi's memo states that Salmon River's magnitude of load remained consistent during discussion and clarification of peak-average load. The memo and letter with its attachments are appended.

Background

On June 22, 1981, BPA sent a letter to Salmon River responding to its request for a determination which stated the Administrator determined that Cyprus Mines load of 5 to 6 peak megawatts for preproduction and 31 megawatts for production was committed to by Salmon River prior to September 1, 1979. A follow-up letter of September 18, 1982, clarified the earlier letter to the effect that the size of the load committed to was a production load of 26.35 average megawatts. Copies of these letters are attached.

The Request

Salmon River's recent letter requests that we correct these letters to conform to a 31.5 average megawatt production load as based upon a March 14, 1980, letter from Cyprus Mines to Salmon River stating that an engineering review confirmed a connected load of 42 MW operating at a load factor of 75 percent for an average load of 31.5 megawatts as per Cyprus' letter of August 2, 1979. The Cyprus letter of August 2, 1979, is attached and refers to a production phase of 31 megawatts without any statement as to average or peak megawatts. Salmon River also bases its request on EPA's use of a peak load of 42 megawatts at 75 percent load factor equalling 31.5 average megawatts in its load study on allocations.

Salmon River's letter also argues that 3(13)(A) does not refer to any specific quantity of energy and, therefore, its letter of March 14, 1980,

should be valid. Salmon River further argues that section 8 of the initial power sales contracts recognize that for certain loads there are capacity only contracts permitting maximum energy consumption, and this was what Salmon River committed to. A third argument is that the scope of the Cyprus project has not changed although there have been additional refinements and the 31.5 average megawatts was integral to the project; there are no new facilities, and any other rate treatment would be inconsistent. Fourth, Cyprus has relied upon Salmon River's service, expended considerable funds, and section 8 permits load management. Cyprus now expects to exceed 31.5 average megawatts as a production load but should fall within the 9.9 increase. A 31.5 load should be acceptable, the entire load should be recognized as "committed to" to avoid unnecessary administration and monitoring.

Analysis

Regarding the attachments to Salmon River's letter supporting their claim to 31.5 average megawatts, several points need to be made. First, all the attachments were reviewed and identified in the correspondence and size of load time lines which BPA analyzed in May, 1981. Nothing new has been submitted with the exception of the BPA allocation load forecast dated July 16, 1980. This load forecast does not constitute additional evidence because it is based upon Salmon River's change of load letter to BPA dated March 14, 1980; appending Cyprus Mines letter of the same date. Both these letters were previously considered. Second, the letters relied upon by Salmon River are contradicted by an earlier letter from Salmon River to

Cyprus Mines which unequivocally states that reference to the 31 megawatts in prior correspondence was peak and not average. A copy of this letter dated February 26, 1980, is attached. In fact, both Salmon River and Cyprus recognized that the proposed change to average from peak would be significant for the project. Third, all the change references to the 42 peak megawatts at 75 percent load factor are post September 1, 1979. Third, BPA does not disagree with the existence of a commitment, it does disagree with Salmon River's assessment of the size of the load. In short, no new documentation which would explain away the February 26, 1980, letter, and demonstrate that the size of the load was 31 average megawatts has been presented.

Regarding the four arguments made by Salmon River, each would require BPA to change its interpretation of either section 3(13) of the Regional Act and section 8 of the power sales contracts at a time when BPA's interpretation is challenged in a lawsuit by the Public Power Council. It is not advisable to answer directly Salmon River's arguments here except to state that BPA disagrees with the interpretation presented, and that BPA's interpretation of 3(13) requires that the size of the load committed to prior to September 1, 1979, be established as part of the Administrator's determination. In regard to the second argument, since the correspondence between Cyprus, Salmon River and BPA clearly established an estimated limit to the size of the load, and since there was no mention of a capacity-only contract between Cyprus and Salmon River, section 8(b) could not be read as Salmon River has done.

Third, although the scope of the project may not have changed, more than just minor deviations from 31.5 have occurred. The preliminary engineering estimate states a plant factor of 30,000 kVA and pit demand at 5,000 kVA with 80 to 85 percent load factor. This translates into 28 or 29.75 average megawatts. Later correspondence refers to 31 megawatts, which if peak and assuming the same load factor, would be 24.80 to 26.35 average megawatts. Salmon River has not shown any engineering study prior to September 1, 1979, which supports their proposition of 31.5 average megawatts.

Fourth, the reliance of Cyprus on Salmon River for a power supply is not relevant. BPA in all of its correspondence with Salmon has neither guaranteed a power supply nor guaranteed a particular rate for any power supplied. Cyprus and Salmon River are trying to avoid the requirements of the Regional Act and the contract for monitoring and billing a NLSL by defining all of Cyprus load as committed to. Cyprus now estimates a production load in excess of 31.5 average megawatts. If the load went to 50 average megawatts, would they also say that was committed to?

Recommendation

1. Inform Cyprus and Salmon River that the letter of February 26, 1980, clearly stated the 31 megawatts prior to that date was peak and not average. Therefore, what was committed to as of September 1, 1979, was 31 peak. Nothing presented contradicts this letter.

2. Inform them that we are not in agreement that any materials submitted demonstrate a change in the facts before us.

3. BPA does not agree with the interpretations of 3(13) or section 8 of the contract presented by Salmon River, particularly in light of current litigation.

4. Based on the materials before BPA, and upon receipt of written assurance from Salmon River and Cyprus that the preliminary engineering study stating 30,000 kVA plant factor and 5,000 kVA pit demand with load factor at 80 to 85 percent referred to in the February 20, 1978, letter was the only correct estimate on size of load prior to September 1, 1979, BPA would adjust its determination to state that 29.75 average megawatts was committed to by Salmon River prior to September 1, 1979.

Attachments

TMiller:lb (WP-APP-7459B)

APC

SEP 18 1981

Mr. Clayton Hurless
Manager
Salmon River Electric Cooperative
P.O. Box 384
Challis, Idaho 83226

Dear Mr. Hurless

This letter will clarify an ambiguity in our previous letter dated June 22, 1981, regarding Salmon River Electric Cooperative's commitment to serve the production portion of the Cyprus Mines Thompson Creek load. The earlier letter stated 31 megawatts were committed to serve Cyprus Mines' load without designating whether those megawatts were peak or average. The February 20, 1978, letter from Cyprus Mines to Salmon River Electric Cooperative stated a 30 to 35-megawatt load at an 80 to 85-percent load factor for the facility. Salmon River Electric Cooperative forwarded this estimate to EPA on March 9, 1978. Later correspondence refers to 31 megawatts without stating peak or average; the February 26, 1980, letter from Salmon River Electric Cooperative to Cyprus Mines makes it clear that the 31 megawatts was a peak load. Therefore, a production load of 26.35 average megawatts was committed to by Salmon River Electric Cooperative prior to September 1, 1979.

Sincerely,

(b)(6)

Acting Administrator

TDMiller:ljh:4505B

26.35 a MW
= 31 MW peak
@ 85% L.F.

APC

6/22/81

Mr. Clayton Hurless
Manager
Salmon River Electric Cooperative
P.O. Box 384
Challis, Idaho 83226

Dear Mr. Hurless:

Under the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act), Pub. L. 96-501, the Administrator is to determine whether a new load was contracted for or committed to prior to September 1, 1979, for the purpose of determining whether such load is a new large single load pursuant to section 3(13) of the Regional Act. In response to your request for such a determination regarding the Cyprus Mines load to be served by Salmon River, I have reviewed the correspondence forwarded by Roy Nishi, Manager, Walla Walla Area Office.

Based upon correspondence prior to September 1, 1979, between Cyprus Mines and Salmon River Electric Cooperative, BPA and others, I have determined that the Cyprus Mines Thompson Creek Molybdenum Mine load of 5 to 6 peak megawatts for preproduction and 31 megawatts for production was committed to by Salmon River Electric Cooperative prior to September 1, 1979. (These figures are based on the February 20, 1978, and August 2, 1979, letters from Cyprus Mines to Salmon River Electric Cooperative.) The above load is not a new large single load under section 3(13) of the Regional Act. Any increases in this load will be monitored by Salmon River and BPA according to the new large single load section of the new contract BPA will be offering Salmon River.

Sincerely,

Administrator

TDMiller:ljh:4347B

cc:
Adm. Chron. File - A
D. Francisco - PC
D. Anderson - PCI
G. Fuqua - PL

G. Tupper - O
R. Nishi - OW
N. Leary - OWC
Official File - APC

DECISION PAPER

Salmon River Electric Cooperative has requested a determination of the Administrator that the Cyprus Mines Thompson Creek Molybdenum Mine was "committed to" prior to September 1, 1979. Under section 3(13) "New Large Single Loads" of the Regional Act, a load "committed to" by a utility prior to the cutoff date would not be a new large single load, and if served by a preference customer would be eligible for the Priority Firm Power Resource rate. The Administrator is to determine whether a load was "committed to" by a utility.

The House Committee on Interstate and Foreign Commerce has specified that BPA is to (1) carefully examine a utility's claim, (2) a written contract is not required, and (3) a clear history of utility and developer actions should exist to support a claim. A policy decision needs to be made regarding the factors required to establish "a clear history" for a utility's claim. Two lists of factors which could establish numbers 2 and 3 above is described in this paper.

Regarding the requirement of something less than a written contract, the Administrator could choose among the following factors, listed in decreasing level of commitment, indicating contractual intent:

- (a) A load which is contracted for, but for which the contract is legally unenforceable, e.g., failure of consideration, failure of a condition precedent to performance.
- (b) A load for which the utility and the developer have mutually agreed with definiteness as to the essential terms of load, service and supply but for which other terms remain undefined.
- (c) A load for which the parties communications show an intent to make an agreement; some essential terms are definite or agreed upon, and one or both parties have taken action directly in furtherance of a proposed agreement;
- (d) A load for which the parties have initiated preliminary communication, but essential terms are not definite and not agreed to; no promise has been made and no action has been taken by the parties.
- (e) A load for which a developer has made an initial inquiry and received an initial response from a utility.

The recommendation is that BPA require (c) above as a minimum for a showing of intent, i.e., definiteness as to some essential terms and taken some action in furtherance of the proposed agreement.

Regarding the clear history, the following factors, listed in increasing levels of commitment, could be considered in support of a commitment"

- (1) The first date a developer inquired about electric service.
- (2) The date the project was first publicized or the date promotional funds were first spent.
- (3) Written correspondence between the parties prior to the cutoff date.
- (4) Progressive steps taken toward development, before the cutoff date which might demonstrate that the load was not new.
- (5) Written request from the developer to the utility.
- (6) Evidence that the prospective developer had a valid and credible proposal to justify the utility's giving an option or an offer to serve the proposed load.
- (7) Inclusion of the potential load in the utility's load study prior to the cutoff date.
- (8) Identification of the potential load by the utility in the PNUCC load forecast prior to the cutoff date.
- (9) Request for assurances of a supply from BPA by the utility prior to the cutoff date.
- (10) Assurance of supply to serve the load from BPA to the utility prior to the cutoff date.
- (11) Negotiation of a related contract with the developer e.g., production of an environmental assessment, construction of transmission facilities required to serve load, prior to the cutoff date.
- (12) Utility billing the customer for contribution in aid of construction of service line or on a related contract.
- (13) An expression of legislative intent that Congress recognized a single large load as not "new."

The Mt. Tolman mine was able to demonstrate (12) as well as (9) through (11) in order to get a mention in the legislative history of PNEPPCA as not being a "new large load." The Administrator could require as great a showing, if Mt. Tolman is to be used as a benchmark. However, a "clear history" is undefined and the Administrator is not required to find equally strong evidence of commitment. From the correspondence regarding Cyprus Mines, a showing of (9) through (11) can be made: Item (10) is based on the Idaho District Office letter. A review of the correspondence would show that BPA central office response to the Idaho District Office letter, regarding BPA's allocation process, came in December 1979 after the cutoff date.

Additionally, the Administrator needs to determine the size of the load "committed to" by the utility. The correspondence timeline on size of load should be reviewed. Through December of 1979 Cyprus appears to have requested 31 MW at 90 to 95 percent load factor as a production load. In March 1980, Cyprus revised to 42 MW at 75 percent load factor.

A proposed determination together with two correspondence timelines are attached for review.

DETERMINATION

Service to the Cyprus Mines load by the Salmon River Electric Cooperative is not a new large single load since it was a load committed to prior to September 1, 1979, for the reasons stated below.

First, on February 20, 1978, Cyprus Mines made an inquiry of Salmon River Electric Cooperative for cost estimates to bring an electric power supply to the plant site, and average energy costs, together with an estimate of probable availability of electric power. Cyprus Mines estimated a plant demand of 30 MW, at 90 to 95 percent power factor and a pit demand of about 5 MW, with a load factor of 80 to 85 percent.

Second, Salmon River Electric Cooperative replied by letter dated March 8, 1978, indicating estimated rates for energy and stating that no problem in obtaining an adequate power supply to serve the projected load was anticipated. The Cooperative gave its assurance that every effort to secure adequate power at the most reasonable rate would be made.

Third, the Salmon River Electric Cooperative by letter dated March 9, 1978, advised BPA's Idaho Falls District of the proposed new load, its estimated size, and proposed production date. Further, Salmon River requested that the proposed new load be given due consideration in the allocation of power to Salmon River by BPA.

Fourth, on March 15, 1978, POWER Engineers, Inc. provided to Salmon River estimates of the load characteristic for Cyprus Mines and estimates for equipment and measures to upgrade the existing transmission lines to serve the load. On October 12, 1978, POWER Engineers forwarded a proposal, a scope of work, and a cost itemization relative to providing electric service to Cyprus Mines property. This proposal included the development of an environmental analysis for the transmission line. From May through September of 1979 work on the environmental assessment for the transmission line was going forward.

Fifth, on June 4, 1979, Salmon River by letter informs Cyprus of a potential problem in serving Cyprus' pit stripping and construction loads, 5 to 6 MW, with possible solutions being load shedding or shaping at the mine, mine site generation, or expedition and prior energization of a portion of the 230-kV line at 69 kV. Salmon River assures Cyprus it will insure as nearly as possible an uninterrupted power supply. Salmon River also asks that Cyprus make a formal request for service stating delivery point, delivery voltage level, power requirement, anticipated load factor, power factor and date that service will be required which will be the basis for formal action by REA and BPA to establish a power supply. On August 2, 1979, by letter, Cyprus Mines requests Salmon River to arrange a power supply for the Thompson Creek Mine with the appropriate authorities. On August 13, 1979, Salmon River forwarded Cyprus' request for a power supply to BPA, noting the cooperative work on the transmission line environmental assessment, Cyprus's progressive commitment of significant sums to development of the project and the need for an immediate approval of BPA's ability to serve the load.

Sixth, on August 16, 1979, BPA's Idaho Falls District Office responded acknowledging the request for a power supply and stated that Salmon River had a requirements-type contract with BPA until July 1, 1983. After July 1, 1983, BPA's proposed new allocation policy would be in effect, a power supply should be available but the terms and conditions of supply is uncertain.

Clearly, BPA's response acknowledged the request for a power supply under the Salmon River requirements contract. Under its requirements contracts, Bonneville has required of its customers notice of the additional load prior to service. The preproduction load of 5 to 6 MW can be considered to be available from BPA during the present contract with Salmon River. The preproduction load for Cyprus Mines was thus committed to with Salmon River forwarding Cyprus Mines formal request. Regarding the production load of 31 MW, both Salmon River and BPA represented that power would be available. Due to BPA's allocation proceedings there was an uncertainty as to what portion of this load BPA could meet, and the terms and conditions of service. However, Salmon River had stated it would use its best efforts to supply power even if BPA could not supply the full load, and BPA expected to be able to supply power for at least a portion of the load. Although the evidence is less compelling, due primarily to the expiration of Salmon River's requirements contract with BPA prior to Cyprus Mines production load, there is sufficient indication that the production load was committed to as a follow-on to the preproduction load, regardless of the amount of power BPA might have been able to supply under an allocation.

CORRESPONDENCE TIMELINE: CYPRUS MINES

2-23-73 Letter SREC to BPA - Informs BPA of existence of potential future NLSL

4-5-73 Letter SREC to BPA - Same

4-2-73 Letter TMC to SREC - Same states there are no new developments

2-11-74 Letter BPA to SREC - Conveys geologist report on Cyprus Molybdenum

2-20-78 Letter Cyprus to SREC - Inquiry of cost estimates including average energy demand, energy scheduling, probable availability of power

2-28-78 Meeting at BPA Area Office

3-8-78 Letter SREC to Cyprus - Reply variables in energy supply, estimate rates (high & low), do not anticipate any problem with adequate power supply, make reasonable efforts.

3-9-78 Letter SREC to BPA - Request consideration of load in allocation--states Cyprus appears serious, letter of 3-8 not "a binding offer to provide service."

3-15-78 Letter PE to SREC - States cost and estimate equipment for line and load to Cyprus

3-15-78 Letter PE to Cyprus - Same but without line cost estimate.

9-28-78 Letter Cyprus to SREC - Cyprus states it is 1-2 years from decision to operate--request estimate of cost for EA.

10-12-78 Letter SREC to Cyprus - BLM Environmental Assessment proposal on study for line to serve Cyprus.

10-24-78 Letter SREC to Cyprus - Proposal for EA, scope of work.

12-10-78 Letter SREC to Cyprus

5-15-79 Meeting BLM, Cyprus, SREC, PE on EA

6-4-79 Letter SREC to Cyprus - SREC states problem with service: Load shedding, on-site generation, expedite 230-kV line energization at 69 kV--work closely with Cyprus--need formal request for service, specific as to basis for supply, not a contract.

6-21-79 Letter PE to Cyprus - Forwards cost estimates for line--requests Cyprus advise as to how to proceed.

- 8-2-79 Letter Cyprus to SREC - Request to arrange power supply with appropriate authorities does not detail requirements.
- 8-13-79 Letter SREC to BPA - Forwards request--proceeding on basis supply is available. Remarks that BPA in another meeting stated it would not meet full load and could make no statement of ability to meet load. Requests for BPA commitment.
- 8-16-79 Letter BPA to SREC - Notes request and existence of a requirements contract thru 1983. Allocation during production not determined--states the load was not included in forecast and requests new estimate and plan for service--"confident of service."
- 9-1-79 Legislative Cutoff Date
- 9-19-79 Letter SREC to Cyprus - Notes amendment to costs of EA--request Cyprus approval for line costs and for system modifications for construction.
- 12-3-79 Letter SREC to BPA - Request terms and conditions of service for power for future planning--report on meeting with BPA for an understanding.
- 12-12-79 Letter SREC to BPA and meeting - Memorializes meeting--states Cyprus relying on 2/20/78 and 3/8/78 "commitment."
- 12-26-79 Letter BPA to SREC - States BPA will provide SREC with allocation--SREC to provide other load portion--BPA will transmit and serve.

SREC = Salmon River Electric Cooperative
Cyprus = Cyprus Mines Corp.
PE = Power Engineers, Inc., Consultants
BLM = Bureau of Land Management

4308B

TIMELINE: CYPRUS MINES
THE SIZE OF THE LOAD

- 2-23-78 Letter SREC to BPA - notes estimates of 24-hour shift, 20 kW/ton of production for electrolysis separation. No load factor estimate at this time. Second company anticipates 4,000 HP connected load with 75 percent load factor.
- 2-20-78 Letter Cyprus to SREC - states a preliminary engineer study that shows plant demand at about 30,000 kVA at a 99-percent power factor (more likely to be 90-95 percent range), pit demand of 5,000 kVA expected load factor in range of 80-85 percent.
- (1) large electric shovels 15 or 20 cycle 800 HP motors
 - (2) primary crushing 500 HP
 - (3) conveyors to plant 2500-300 HP
 - (4) semiautogenous or conventional grinders 3000 HP motors
- 3-8-78 Letter SREC to Cyprus - states quotation to serve 30-35 connected MW - blended demand and energy rate for 25 MW at 80 percent load factor
- 3-9-78 Letter SREC to BPA - "Cyprus has estimated a connected load of 30-35,000 kW at a load factor of 80 percent." We have estimated a residential, small commercial load growth of 4,000-5,000 kW for total of 30-31 average MW.
- 8-2-79 Letter Cyprus to SREC - arrange power supply as follows:
construction and preproduction stripping - 3rd quarter 1980 and continuing until 3rd quarter 1983, 6 MW; production phase - 3rd quarter 1983 and continuing, 31 MW.
- 8-13-79 Letter SREC to BPA - forwards above request for 6,000 kW preproduction and 31,000 kW of production power.
- 8-16-79 Letter BPA to SREC - acknowledges receipt of request for power supply "in the amount of 6 MW for construction and stripping operations . . . and 31 MW of production power"
- 12-3-79 Letter SREC to BPA - memorializes meeting with BPA 11-26-79, "discussed at length the power supply for the production phase of the project (31 MW)."
- 12-21-79 Letter BPA to SREC - confirmation of understanding regarding terms and conditions of a power supply of approximately 31 MW for Cyprus.
- 1-3-80 Letter SREC to BPA - clarifies the above regarding 31 MW as a request for service.

- 1-21-80 Letter BPA to SREC - Load studies "it appears likely the draft load study will reflect higher loads than the preliminary data we prepared"
- 2-26-80 Letter SREC to Cyprus - regarding memo of Wright Engineers on power requirements of the Thompson Creek project. "As you and I discussed, this could make a considerable difference in our negotiations with BPA for a power supply. Before I notify BPA of the change, I would appreciate receiving a letter from you requesting "modification of your original letter which requested that we arrange for a 31 MW peakload."
- 3-6-80 Letter SREC to BPA - notes BPA request for additional information regarding quantities of power and delivery dates for Cyprus. Regarding 12-12-79, meeting with BPA "We understand from that meeting that a power supply will be available to serve the 31 MW Cyprus load."
- 3-14-80 Letter Cyprus to SREC - communicates completion of engineering review for power requirements for Thompson Creek. "[O]ur requirement will constitute an approximate connected load of 42 MW operating at a load factor of 75% for an average load of 31.5 MW as per our letter of August 2, 1979."
- 3-14-80 Letter SREC to BPA - forwards above, and notes "the 31 MW originally requested was average rather than peak. We will probably want to modify our load forecast to reflect this change."

SREC = Salmon River Electric Cooperative
Cyprus - Cyprus Mines Corporation

4344B

SEATTLE CITY LIGHT

Office of Power Sales
Briefing Memo

Contract: Response to Seattle's letter of March 16, 1990, objecting to BPA's contracted for, committed to (CF/CT) determination for Ash Grove Cement Company, as listed in Revision No. 1, Exhibit K, Table 2, Contract No. DE-MS79-81BP90460.

Existing Circumstances: BPA has determined that the contracted for, committed to amount for Seattle's consumer, Ash Grove Cement Company, was 9.375 aMW, based on the rating of the transformer installed to serve the load. Seattle had requested 12.1 aMW, based on the connected load amount listed on the retail service application. Seattle objected to BPA's determination, asserting that connected load should be the appropriate amount and that Seattle would make future requests based on connected load.

Changes Required/Impact on Existing Circumstances: BPA should respond to restate the basis for the Ash Grove decision and to make clear to Seattle that connected load by itself is not an appropriate measure of a CF/CT load.

Policy Implications: BPA's response to this letter demonstrates our adherence to previous well-reasoned decisions and sustains an interpretation of CF/CT determinations which is consistent with past determinations and therefore is fair to those affected by previous CF/CT determinations.

Financial Management Concerns: None.

General Counsel Concerns: Counsel agrees with the need for and content of the response letter.

NEPA Determination: No NEPA determination was required for the CF/CT determination, and none is required for the response to Seattle's objection to the determination.

Signature Instructions:
Only the Administrator will sign.

Area Acceptance: The Puget Sound Area Office concurs with this response.

Attachment

DWolfe:dvw:3556 (VS6-PMCG-6661b)



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

OFFICE OF THE ADMINISTRATOR

July 16, 1990

In reply refer to: PMCG

Mr. Randall W. Hardy, Superintendent
Seattle City Light
1015 Third Avenue
Seattle, Washington 98104-1198

Dear Mr. Hardy:

By letter dated March 16, 1990, you expressed Seattle City Light's (Seattle) objection to Bonneville Power Administration's (BPA) determination of the contracted for, or committed to (CF/CT), load at Ash Grove Cement Company (Ash Grove), as shown in Revision No. 1 of Table 2 of Exhibit K to Seattle's power sales contract with BPA, Contract No. DE-MS79-81BP90460. We have reviewed our decision for Ash Grove in light of the concerns you have expressed, and we remain confident that the Ash Grove CF/CT determination was proper.

Your letter expressed two principal points: first, that the connected load amount listed in Seattle's service agreement with Ash Grove is a contractual capacity limitation, and, second, that the language of Seattle's power sales contract with BPA compels the adoption of this limitation as the amount of the CF/CT load.

We do not agree that connected load defines a contractual capacity limitation. There is no indication in Ash Grove's service application with Seattle that the listed connected load amount functions as a limitation on Seattle's obligation to deliver power to the Ash Grove site. It is only the sum of the ratings of electrical equipment at the site, which would equal maximum demand only in the improbable event that every piece of electrical equipment at the site was operated at its maximum load level simultaneously throughout the peak demand period. For most loads, including Ash Grove, connected load overstates maximum demand by a wide margin. The actual demand Seattle was prepared to serve was considerably smaller, as reflected by the rating of the transformer Seattle installed to serve the Ash Grove site.

The distinction between Ash Grove's connected load and Seattle's maximum demand obligation is demonstrated by the following facts, drawn from the materials you submitted and discussions with your staff:

1. Ash Grove's maximum demand, which was used to size the transformer installed to serve the Ash Grove load, was established in separate

correspondence outside the contract, without any reference to connected load;

2. Ash Grove's maximum demand, prior to September 1, 1979, and through the date of your request, never approached the connected load level you requested, as shown by the maximum demand stated in the attachment to your March 30, 1989, letter and shown in the copy of the March 1978 bill you provided;
3. Seattle has not shown an instance in which it has served Ash Grove or any other load at its connected load level.

These points demonstrate that connected load does not reflect Seattle's maximum demand obligation for Ash Grove as of September 1, 1979, and cannot justify the CF/CT level you requested.

BPA does not believe that connected load is an appropriate measure of capacity limitations for utility service for the purposes of section 8(b) of the power sales contract. The information you provided on Seattle's service to Ash Grove supports this conclusion. Section 8(b) does not refer to connected load, and its terms do not compel the adoption of connected load as a capacity limitation. BPA will not accept connected load, by itself, as establishing a contract demand limit for purposes of CF/CT determinations under the contract.

Since the enactment of the Pacific Northwest Electric Power Planning and Conservation Act, BPA has made 34 CF/CT determinations. The vast majority of these are based on a contract demand which specifies the peak demand the serving utility is obligated to supply. None are based on connected load. All are derived from a commitment in terms of the amount of power the utility plans to deliver, and not a theoretical peak demand based on the total of the ratings of all of the consumer's equipment operated simultaneously. It would be inequitable to the utilities and consumers subject to these determinations to allow a relatively larger CF/CT amount for Ash Grove based on a connected load amount not supported by the utility's own service to the consumer or a realistic prospect of utility service at the connected load level.

BPA has agreed to base its CF/CT determinations upon contract demand when an energy obligation does not appear in the consumer's contract with its serving utility. Seattle's contract with Ash Grove states neither energy obligation nor contract demand. For the reasons stated above, and based on the information you submitted, total connected load is not a measure of peak demand for utility service.

In the absence of a contract term stating a specific obligation of the serving utility to deliver power to the consumer, BPA must develop a substitute measure of the utility's obligation. In the case of Ash Grove, the most supportable substitute for a demand term was the rating of the transformer Seattle installed to serve the site.

We hope that we have explained our reasoning in the CF/CT determination for Ash Grove, and the principles we will apply to future determinations. If you have any further questions, please contact George Reich, Puget Sound Area Power Manager, at (206) 442-1764.

Sincerely,

(b)(6)

Administrator

JUL 16 1990

PMCG

Mr. Randall W. Hardy, Superintendent
Seattle City Light
1015 Third Avenue
Seattle, Washington 98104-1198

Dear Mr. Hardy:

By letter dated March 16, 1990, you expressed Seattle City Light's (Seattle) objection to Bonneville Power Administration's (BPA) determination of the contracted for, or committed to (CF/CT), load at Ash Grove Cement Company (Ash Grove), as shown in Revision No. 1 of Table 2 of Exhibit K to Seattle's power sales contract with BPA, Contract No. DE-MS79-81BP90460. We have reviewed our decision for Ash Grove in light of the concerns you have expressed, and we remain confident that the Ash Grove CF/CT determination was proper.

Your letter expressed two principal points: first, that the connected load amount listed in Seattle's service agreement with Ash Grove is a contractual capacity limitation, and, second, that the language of Seattle's power sales contract with BPA compels the adoption of this limitation as the amount of the CF/CT load.

We do not agree that connected load defines a contractual capacity limitation. There is no indication in Ash Grove's service application with Seattle that the listed connected load amount functions as a limitation on Seattle's obligation to deliver power to the Ash Grove site. It is only the sum of the ratings of electrical equipment at the site, which would equal maximum demand only in the improbable event that every piece of electrical equipment at the site was operated at its maximum load level simultaneously throughout the peak demand period. For most loads, including Ash Grove, connected load overstates maximum demand by a wide margin. The actual demand Seattle was prepared to serve was considerably smaller, as reflected by the rating of the transformer Seattle installed to serve the Ash Grove site.

The distinction between Ash Grove's connected load and Seattle's maximum demand obligation is demonstrated by the following facts, drawn from the materials you submitted and discussions with your staff:

1. Ash Grove's maximum demand, which was used to size the transformer installed to serve the Ash Grove load, was established in separate

correspondence outside the contract, without any reference to connected load;

2. Ash Grove's maximum demand, prior to September 1, 1979, and through the date of your request, never approached the connected load level you requested, as shown by the maximum demand stated in the attachment to your March 30, 1989, letter and shown in the copy of the March 1978 bill you provided;
3. Seattle has not shown an instance in which it has served Ash Grove or any other load at its connected load level.

These points demonstrate that connected load does not reflect Seattle's maximum demand obligation for Ash Grove as of September 1, 1979, and cannot justify the CF/CT level you requested.

BPA does not believe that connected load is an appropriate measure of capacity limitations for utility service for the purposes of section 8(b) of the power sales contract. The information you provided on Seattle's service to Ash Grove supports this conclusion. Section 8(b) does not refer to connected load, and its terms do not compel the adoption of connected load as a capacity limitation. BPA will not accept connected load, by itself, as establishing a contract demand limit for purposes of CF/CT determinations under the contract.

Since the enactment of the Pacific Northwest Electric Power Planning and Conservation Act, BPA has made 34 CF/CT determinations. The vast majority of these are based on a contract demand which specifies the peak demand the serving utility is obligated to supply. None are based on connected load. All are derived from a commitment in terms of the amount of power the utility plans to deliver, and not a theoretical peak demand based on the total of the ratings of all of the consumer's equipment operated simultaneously. It would be inequitable to the utilities and consumers subject to these determinations to allow a relatively larger CF/CT amount for Ash Grove based on a connected load amount not supported by the utility's own service to the consumer or a realistic prospect of utility service at the connected load level.

BPA has agreed to base its CF/CT determinations upon contract demand when an energy obligation does not appear in the consumer's contract with its serving utility. Seattle's contract with Ash Grove states neither energy obligation nor contract demand. For the reasons stated above, and based on the information you submitted, total connected load is not a measure of peak demand for utility service.

In the absence of a contract term stating a specific obligation of the serving utility to deliver power to the consumer, BPA must develop a substitute measure of the utility's obligation. In the case of Ash Grove, the most supportable substitute for a demand term was the rating of the transformer Seattle installed to serve the site.

We hope that we have explained our reasoning in the CF/CT determination for Ash Grove, and the principles we will apply to future determinations. If you have any further questions, please contact George Reich, Puget Sound Area Power Manager, at (206) 442-1764.

Sincerely,

(Sgd.) James J. Jull

- Administrator

DWolfe:dvw:3556:7/10/90 (VS6-PMCG-6661b)

cc:
Admin. Chron. File - A
E. Sienkiewicz - A
D. Geiger - AL
Correspondence Officer - AL-15 (90-527)
H. Spigal - AP
T. Miller - APP
W. Pollock - P
J. Curtis - P
S. Berwager - PM
L. Kitchen - PMC
C. Combs - PMCG
D. Wolfe - PMCG
T. Esvelt - T
G. Reich - TC
S. Clarke - TC
L. Meyer - TC
Official File - PMC (PM 12-11-2 NLSL)

Derwager 3/28

Seattle City Light

Randall W. Hardy, Superintendent
Norman B. Rice, Mayor



Appropriate Action: P
cc: JJJ JSR SGH-A, AM, AP, AL T

March 16, 1990

James J. Jura, Administrator
Bonneville Power Administration
U.S. Department of Energy
P.O. Box 3621
Portland, OR 97208

Dear Mr. Jura:

Record of Decision, November 6, 1989, New Large Single Load, Ash Grove Cement Co., Revision No. 1 to Exhibit K of Power Sales Contract No. DE-MS79-81BP90460 (PSC).

By letter dated March 30, 1989, the City of Seattle requested establishment of the contracted for load of Ash Grove Cement as of September 1, 1979, at a level of 12.1 average megawatts under Section 3 (13) of P.L. 96-501 and Section 8(b) of the Power Sales Contract.

By determination of November 6, 1989, the Acting Administrator concluded that the maximum load Seattle was committed to serve as of September 1, 1979 was 9.375 avg. MW based on the rating of the particular transformer which at that time happened to serve Ash Grove Cement.

It now appears that the increased load at Ash Grove will be within a 10 avg. MW increase even from this decreased load determination, thus rendering moot any further pursuit of this matter by us or by our customer.

However, for purposes of future cases of this type, we wish to let you know of our emphatic objection to the November 6, 1989 determination.

Where a written contract unequivocally sets forth a connected load limitation without any reference whatever to transformer installation, the size of transformer used at any particular time is irrelevant to the contract obligation to serve load. Here, the contract is unambiguous. Under it the City is obliged to deliver up to 12.1 MW of connected load and the customer has the right to demand it. This was, and remains, the understanding of both Ash Grove Cement and City Light. Where contract terms are without ambiguity, one may not refer to extraneous matters (such as transformer size) to alter plain language. Even assuming, which we do not, that the City could not serve this contract load with the existing transformer it would simply be obliged to do so with an upgraded size.

RECEIVED BY BPA ADMINISTRATOR'S OFC - LOG #90-527
RECEIPT DATE MAR 26 1990
DUE DATE: App. Action

James J. Jura
Page 2
March 16, 1990

The applicable language of Section 8(b) of our Power Sales Contract directly compels this conclusion.

"The contracted for, ** load as of September 1, 1979, shall be **
the capacity limitation contained in such contract **if energy is not specified or limited*.

This will, therefore, advise not only of our disagreement with your decision in this matter, but of our determination to further pursue this approach in any future case involving a similar fact pattern.

Sincerely,

(b)(6)

Randall W. Hardy
Superintendent

PSG/sjt/dm



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

OFFICE OF THE ADMINISTRATOR

November 6, 1989

In reply refer to: PMC

Randall W. Hardy
Superintendent
Seattle City Light
1015 Third Avenue
Seattle, Washington 98104-1198

Dear Mr. Hardy:

On March 30, 1989, Seattle City Light (Seattle) requested that Bonneville Power Administration (BPA) determine that the load at Ash Grove Cement Company (Ash Grove), located at 3801 E. Marginal Way S. in Seattle, is not a New Large Single Load (NLSL) under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act. Seattle requested the determination on the basis that such load was contracted for, or committed to, between Seattle and Ash Grove as of September 1, 1979.

In making such determination, and in determining the size of the load contracted for, or committed to, to establish a floor upon which future increases, if any, at such facility may be measured, the following documents were considered:

1. Contracts.

(a) April 12, 1967, Service Application signed by Seattle and Lone Star Cement, a predecessor of Ash Grove Cement, which constitutes the electrical service contract between Seattle and Lone Star Cement in effect as of September 1, 1979.

(b) March 27, 1984, General Service Application and Contract signed by Seattle and Oregon Portland Cement Co., Lone Star Cement's successor in interest, transferring the account from Lone Star to Oregon Portland Cement.

(c) January 1, 1985, General Service Application and Contract signed by Seattle and Ash Grove Cement, changing the name on the account from Oregon Portland Cement Co. to Ash Grove Cement West, Inc.

2. Correspondence.

(a) May 15, 1967, letter from William F. Henrick of Lone Star Cement to Seattle stating the anticipated power load requirements for Lone Star's Seattle plant.

(b) May 23, 1967, letter from L. K. Chesterman of Seattle to Lone Star describing the equipment to be installed for service to Lone Star.

(c) April 7, 1978, billing statement from Seattle to Lone Star showing energy consumption and peak demand for the period March 3 to April 3, 1978.

(d) Attachment to Seattle's March 30, 1989, letter, "Establishment of a Record for a Decision on Exhibit 'K' of the City of Seattle's Power Sales Contract with BPA."

Based upon the information provided, particularly the executed service agreements between Seattle and Lone Star and its successors, I have concluded that this load was contracted for by Seattle as of September 1, 1979.

Section 8(b) of the power sales contract specifies that the amount of the contracted for, or committed to load shall be the maximum energy stated in the contract, or the maximum energy consumption of the load or the capacity limitation in the contract. Seattle's service application does not state any of these amounts. BPA has determined that the maximum rating of the transformer installed for service to Ash Grove is the best indicator of Seattle's obligation in this case. Seattle installed a transformer with a maximum rating of 9,375 kVa for service to Ash Grove's predecessor, and this transformer has continued to supply power to the load from its initial installation in 1967 to the present time. Although the total connected load for Ash Grove's predecessor was listed in the service application as 12,100 kVa, total connected load is not a reliable indicator of Seattle's obligation to deliver power to the Ash Grove site, because it assumes simultaneous use of all electrical devices on a continuous basis.

The rating of the transformer installed to serve the site was determined in this case by the expected size of the load. This rating more accurately demonstrates Seattle's obligation as of September 1, 1979. This conclusion is further supported by data supplied by Seattle showing that the historic peak demand at the site, which occurred on March 4, 1978, was 9,120 kW. The similarity between the historic maximum demand and the transformer rating demonstrates that the transformer was adequately sized to serve the requirements of the site, and therefore that the transformer rating is an accurate reflection of Seattle's maximum obligation to deliver power to the Ash Grove site.

For the purpose of this determination, the amount of load which was contracted for, or committed to, has been converted to average megawatts assuming a 100 percent power factor, as you have proposed. The contracted for, or committed to load for Ash Grove Cement Company for purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90460, Exhibit K, Table 2, is 9.375 average MW.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact Stuart Clarke of our Puget Sound Area Office at (206) 442-7767.

Sincerely,

(b)(6)

ACTING Administrator

Enclosure:
Exhibit K, Table 2

Revision No. 1
Exhibit K, Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90460
Seattle City Light
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of
P.L. 96-501 and section 8 of this contract as of the effective date set forth
above.)

Table 2

List of Purchaser's Loads and Amounts Which Were
Contracted For, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	Amount of Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)
Ash Grove Cement Company	3801 E. Marginal Way S. Seattle, WA	9.375

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

(b)(6)

By

Title

ACTING Administrator

Date

NOV 06 1989

(VS6-PMCG-4230c)

Office of Power Sales
Briefing Memo

Contract: Revision No. 1 to Exhibit K, Table 2 (Contracted For, Committed To Determinations), Seattle City Light (Seattle), Contract No. DE-MS79-81BP90460.

Existing Circumstances: The current Exhibit K, Table 2 does not list any contracted for, committed to (CF/CT) loads.

Changes Required/Impact on Existing Circumstances: Seattle has requested a CF/CT determination for its Ash Grove Cement Company load, to establish that Seattle was obligated to serve the load prior to September 1, 1979, the cutoff date for CF/CT loads under the Northwest Power Act.

Policy Implications: This is the first CF/CT determination for Seattle. The determination does not adopt Seattle's proposed measure of contract demand, connected load at the site, but instead uses the rating of the transformer installed to serve the load as the amount of load Seattle was obligated to serve as of September 1, 1979. Seattle has over a dozen other loads for which CF/CT determinations may be requested. Because some or all of these other loads are likely to have records of connected load like Ash Grove Cement, this determination establishes a precedent for future determinations for Seattle. This will be the 34th CF/CT determination BPA has made.

Financial Management Concerns: None.

General Counsel Concerns: Seattle requested a CF/CT amount of 12.1 aMW based on the total connected load at the site. BPA's determination of 9.375 aMW is equal to the rating of the transformer serving the site. According to Section 8(b) of the power sales contract, CF/CT amounts are to be based on either contract energy, maximum energy, or contract demand. The transformer rating is used in this case as a substitute for contract demand. To avoid misapplication of transformer ratings to future CF/CT determinations, it is critical that the use of the rating be supported, as in this case, by data showing consumption at levels comparable to the transformer rating and by other information showing that the transformer rating is related to the expected demand at the site.

The Administrator's signature is required for CF/CT determinations because Section 3(13)(A) of the Northwest Power Act specifically directs the Administrator to make these determinations. This is not solely a contractual determination, and the general delegation of power sales contract authority to the Senior Assistant Administrator for Power Management in the BPA Manual does not specifically delegate CF/CT determinations.

NEPA Determination: CF/CT determinations are factual determinations, which do not involve decisions whether to take an action, and are therefore outside the ambit of NEPA. No NEPA clearance is required.

Signature Instructions:

The Administrator will sign the letter and two originals of the revised Exhibit K, Table 2. No signature is required from the customer.

Area Acceptance: The Puget Sound Area Office concurs with this determination.

DWolfe:3556 (VS6-PMC-5542b)

Decision Paper

MARCH 30, 1989 REQUEST BY SEATTLE CITY LIGHT (SEATTLE) THAT BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, SEATTLE HAD COMMITTED TO SERVE LOADS AT ASH GROVE CEMENT WEST, INC., FORMERLY LONE STAR CEMENT, IN THE AMOUNT OF 12.1 AVERAGE MEGAWATTS.

ISSUE: Was the Ash Grove Cement load contracted for, or committed to as of September 1, 1979, by Seattle and Ash Grove Cement or its predecessors, and, if so, what was the size of such load for purposes of establishing a floor upon which future increases in load at such facility, if any, can be measured?

BACKGROUND: By a letter dated March 30, 1989, Seattle requested a contracted for, committed to (CF/CT) determination for its retail customer, Ash Grove Cement, under Section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act. Seattle has submitted a "record" in support of a proposed revision of Table 2 of Exhibit K to the power sales contract showing a CF/CT determination for Ash Grove Cement at a load level of 12.1 aMW.

In determining whether the loads were contracted for or committed to as of September 1, 1979, the following information was considered:

Contracts:

A Service Application dated April 12, 1967, signed by Seattle and Lone Star Cement, Ash Grove Cement's predecessor, which constitutes the electrical service contract between Seattle and Lone Star Cement in effect as of September 1, 1979.

A General Service Application and Contract dated March 27, 1984, signed by Seattle and Oregon Portland Cement Co., Lone Star Cement's successor in interest, transferring the account from Lone Star to Oregon Portland Cement.

A General Service Application and Contract dated January 1, 1985, signed by Seattle and Ash Grove Cement, changing the name on the account from Oregon Portland Cement Co. to Ash Grove Cement West, Inc.

Correspondence:

A May 15, 1967 letter from William F. Henrick of Lone Star Cement to Seattle stating the anticipated power load requirements for Lone Star's Seattle plant.

A May 23, 1967 letter from L. K. Chesterman of Seattle to Lone Star describing the equipment to be installed for service to Lone Star.

An April 7, 1978 billing statement from Seattle to Lone Star showing energy consumption and peak demand for the period March 3 to April 3, 1978.

A document attached to Seattle's March 30, 1989 letter with the heading, "Establishment of a Record for a Decision on Exhibit 'K' of the City of Seattle's Power Sales Contract with BPA."

DISCUSSION:

The first issue is whether the load at the Ash Grove facility was contracted for, or committed to as of September 1, 1979. Seattle has provided a copy of a service application between itself and Lone Star Cement which was executed by both on April 12, 1967. Seattle served this load under its agreement with Lone Star Cement until March 27, 1984, when a new service agreement for the same load was executed with Oregon Portland Cement, the successor in interest to Lone Star. Therefore, the utility and the consumer had contracted for service to this load as of September 1, 1979.

The power sales contract states, in section 8(b): "The contracted for, or committed to load as of September 1, 1979, shall be the maximum amount of energy specified in such contract or commitment, the maximum energy consumption of the load or the capacity limitation contained in such contract or commitment if energy is not specified or limited." The second question presented by this request is: What was Seattle's maximum obligation to serve load at the Ash Grove site as of September 1, 1979?

Connected Load in Relation to Expected Load

Seattle's proposed CF/CT amount is taken from the original service application by Lone Star Cement, which listed, without elaboration, a connected load of 12,100 kVa. Seattle interprets this amount as a contract demand limit.

Seattle's "record" states that their electric service contract with Lone Star would allow Lone Star to draw up to 12,100 kVa if necessary. It also states that Seattle's rate structure provided an incentive for customers to minimize their demand, "reducing the size of Seattle's transformer investment." This indicates that, based on rate structure, Seattle did not expect to serve the entire connected load simultaneously. In fact, the installed equipment was not capable of delivering 12,100 kVa to the site as of September 1, 1979, and could not do so even at the present time. Because it is unlikely that an industrial operation would ever operate its entire connected load simultaneously, and because Seattle has indicated that none of its industrial customers has ever operated at full connected load, it is probable that the 12,100 kVa amount overstates the maximum Seattle ever would be obligated to deliver to the site. Therefore, the connected load does not measure Seattle's commitment to deliver power to the Ash Grove site.

Maximum Load Based on Transformer Rating

Because the total connected load does not equal the utility's maximum obligation, it is necessary, in order to make a CF/CT determination, to identify a substitute demand limit which is a realistic estimate of the peak demand Seattle would be obligated to supply. One potential substitute is the maximum transformer rating on the transformer Seattle installed to serve the load.

In the May 23, 1967, letter, Seattle agreed to install a transformer rated 7500/8240/9375 kVa (based on self-cooled/first stage fan cooling/full fan cooling operation). Although Seattle has included information in its "record" indicating that measures, such as added fans, oil pumps, or sprinklers, could be adopted to allow transformer operation above the nameplate rating, Seattle has not supplied any information indicating that the Lone Star transformer was modified for this type of operation or that Seattle had committed to such modification as of September 1, 1979. Absent such measures, the maximum amount of power which could be delivered would be equal to the maximum rating of the transformer.

There is at least one indication in the power sales contract that equipment ratings have application to measurements of loads for NLSL purposes. Section 8(c) of the contract requires utilities to report potential NLSL's to BPA based on the addition of equipment or transformers of ten MVA or more. The use of the transformer rating to establish the size of the contracted for, committed to load in this case is analogous to the use of equipment ratings to identify potential NLSL's under Section 8(c).

The transformer rating tends to be a reliable measure of the utility's obligation where the transformer serves only a single load, where demand charges to the load are based on transformer capacity, and particularly where the utility is subject to regulatory or ratepayer scrutiny concerning costs, or the consumer bears some of the cost of the transformer (so that there is an incentive to avoid oversizing the transformer). Using the transformer rating as a measure of the utility's obligation is consistent with a utility's interest in making economical use of equipment by making the entire rated capacity available to the consumer. Ash Grove is the sole load served by the transformer installed at its site, but its demand charges are based on actual demand, and Seattle has not shown that either it or Ash Grove had the above incentive to avoid oversizing the transformer. The fact that the historic peak demand is nearly equal to the transformer rating, however, demonstrates that the transformer was not oversized.

The relation between transformer size and utility obligation is best evaluated on a case-by-case basis. In some cases, there may be a close match between the transformer size and the maximum expected load, but the transformer rating might differ from the utility's peak demand obligation at the site for a variety of reasons, which may include, but are not necessarily limited to:

1. Planning Cushion. The utility may allow a margin for growth, outside of the consumer's expansion plans, to avoid costs of changing transformers.
2. Standard Sizes. The utility may use standard size transformers on its system which don't exactly match consumers' loads. Suppliers may manufacture transformers in standard sizes at lower cost than sizes built to match a specific expected peak demand.
3. Sizes in Stock. The utility might install a larger transformer than the expected peak load because the transformer was in stock when needed.
4. High Hopes. The load could remain less than the installed transformer rating because the consumer's expectations of expansion did not materialize. Apparently this is a fairly common occurrence.

5. Fuel Switching. The load could remain below the transformer rating due to fuel switching by the consumer to minimize energy costs.
6. Planned Overloading. The utility could deliberately run the transformer above its rated capacity, relying on the conservatism of the rating to allow service to overloads.

Considering these factors in succession, the following conclusions can be reached: From the information Seattle has provided, it appears that Seattle may have allowed a planning cushion, because the transformer installed had a maximum rating 1,795 kW, or 23.7 percent, greater than the consumer's estimated maximum demand. On the other hand, the actual historic peak load prior to September 1, 1979 exceeded the consumer's original estimate, and was nearly equal to the maximum transformer rating. Thus, even if the transformer rating allowed a planning cushion over the consumer's 1967 estimate of peak demand, by 1978, the peak demand was comparable to the transformer rating.

It is not clear whether the size of the transformer installed at the Ash Grove site was affected by standard sizes, or sizes in stock, although the self-cooled rating of 7,500 kW may indicate a standard size. The consumer's load estimates demonstrate that the load has not underrun the consumer's expectations, and there is no evidence that the size of the load has been influenced by fuel switching. Finally, Seattle's discussion of measures necessary to permit operation of transformers above rated capacity suggests that Seattle did not plan to overload its transformer in order to serve loads larger than the maximum rated capacity. On balance, because most of the reasons for divergence between transformer size and expected load do not apply, the nominal rating itself is a reasonable approximation of the expected maximum load to be served, particularly where, as here, the actual peak demand approaches the transformer rating.

Because of the need for case-by-case analysis of transformer ratings as a measure of a utility's maximum obligation to deliver power, as shown by the above factors, this determination should not be used as a precedent for future determinations. Any future CF/CT determinations for which a transformer rating is considered as a measure of the utility's obligation should be based on an independent analysis of the factors which affect the relationship between anticipated load and transformer rating.

Historic Maximum Load

An alternative measure of the utility's obligation is the actual historic peak demand. The advantage of the historic peak is that it is an actual amount directly related to the consumption of the load which establishes a course of dealing between the utility and the consumer as to the utility's maximum obligation. The difficulty is that the utility and the consumer may expect the consumer's demand to reach levels above the historic peak demand, and therefore the historic peak does not necessarily reflect their mutual understanding of the utility's obligation. In addition, because BPA has made numerous CF/CT determinations using amounts far above the actual peak load as of September 1, 1979, limiting the maximum to the historic peak in this case might be perceived as inequitable.

In the May 15, 1967, letter, the chief electrical engineer for Lone Star Cement listed the estimated maximum demand as 7,580 kW. Based on the information provided by Seattle, the maximum 15-minute peak demand at the site occurred on March 4, 1978, at 9,120 kW, as shown on the April 7, 1978, billing statement. If this peak demand is converted to a 60-minute peak according to BPA's established billing procedures, the maximum hourly peak demand would be 8,898 kW. Both of these amounts are comparable to the maximum rating of the transformer installed at the site.

Seattle suggests that the transformer loading (for the 15-minute peak) would have been 9,806 kVa if the monthly power factor occurred on the peak. If this amount is converted to a 60-minute value, the peak hourly transformer loading would be 9,567 kva. Seattle has not supplied any information to indicate whether it is appropriate to apply the monthly power factor to the peak demand. It is also unclear whether a power factor adjustment should be applied which increases the peak loading for CF/CT purposes to an amount above the amount billed. Other CF/CT determinations have applied the contract demand as expressed in kilowatts, without adjustment for power factor.

A difficulty in using a power factor adjustment is that the power factor varies depending on the operation of the load. Because no other CF/CT determination now in effect is based on a power factor adjustment, it would be inconsistent to apply a power factor adjustment in this case. Seattle has proposed applying a 100 percent power factor to an amount of 12.1 MVA, which in effect means that there would be no adjustment for power factor. This approach is consistent with previous CF/CT determinations which were not adjusted for power factor, and should also be applied to alternative CF/CT amounts applicable here.

Because the historic peak demand is comparable to the maximum transformer rating, it supports the use of the transformer rating as the measure of the utility's maximum obligation.

RECOMMENDATION:

The service application dated April 12, 1967 establishes that Seattle City Light contracted to serve Lone Star Cement, Ash Grove Cement's predecessor in interest, with a total connected load of 12,100 kVa.

The letter of May 15, 1967 established the initial maximum demand at 7,580 kW. The maximum rating of the transformer installed to serve the load, as shown in the May 23, 1967 letter, is 9,375 kVa. This amount reflects the maximum load Seattle was prepared to serve. No power factor adjustment is necessary, as all previous determinations have been made without power factor adjustment. There has been no change in the rating of the transformer serving this load through the present time, thus the maximum load Seattle was committed to serve as of September 1, 1979 was 9,375 aMW, based on a 100 percent load factor.

The historic maximum load at the site is close to, but less than, the maximum transformer rating. The April 7, 1978 billing statement shows a fifteen minute maximum peak of 9,120 kW. This historic peak demand establishes that the actual peak demand prior to September 1, 1979 was comparable to the rating of the transformer installed to serve the load.

The total contracted for, committed to amount at this facility is 9.375 average MW, based on the transformer rating and its close corollation to the historic maximum load in this case.

It is the recommendation of BPA staff that the Administrator determine that the contracted for, committed to load to be entered in Exhibit K, Table 2, of the City of Seattle Power Sales Contract, No. DE-MS79-81BP90460 shall be 9.375 average MW for Ash Grove Cement Company.

DWolfe:dvw:3556 (VS6-PMCG-5229b) 10/26/89

Correspondence Timeline

<u>Date</u>	<u>Document</u>	<u>Notation</u>
4/12/67	Service Application	Electrical service contract between Seattle and Lone Star Cement; shows connected load of 12,100 kVa
5/15/67	Henrick letter to Seattle	States anticipated load requirements, w/ maximum demand of 7,580 kW
5/23/67	Chesterton letter to Lone Star	States equipment to be installed, including 7500/8240/9375 kW transformer
4/7/78	Billing statement	Shows demand of 9,120 kW on 3/4/78
3/27/84	General Service Application	Transfers account from Lone Star to Oregon Portland Cement Co., effective 3/23/84
1/24/85	General Service Application	Changes name on Account from Oregon Portland Cement Co. to Ash Grove Cement West, Inc.
3/30/89	Seattle letter to Jura	Requests CF/CT determination, includes "record" for decision with above correspondence attached

(VS6-PMCG-5229b)

+

ROUGH DRAFT

Exhibit K
Table 2, Page of
Contract No. DE-M575-E:EP90450
City of Seattle
Effective on the effective date
of this contract

Note #1

7, 10, 11, & 12

ad Determinations Exhibit

(This exhibit
determination
P.L. 96-501)

large comm'l
bldgs

poses only and shall not control any
tion 8 of this contract or section 3(13) of

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO PRIOR
TO SEPTEMBER 1, 1979

DESCRIPTION	LOCATION	YEARLY FIRM ENERGY CAPACITY Average MW
1) University of Washington State University Cont. Date October 26, 1970	15th Ave. N.E. and N.E. 45th Street	95.6 (Customer Service Capacity)
2) Bethlehem Steel Primary Metals Industry Smelting, Refining of scrap metals. Furn. Cont. Date January 8, 1957 PH. P&L Cont. Date January 7, 1957	2800 S.W. Andover Two facilities? How many contracts? three	50 (Furnace) 15 (Flt. Pwr.) (Utility transformer installation)
3) Boeing Wind Tunnel Aircraft Industry Wind Testing Cont. Date: August 21, 1966	7901 E. Marginal Wy. S.	54 (Customer transformer capacity)
4) Boeing Developmental Center Aircraft Industry Research and Development Cont. Date: March 23, 1966	5725 E. Marginal Wy. S.	28 (Utility transformer installation)

ROUGH DRAFT

Exhibit K
Table 2, Page of
Contract No. DE-M579-81B-90460
City of Seattle
Effective on the effective date
of this contract

New Large Single Load Determinations Exhibit

(This exhibit is for information purposes only and shall not control any determinations made pursuant to section 6 of this contract or section 3(13) of P.L. 96-501.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Yearly Amount of Firm Energy (Avg. Mw)</u>
1) Seattle Steam Utility. Generation distribution of steam. Cont. Date: September 2, 1975	1319 Western Avenue	30.5 (Contract Capacity)
6) Boeing Plant II Aircraft Plant Manufacturing Cont. Date: October 23, 1960	8125 E. Marginal Way	22.5 (Utility Transformer Installation.)
7) Seattle First National Bank Large commercial building housing banking activities. Cont. Date: January 26, 1967	1001 4th Avenue	31.2 (Customer Service Capacity)
8) Jorgensen Steel Primary Metals, Steel Workings, Custom manufacture of steel products. Furn. Cont. Date: February 24, 1966 Plt. Pwr. Cont. Date: May 22, 1967	8531 E. Marginal Way S.	15.0 (Furn.) (Furn. Transf. Capacity) (Customer Service Capacity) 12.5 (Plt. Pwr.)
9) Northwestern Glass Glass manufacturer specializing in bottle manufacturing. Cont. Date: March 26, 1976	Two Facilities? How many contracts?	35 (Contracted load additions)
10) General Insurance Large commercial building housing insurance activities. Cont. Date: December 29, 1970	4330 12th Avenue N.E.	28.8 (Customer Service Capacity)

(This exhibit is for information purposes only and shall not control any determinations made pursuant to section 8 of this contract or section 3(13) of P.L. 96-501.)

TABLE 2

LIST OF PURCHASER'S LOADS AND AMOUNTS WHICH WERE
CONTRACTED FOR, OR COMMITTED TO PRIOR
TO SEPTEMBER 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Yearly Amount of Firm Energy (Avg. Mw)</u>
11) CBA - Federal Building Large commercial building housing federal agencies. Cont. Date: July 17, 1973	915 Second Avenue	10.3 (Customer Service Capacity)
12) Pacific Northwest Bell Large commercial building Cont. Date: January 25, 1974	1600 7th Avenue	24.9 (Customer Service Capacity)
13) King County Stadium Kingdome Sports Stadium Cont. Date: March 17, 1975	348 2nd Avenue South	12.0 (Customer Service Capacity)
14) Ideal Cement Co. Large cement plant Cont. Date: July 6, 1965	5400 West Marginal Way SW	28.8 (Customer Service Capacity)
15) The Boeing Co. West Field Facility Preflight & Paint Hangars Power Plant Test Area Cont. Date: May 11, 1967	7500 E. Marginal Way S.	28.8 (Customer Service Capacity)
16) The Boeing Company Aircraft Plant Manufacturing Cont. Date: Dec. 6, 1973	7501 - 10th Ave. S	11.5 (Customer Service Capacity)

Total
534.4
MW

as determined at the Department's option by demand meter with either a fixed or sliding fifteen (15) minute interval, periodic load test, or assessment.

L. A minimum monthly charge other than that specified under a particular rate schedule may be established by the Department to protect the Department's investment and to recover the fixed operating cost associated with providing an electric service.

M. The Department may adjust minimum charges for seasonal power loads when no electricity will be used during the months of November through April. This provision shall not apply to service used for standby or emergency purposes.

N. If the operation of the Department's generating, transmission, or distribution system is suspended, interrupted, or interfered with for any cause including but not limited to suspension or interruption due to planned or unplanned maintenance, Department equipment failure, suspension, interruption, or interference due to droughts, floods, fires, strikes, accidents, acts of God, the public enemy, war, governmental regulations, orders or proclamations, laws, mobs, riots, and transportation difficulties, the Department need not deliver electricity and the customer need not accept or pay for electric service for such period of time and to the extent that the suspension, interruption, or interference makes it reasonably impractical to deliver or use electricity. If the operation of the customer's work, plant or establishment is suspended, interrupted or interfered with for any cause reasonably beyond the customer's control, including but not limited to suspension or interruption due to droughts, floods, fires, strikes, accidents, acts of God, the public enemy, war, governmental regulations, orders or proclamations, laws, mobs, riots and transportation difficulties, the customer need not accept or pay for electric service for such period of time and to the extent that the suspension, interruption or interference makes it reasonably impractical to use electricity. Bills for any period including any suspension, interruption, or interference of departmental systems or customer plant or establishment as described above, shall be prorated exclusive of minimum charges.

Within one (1) week of any interruption, suspension, or interference the customer shall

give written notice to the Department to read meters in order to make it possible to prorate billings.

O. If the Department's seal on a meter, meter enclosure, current transformer enclosure, current limiter enclosure, or a terminal box is broken, or if for any reason as determined by the Department a meter does not properly register the electricity used, the customer shall be charged for usage, estimated by the Department pursuant to subsection F above, and billed accordingly.

P. Any applicant or customer who adds a New Large Single Load to the Seattle City Light Department service area shall pay the charges under the Department's applicable rate structure, and in addition shall pay the difference between the charges which would have been incurred by the Department under BPA's wholesale rate to the Department and any charges which are incurred by the Department under BPA's wholesale rate for New Large Single Loads for that portion of the customer's load determined to be a New Large Single Load. The applicant or customer will be charged all the additional cost incurred by the Department under BPA's rate for New Large Single Loads for that portion of the applicant's or customer's load determined to be a New Large Single Load including any backbilling charges and interest charges levied on the Department by BPA. Any New Large Single Load added to the Seattle City Light Department service area shall be considered subject to BPA's New Large Single Load rate, if that rate is applicable under the City's power sales contract with BPA.

Any applicant or customer who adds a New Large Single Load to the Seattle City Light Department service area is required to fulfill any advance notification of request for service requirements that are specified by BPA. The Department recognizes no obligation to provide service to applicants or customers with a New Large Single Load who have not given the required amount of advance notification to BPA.

Q. Pursuant to the Administrative Code (Seattle Municipal Code Chapter 3.02) the Department shall establish an average payment plan whereby a residential customer's expected billings for the next year may be averaged throughout the year in equal installments which normally shall be adjusted no more than once

as determined at the Department's option by demand meter with either a fixed or sliding fifteen (15) minute interval, periodic load test, or assessment.

L. A minimum monthly charge other than that specified under a particular rate schedule may be established by the Department to protect the Department's investment and to recover the fixed operating cost associated with providing an electric service.

M. The Department may adjust minimum charges for seasonal power loads when no electricity will be used during the months of November through April. This provision shall not apply to service used for standby or emergency purposes.

N. If the operation of the Department's generating, transmission, or distribution system is suspended, interrupted, or interfered with for any cause including but not limited to suspension or interruption due to planned or unplanned maintenance, Department equipment failure, suspension, interruption, or interference due to droughts, floods, fires, strikes, accidents, acts of God, the public enemy, war, governmental regulations, orders or proclamations, laws, mobs, riots, and transportation difficulties, the Department need not deliver electricity and the customer need not accept or pay for electric service for such period of time and to the extent that the suspension, interruption, or interference makes it reasonably impractical to deliver or use electricity. If the operation of the customer's work, plant or establishment is suspended, interrupted or interfered with for any cause reasonably beyond the customer's control, including but not limited to suspension or interruption due to droughts, floods, fires, strikes, accidents, acts of God, the public enemy, war, governmental regulations, orders or proclamations, laws, mobs, riots and transportation difficulties, the customer need not accept or pay for electric service for such period of time and to the extent that the suspension, interruption or interference makes it reasonably impractical to use electricity. Bills for any period including any suspension, interruption, or interference of departmental systems or customer plant or establishment as described above, shall be prorated exclusive of minimum charges.

Within one (1) week of any interruption, suspension, or interference the customer shall

give written notice to the Department to read meters in order to make it possible to prorate billings.

O. If the Department's seal on a meter, meter enclosure, current transformer enclosure, current limiter enclosure, or a terminal box is broken, or if for any reason as determined by the Department a meter does not properly register the electricity used, the customer shall be charged for usage, estimated by the Department pursuant to subsection F above, and billed accordingly.

P. Any applicant or customer who adds a New Large Single Load to the Seattle City Light Department service area shall pay the charges under the Department's applicable rate structure, and in addition shall pay the difference between the charges which would have been incurred by the Department under BPA's wholesale rate to the Department and any charges which are incurred by the Department under BPA's wholesale rate for New Large Single Loads for that portion of the customer's load determined to be a New Large Single Load. The applicant or customer will be charged all the additional cost incurred by the Department under BPA's rate for New Large Single Loads for that portion of the applicant's or customer's load determined to be a New Large Single Load including any backbilling charges and interest charges levied on the Department by BPA. Any New Large Single Load added to the Seattle City Light Department service area shall be considered subject to BPA's New Large Single Load rate, if that rate is applicable under the City's power sales contract with BPA.

Any applicant or customer who adds a New Large Single Load to the Seattle City Light Department service area is required to fulfill any advance notification of request for service requirements that are specified by BPA. The Department recognizes no obligation to provide service to applicants or customers with a New Large Single Load who have not given the required amount of advance notification to BPA.

Q. Pursuant to the Administrative Code (Seattle Municipal Code Chapter 3.02) the Department shall establish an average payment plan whereby a residential customer's expected billings for the next year may be averaged throughout the year in equal installments which normally shall be adjusted no more than once

PMCG

Mr. Ray Nelson
 Acting Deputy Superintendent
 Wholesale Branch
 City of Seattle, City Light Department
 1015 Third Avenue
 Seattle, WA 98104-1198

Dear Mr. Nelson:

The Bonneville Power Administration (BPA) received a request for a contracted for, committed to (CF/CT) determination to establish that the City of Seattle, City Light Department (Seattle) was obligated to serve loads at Salmon Bay Steel (Salmon), located in Seattle, Washington, prior to September 1, 1979, the cutoff date for CF/CT loads under the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act).

Seattle also requested that the Salmon load at Ballard, Washington, be relocated to the Andover Street facility, as Salmon plans to consolidate the two operations at the Andover Street site. Salmon plans to remove the equipment at the Ballard location, thus making one load. If the Ballard load is relocated to the Andover Street site consistent with section 8(b) of Seattle's power sales contract with BPA, the load will be included in Seattle's CF/CT loads, and the amount of the CF/CT will be exempt from new large single load (NLSL) status, consistent with BPA's NLSL practices.

In making this CF/CT determination BPA considered the following listed information. BPA also used the information in determining the size of the load "contracted for, or committed to" which establishes a floor upon which future increases, if any, at such facility may be measured.

1. Contracts (Andover Street).

- a. January 7, 1957, service application from Bethlehem Pacific Coast Steel Corporation (Andover Street) to Seattle. (Support that the rolling mill load was contracted for prior to September 1, 1979.)
- b. January 8, 1957, service application from Bethlehem Pacific Coast Steel Corporation (Andover Street) to Seattle. (Support that the arc furnace load was contracted for prior to September 1, 1979.)
- c. June 30, 1966, service application from Bethlehem Steel Corporation (Andover Street) to Seattle. (Support that the rolling mill load was contracted for prior to September 1, 1979.)

- d. February 28, 1968, service application from Bethlehem Steel Corporation (Andover Street) to Seattle. (Support that the arc furnace load was contracted for prior to September 1, 1979.)
- e. March 28, 1978, general service application and contract between Seattle and Bethlehem Steel Corporation (Andover Street). (Support that the arc furnace load was contracted for prior to September 1, 1979.)
- f. January 10, 1985, general service application and contract between Seattle and Seattle Steel Corporation (Andover Street). (Support that ownership changed from Bethlehem Steel to Seattle Steel.)
- g. May 13, 1991, general service application and contract between Seattle and Salmon (Andover Street). (Support that ownership changed from Seattle Steel to Salmon.)

2. Contracts (Ballard).

- a. September 16, 1940, application and contract between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)
- b. July 29, 1946, application and contract or renewal between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)
- c. September 12, 1947, application and contract or renewal between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)
- d. June 13, 1955, application for service between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)
- e. July 19, 1957, application for service between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)
- f. September 1, 1960, application for service between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)
- g. September 3, 1965, service application between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)
- h. January 28, 1987, general service application and contract between Seattle and Salmon (NW. Ballard). (Support that Salmon is the successor in interest.)

3. Correspondence.

- a. January 7, 1984, Notice from Jean A. Pudwill, Supervisor of Purchasing of Seattle Steel, Inc. (Support that on January 1, 1985, Seattle Steel Division, Bethlehem Steel Corporation became a wholly-owned subsidiary of CEM Associates.)
- b. January 5, 1987, letter from F.W. Goetz, Vice President - Administration, Northwest Steel Rolling Mills Inc. to Suppliers. (Support that Salmon is the successor in interest.)
- c. Seattle City Light Customer Service Record. (Support that Salmon is the successor in interest.)
- d. December 12, 1965, letter from Paul Raver, Superintendent of Lighting, Seattle City Light to Howard Ashe, Supervisor Operations and Maintenance at BPA. (Support that Seattle requested service from BPA for the two arc furnaces.)
- e. October 22, 1965, letter from A.C. Tyler Director of Commercial Activities, Seattle City Light, to "Bethlehem Steel Company, Inc." (Bethlehem Steel Corporation). (Support that Seattle agreed to supply all the demand requirements of the two arc furnaces during off-peak hours.)
- f. December 9, 1974, letter from Lloyd Chesterman, Supervisor, Industrial Advisory Service, Seattle, to Bethlehem Steel Corporation. (Support that Seattle agreed to supply all the demand requirements of the two arc furnaces during off-peak hours.)
- g. December 28, 1984, Statutory Warranty Deed. (Support that Seattle Steel is the successor in interest of Bethlehem Steel Corporation.)
- h. May 23, 1991, Bill of Sale, General Assignment and Assumption and Statutory Warranty Deed. (Support that Salmon is the successor in interest of Seattle Steel, whose sole shareholder is CEM Associates, Inc.)

4. Billing Information.

- a. March 1965 - February 1986 Arc Furnace Billing Summary.
- b. March 1965 - February 1986 Rolling Mill Billing Summary.

Based on the preceding information, particularly the fact that power sales contracts existed between Seattle and Salmon's predecessors in interest, Bethlehem Steel Corporation and Northwest Steel Rolling Mills Inc., prior to September 1, 1979, BPA has determined that Salmon had executed contracts obligating Seattle to provide the future power requirements of the Seattle and Ballard, Washington, plants as of September 1, 1979.

BPA has further determined that the load contracted for prior to September 1, 1979, for the purposes of inclusion in your power sales contract No. DE-MS79-81BP90460, Exhibit K, Table 2, is 81.386 average megawatts (aMW) for the Andover Street facility and 4.680 for the Ballard facility. The two loads will be consolidated as requested into one facility. Thus, the load will only be allowed to increase by less than 10 aMW in any consecutive 12-month period to avoid the New Resource Firm Power rate. The total contracted for amount is 86.066 aMW. This will be the "floor" amount from which any future increases will be measured.

The contracted for load established by this determination is specific to the Salmon plant in Seattle, Washington. The right to service at the priority firm power rate which this determination establishes for the Salmon Seattle and Ballard, Washington, plants is not transferable to other Salmon facilities or operations or to sites outside of Seattle's service territory. This determination is not applicable to service to these facilities by another utility.

BPA will monitor the consumption at this load annually to determine whether the load has become a NLSL as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2 to your contract. If you have any questions regarding this determination please contact George Reich, of the Puget Sound Area Office, at (206) 553-1764.

Sincerely,

Original Signed by
RANDALL W. HARDY
 Randall W. Hardy
 Administrator

Enclosure:
 Exhibit K, Table 2

GBell:rs:3556:07/16/93 (VS10-PMCG-1014b)

cc:

Adm. Chron. File - A	M. Nelson - PMC	C. Lee - RPCE
H. Spigal - AP	C. Combs - PMCG	G. Reich - TC
D. Adler - APP	K. Moxness - PMCG	B. Howerton - TC
T. Miller - APP	G. Bell - PMCG	J. Kiley - YH
B. McLean - DRER	E. Bleifuss - PSC	G. Lenzen - YH
T. Scanlon - DRES	S. Kageler - PSCA	Area Power Managers - LC, TC,
C. Blanco - DRES	A. Schauer - PSCD	UC, WC
J. Yocom - DSA	T. White - PSCD	Official File - PMC
W. Pollock - P	G. Moorman - RPC	(PM-12-11-2 NLSL)
D. Wolfe - PG	C. Forman - RPCB	Official File - PMC
S. Berwager - PM	K. O'Sullivan - RPCB	(PM-12-2-180)

Decision Paper

OCTOBER 9, 1992, REQUEST BY SEATTLE CITY LIGHT (SEATTLE) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, SEATTLE HAD COMMITTED TO SERVE LOADS AT SALMON BAY STEEL (SALMON) IN THE AMOUNT OF 91.0 AVERAGE MEGAWATTS (AMW). THE SALMON FACILITIES ARE LOCATED AT 2414 SW. ANDOVER STREET, SEATTLE, WASHINGTON AND AT 4315 9TH AVENUE NW., IN BALLARD, WASHINGTON.

ISSUES: Were the Salmon loads contracted for, or committed to, as of September 1, 1979, by Seattle and Salmon, and, if so, what was the size of such loads for purposes of establishing a floor upon which future increases can be measured? Can the load at the Ballard facility be consolidated with the Andover Street facility under the power sales contract?

BACKGROUND: On October 9, 1992, Seattle requested that BPA determine that the Salmon loads located at 2414 SW. Andover (Andover Street) and 4315 9th Avenue NW., Ballard (Ballard) are not new large single loads under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) and section 8(b) of Seattle's power sales contract with BPA. Seattle alleges that the Salmon loads were contracted for, or committed to, prior to September 1, 1979.

Seattle also requested that the Salmon load at Ballard be relocated to the Andover Street facility, as Salmon plans to consolidate the two operations at the Andover Street site. Salmon plans to remove the equipment at the Ballard location, thus making one load.

In making its CF/CT determination BPA considered the following listed information. BPA also used the information in determining the size of the loads contracted for which establishes the floor upon which future increases, if any, at such facility may be measured.

1. Contracts (Andover Street).

- a. January 7, 1957, service application from Bethlehem Pacific Coast Steel Corporation (Andover Street) to Seattle. (Support that the rolling mill load was contracted for prior to September 1, 1979.)
- b. January 8, 1957, service application from Bethlehem Pacific Coast Steel Corporation (Andover Street) to Seattle. (Support that the arc furnace load was contracted for prior to September 1, 1979.)
- c. June 30, 1966, service application from Bethlehem Steel Corporation (Andover Street) to Seattle. (Support that the rolling mill load was contracted for prior to September 1, 1979.)
- d. February 28, 1968, service application from Bethlehem Steel Corporation (Andover Street) to Seattle. (Support that the arc furnace load was contracted for prior to September 1, 1979.)

e. March 28, 1978, general service application and contract between Seattle and Bethlehem Steel Corporation (Andover Street). (Support that the arc furnace load was contracted for prior to September 1, 1979.)

f. January 10, 1985, general service application and contract between Seattle and Seattle Steel Corporation (Andover Street). (Support that ownership changed from Bethlehem Steel to Seattle Steel.)

g. May 13, 1991, general service application and contract between Seattle and Salmon (Andover Street). (Support that ownership changed from Seattle Steel to Salmon.)

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e. July 19, 1957, application for service between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)

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g. September 3, 1965, service application between Seattle and Northwest Steel Rolling Mills Inc. (NW. Ballard). (Support that the Ballard load was contracted for prior to September 1, 1979.)

h. January 28, 1987, general service application and contract between Seattle and Salmon (NW. Ballard). (Support that Salmon is the successor in interest.)

3. Correspondence.

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- b. January 5, 1987, letter from F.W. Goetz, Vice President - Administration, Northwest Steel Rolling Mills Inc. to Suppliers. (Support that Salmon is the successor in interest.)
- c. Seattle City Light Customer Service Record. (Support that Salmon is the successor in interest.)
- d. December 12, 1965, letter from Paul Raver, Superintendent of Lighting, Seattle City Light to Howard Ashe, Supervisor Operations and Maintenance at BPA. (Support that Seattle requested service from BPA for the two arc furnaces.)
- e. October 22, 1965, letter from A.C. Tyler Director of Commercial Activities, Seattle City Light, to "Bethlehem Steel Company, Inc." (Bethlehem Steel Corporation). (Support that Seattle agreed to supply all the demand requirements of the two arc furnaces during off-peak hours.)
- f. December 9, 1974, letter from Lloyd Chesterman, Supervisor, Industrial Advisory Service, Seattle, to Bethlehem Steel Corporation. (Support that Seattle agreed to supply all the demand requirements of the two arc furnaces during off-peak hours.)
- g. December 28, 1984, Statutory Warranty Deed. (Support that Seattle Steel is the successor in interest of Bethlehem Steel Corporation.)
- h. May 23, 1991, Bill of Sale, General Assignment and Assumption and Statutory Warranty Deed. (Support that Salmon is the successor in interest of Seattle Steel, whose sole shareholder is CEM Associates, Inc.)

Billing Information.

- a. March 1965 - February 1986 Arc Furnace Billing Summary.
- b. March 1965 - February 1986 Rolling Mill Billing Summary.

Based on the preceding information, particularly the fact that service applications, correspondence and billing summaries existed between Seattle and Salmon's predecessors in interest prior to September 1, 1979, BPA has determined that Seattle was obligated to provide the future power requirements to the Andover Street and Ballard plants as of September 1, 1979.

RECOMMENDATION: A complete review of the above information establishes the following facts. Throughout the period of September 1, 1979, and beyond, Seattle had service agreements in effect for service to the loads of Ballard and Andover Street. Salmon assumed the service agreements for the Andover Street plant and facilities from its predecessor Bethlehem Steel Corporation on May 24, 1991, and assumed the service agreements for the Ballard plant and facilities from its predecessor Northwest Steel Rolling Mills, Inc. in 1987. The loads at Andover Street located in Seattle, Washington, and the load at Ballard, Washington, were loads which Seattle was obligated to serve as of September 1, 1979. The amount of the load at the Andover Street facility as of September 1, 1979, is 81.385 aMW based on the service applications, correspondence and billing summary between Seattle and Salmon. The amount of the load at the Ballard facility is 4.680 aMW based on the service

applications, correspondence and billing summary between Seattle and Salmon. In the absence of an energy limitation in the Seattle contract, a load factor of 100 percent is assumed. The two loads will be consolidated at the Andover Street site as requested. The load will only be allowed to increase by less than 10 aMW in any consecutive 12-month period to avoid the New Resources Firm Power rate. Thus, the total contracted for amount is 86.066 aMW.

It is the recommendation of BPA staff that the Administrator determine that the contracted for load is 86.066 MW in Exhibit K, Table 2, of Seattle's Power Sales Contract, Contract No. DE-MS79-81B90460, for Salmon's Andover Street and Ballard facilities located in Washington.

GBell:rs:3556:07/16/93 (VS10-PMCG-1008b)

SNOHOMISH COUNTY PUD



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

OFFICE OF THE ADMINISTRATOR

AUG 30 1982

In reply refer to: PKI

Mr. W. G. Hulbert, Jr., Manager
Snohomish County PUD No. 1
P.O. Box 1107
Everett, WA 98206

Dear Mr. Hulbert:

Snohomish County PUD (Snohomish) requested in its letter of August 16, 1982, a determination by the Bonneville Power Administration (BPA) that the loads at the Boeing aircraft manufacturing and assembly facility at Everett, Washington; the Scott Paper Co., pulp and paper manufacturing facility at Everett, Washington; the Meyerhaeuser, Kraft and Lumber manufacturing facility, Everett, Washington; and the Meyerhaeuser manufacturing facility at Everett, Washington, were not New Large Single Loads under section 3(12)(A) of the Pacific Northwest Power Planning and Conservation Act. Snohomish requested the determinations based on the fact that the above loads were "contracted for" as of September 1, 1979.

In making the determination on the loads contracted for and the size of those loads as of September 1, 1979, for the above four facilities, BPA has reviewed and considered the following information: (1) Contracts - Snohomish's Industrial Contract with Boeing dated August 31, 1979; Snohomish's Industrial Contract with Meyerhaeuser dated December 29, 1975; Snohomish's Industrial Contract with Scott Paper dated January 6, 1976; Snohomish's Industrial Contract with Meyerhaeuser dated July 1, 1977. Background data - BPA staff reviewed Snohomish's 5-year plan and the substation one-line diagrams submitted as part of Snohomish's package. Information provided by the Puget Sound Area Office - Given the short timeline to make the above contracted for determinations and the limited information submitted by Snohomish, BPA staff has had several discussions with the Puget Sound Area Power office, in order to more fully develop BPA's determination. As a result of the above discussions and information, BPA concurs that the four contracts submitted by Snohomish are capacity only contracts, which do not specify energy. As a result, Snohomish is obligated to serve the loads of each of these facilities at up to 100 percent of the stated contract demand. Capacity only contracts were considered and addressed in the power sales contract negotiations and provision for them was made in section 8(b) of the utility power sales contract offered August 28, 1981. Under section 8(b), BPA agreed that if a contract was executed prior to September 1, 1979, between a BPA purchaser and

its consumer which addressed capacity only and did not specify energy, BPA would find the size of load contracted for to be the maximum stated contract demand at 100 percent load factor.

The negotiating parties also agreed to limit the future impact of the above provision regarding capacity only contracts by section 8(h)(1) of the contract. Under that section a BPA purchaser may renew such capacity only contract at the existing contract demand. Any addition of equipment at the facility which would increase the amount of capacity at the facility by 10 MW or more, and thereby increasing the corresponding amount of energy consumed by the facility, would be classified as a New Large Single Load. Under Snohomish's contracts with each of these industrial consumers, a mutual written agreement to increase contract demand is required. If a subsequent written agreement were made which increased the contractual demand for any of these contracts, BPA would consider such a change as a renewal under section 8(h)(1) of its power sales contract with Snohomish.

Based on the above, I have determined that the size of the loads contracted for at each of these facilities are: The Pooing facility (56 average megawatts), the Scott Paper facility (70 average megawatts), Weyerhaeuser's Kraft and Lumber facility (65 average megawatts), and Weyerhaeuser's manufacturing facility (37 average megawatts). These amounts have been entered in Exhibit K, Table 2. Please attach the enclosed Exhibit K, Table 2 to your utility power sales contract with BPA which was offered on August 28, 1981.

Sincerely,

MARVIN ZLINGER

ACTING Administrator

Enclosure:
Exhibit K, Table 2

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90512
Snohomish County PUD No. 1
Effective on the effective date
of this contract

NEW LARGE SINGLE LOAD DETERMINATIONS EXHIBIT

TABLE 2

List of Purchasers' Loads and Amounts Which Were
Contracted For, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Present Location</u>	<u>Yearly Amount of Firm Energy (Avg. MW)</u>
Boeing Aircraft, Manufacturing and Assembly Plant	Everett, Snohomish County, Washington	56
Scott Paper, Pulp and Paper Manufacturing Plant	Everett, Snohomish County, Washington	70
Weyerhaeuser, Kraft and Lumber Manufacturing Facility and Electric Boiler Installation	Everett, Snohomish County, Washington	65
Weyerhaeuser, Manufacturing Facility	Everett, Snohomish County, Washington	37

(WP-PKI-1487c)

DECISION PAPER

REQUEST OF SNOHOMISH COUNTY PUD THAT THE ADMINISTRATOR DETERMINE THAT THE BOEING AIRCRAFT MANUFACTURING AND ASSEMBLY FACILITY; THE SCOTT PAPER AND PULP MANUFACTURING FACILITY; THE WEYERHAEUSER, KRAFT AND LUMBER MANUFACTURING FACILITY, AND WEYERHAEUSER MANUFACTURING FACILITY ARE NOT NEW LARGE SINGLE LOADS AND THE SIZE OF THE LOADS AT THESE FACILITIES FOR PURPOSES OF EXHIBIT K, TABLE 2.

ISSUE: Were the loads at each of the four above facilities contracted for by Snohomish County PUD as of September 1, 1979, and if so, what is the size of the loads?

BACKGROUND: Snohomish County PUD (Snohomish) has requested a determination by the Bonneville Power Administration that the loads at the Boeing aircraft manufacturing assembly plant at Everett, Washington; the Scott Paper Co. pulp and manufacturing plant at Everett, Washington; the Weyerhaeuser Kraft and lumber manufacturing facility at Everett, Washington, and the Weyerhaeuser manufacturing facility at Everett, Washington, are not New Large Single Loads under section 3(13)(A) of the Pacific Northwest Power Planning and Conservation Act as loads which were "contracted for" loads as of September 1, 1979. By letter dated August 16, 1982, Snohomish forwarded copies of its electric service contracts with Boeing, Scott, Weyerhaeuser Kraft, and Weyerhaeuser Manufacturing, to BPA together with a copy of Snohomish's 1979 5-year plan. Snohomish also submitted one-line diagrams showing the current capacity of equipment at their substations furnishing power to the above facilities. Additional information was provided BPA in several discussions with Puget Sound Area Power Manager regarding Snohomish's facilities. The Puget Sound Area Office reviewed its file information on the contracts and agreed that the contracts submitted in support of Snohomish's request are capacity only contracts which do not specify an energy component. The Puget Sound Area Power Manager noted that a historical load factor could be estimated for each facility. However, under section 8(b) of BPA's utility power sales contract offered August 28, 1981, a provision addresses the circumstance in which a public agency customer of BPA and a consumer had a capacity only contract, prior to September 1, 1979, which does not specify energy. BPA agrees that a customer would have to honor such contract up to a 100 percent load factor. A summary timeline is attached. BPA has reviewed all relevant materials and the Administrator has made the following determination.

Snohomish entered into an industrial contract with Weyerhaeuser dated December 29, 1975, with a maximum contract demand of 65 peak megawatts. This contract is subject to a 5-year renewal.

Snohomish entered into an industrial contract with Scott Paper dated January 6, 1976, with a maximum contract demand of 70 megawatts. A mutual agreement was reached on February 1, 1977, which increased the contract demand from 50 MW to 70 MW. A new 5-year contract was entered in December 1980. This contract is subject to renewal on a 5-year basis.

Snohomish entered into an industrial contract with Weyerhaeuser dated July 1, 1977, with a maximum contract demand of 37 peak megawatts. This contract is subject to renewal on a 5-year basis.

Snohomish entered into an industrial contract with Boeing dated August 31, 1979, with a maximum contract demand of 56 megawatts. This contract is subject to renewal on 5-years' notice.

Snohomish noted in its August 16, 1982 letter that during the course of the drafting and passage of the Regional Power Act, Snohomish discussed these contractual load commitments with both Senator Jackson and Representative Swift. Snohomish feels, in light of these discussions and the language found in the last paragraph of section 8(b) of the utility power sales contract offered August 28, 1981, that these contracts with their large customers stating a contract demand only, fall within the exception to New Large Single Loads.

During the course of the contract negotiations BPA was informed by public agency customers that there was a small number of capacity only contracts in the region which did not specify energy. BPA agreed that a provision be made in the utility power sales contract offered August 28, 1981, to address this type of contract. Section 8(b) so addresses this type of contract. Section 8(b) of the power sales contract is limited by section 8(h)(1) which states that for capacity only contracts, if renewed by the utility, that if equipment is added which could increase the capacity at the facility by 10 MVA and increase the energy consumption then the resultant increase would be considered a new large single load billed at BPA's New Resource Firm Power Rate. The 8(h)(1) limitation on renewal has been fully discussed by BPA's staff with Snohomish.

RECOMMENDATION: Based on the above information Snohomish had contracts which were in effect as of September 1, 1979, with Boeing, Scott Paper, and two Weyerhaeuser facilities totaling 228 peak megawatts. These contracts have not been revoked or cancelled by the parties. The utility is obligated to honor these contracts up to 100 percent load factor as the amount stated in these contracts. Based on Bonneville's inclusion in the utility power sales contract of the language in section 8(b) BPA staff's recommendation is that BPA make the determination that the following amounts be included in Snohomish's Exhibit K, Table 2 in the Boeing plant facility, Everett, Washington (56 average megawatts); the Scott Paper Co. facility at Everett, Washington (70 average megawatts); the Weyerhaeuser Kraft and lumber manufacturing facility at Everett, Washington (65 average megawatts); and the Weyerhaeuser manufacturing facility at Everett, Washington (37 average megawatts), for a total of 228 megawatts.

Timeline for Snohomish PUD - Boeing, Scott Paper, Weyerhaeuser (Kraft
and Lumber) Weyerhaeuser (Manufacturing) Determinations

December 29, 1975	Snohomish's industrial contract with Weyerhaeuser.
January 6, 1976	Snohomish's industrial contract with Scott Paper.
July 1, 1977	Snohomish's industrial contract with Weyerhaeuser.
November 20, 1978	Snohomish's 5-year plan starting in 1979.
August 31, 1979	Snohomish's industrial contract with Boeing.
August 16, 1982	Letter from Snohomish to Bonneville asking for an expedited contracted for determination on four consumers served by Snohomish.
August 17, 1982	Letter from Snohomish to Bonneville accompanying the contracts covering Snohomish's four industrial customers. The letter records conversations between Robert Schneider, Snohomish's Power Manager and Contract Negotiation staff regarding furnishing the necessary background information for the requested determination on the four facilities.

SPRINGFIELD UTILITY BOARD



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

OFFICE OF THE ADMINISTRATOR

SEP 14 1984

In reply refer to: PKL

Mr. Randy L. Berggren
Director, Electric Department
Springfield Utility Board, Municipal Power and Water
P.O. Box 300
Springfield, OR 97477

Dear Mr. Berggren:

On January 13, 1983, Springfield Utility Board (SUB) requested that Bonneville Power Administration (BPA) determine that the loads at Dow Corning Corporation (Dow Corning) located at Springfield, Oregon, are not New Large Single Loads under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act. SUB requested the determination on the basis that such loads were contracted for between SUB and Dow Corning, formerly known as National Metallurgical, as of September 1, 1979.

In making such determination, and in determining the size of the loads contracted for, or committed to, to establish a floor upon which future increases, if any, at such facility may be measured, the following documents were considered:

1. Contracts. October 1, 1972, electric service agreement between SUB and National Metallurgical or its successor.
2. Correspondence. September 17, 1980 letter agreement between SUB and Dow Corning Corporation assigning all terms and conditions in the October 1, 1972 contract to Dow Corning Corporation as the successor to National Metallurgical.

BPA has determined that your contracted for load for purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90461, Exhibit K, Table 2, is 45 average MW.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination please contact this office.

Sincerely,

(b)(6)

ACTING Administrator

Enclosure:
Exhibit K, Table 2

cc: Per B. Rasmussen 09/18/84
P. Livesley/C. Luusli - UPCA

Exhibit K in Contract Book

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90461
Springfield Utility Board
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

Table 2

List of Purchaser's Loads and Amounts Which Were
Contracted For, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)</u>
Dow Corning Corporation Silicon Plant	Springfield, Oregon	45.0

(WP-PKI-2138c)

Power Manager's
Briefing Memo

Contract: Springfield Utility Board (SUB), Power Sales Contract No. DE-MS79-81BP90461, request for a Regional Act Section 3(13)(A) contracted for or committed to determination.

Existing Circumstances: The Regional Act provides that a load associated with a new facility, an existing facility, or an expansion of an existing facility is not a New Large Single Load, if it was contracted for, or committed to, as determined by the Administrator, prior to September 1, 1979. If served by a public agency customer, such portion of load at the facility is served at the Priority Firm Rate, or successor rate. If served by an investor-owned utility the cost of resources to serve such portion may be included in the utility's Average System Cost for purposes of the Residential Purchase and Sale Agreement. In a letter dated January 13, 1983, SUB requested that BPA determine that the facility loads at Dow Corning Corporation Springfield Plant (Dow Corning), formerly known as National Metallurgical, were so contracted for.

Changes Required/Impact on Existing Circumstances: A contract dated October 1, 1972, between SUB and National Metallurgical Division, Kawecki-Berylco Industries, Inc., established that SUB agreed to furnish, subject to the terms and conditions of the option clause, 45 average MW to National Metallurgical or its successor. In 1980 National Metallurgical was purchased by Dow Corning.

On September 10, 1980 SUB assigned the "Electric Service Agreement" between SUB and National Metallurgical Division, Kawecki-Berylco Industries, Inc. to its successor Dow Corning Corporation. In a letter agreement dated September 17, 1980 Dow Corning Corporation and SUB agreed that the same terms and conditions in the October 1, 1972 contract would apply in the assignment of the contract to Dow Corning Corporation.

In the attached Decision Paper BPA staff recommends that the Administrator determine that the contracted for load to be entered in Power Sales Contract, Exhibit K, Table for Dow Corning's silicon plant is 45 average MW.

Policy Implications: This determination represents no change in policy.

Financial Management Concerns: None

General Counsel Concerns: Review documentation.

NEPA Determination: The Environmental Coordinator for the Office of Power and Resources Management has determined that this action is categorically excluded. The action does not individually or cumulatively have a significant effect on the human environment, and may be implemented.

Signature Instructions: The attached letter should be signed by the Administrator. The Power Manager should review the letter, the exhibit, and the Decision Paper.

Area Acceptance: The Eugene District Office and the Lower Columbia Area Office concur in this determination.

(WP-PKI-4640b)
RFreeman:10

Decision Paper

January 13, 1983, REQUEST BY SPRINGFIELD UTILITY BOARD (SUB) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, SUB HAD CONTRACTED TO SERVE LOADS AT DOW CORNING CORPORATION SPRINGFIELD PLANT (DOW CORNING), FORMERLY KNOWN AS NATIONAL METALLURGICAL, IN THE AMOUNT OF 45 AVERAGE MW.

ISSUE: Were the loads contracted for, or committed to, as of September 1, 1979, by SUB and Dow Corning, and if so what was the size of such load for purposes of establishing a floor upon which future increases in load at such facility, if any, can be measured.

BACKGROUND: On January 13, 1983, SUB requested that BPA determine that the loads at Dow Corning are not New Large Single Loads under Section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act). SUB alleges that the loads at Dow Corning were contracted for prior to September 1, 1979.

In determining whether the loads were contracted for, or committed to as of September 1, 1979, the following information was considered:

CONTRACTS:

An October 1, 1972, contract between SUB and National Metallurgical Division, Kawecki-Berylco Industries, Inc., or its successor.

CORRESPONDENCE:

A September 17, 1980, letter agreement between SUB and Dow Corning Corporation that assigned the "Electric Service Agreement" between SUB and National Metallurgical Division, Kawecki-Berylco Industries, Inc. to Dow Corning Corporation. The same terms and conditions contained in the original October 1, 1972 contract are to be applicable in the assignment of this contract to Dow Corning Corporation.

RECOMMENDATION:

Dow Corning Springfield silicon plant: An October 1, 1972, contract and a subsequent assignment agreement dated September 17, 1980, establishes the SUB contracted to serve Dow Corning, formerly National Metallurgical, load in the amount of 12 MW, with an option to increase its purchases of electrical energy to a total of 45 MW, subject to the conditions of notice and advancement of funds for the construction of any facilities necessary to serve the additional load.

It is the recommendation of BPA staff, that the Administrator determine that the contracted for load to be entered in Exhibit D, Table 2, of SUB Power Sales Contract, No. DE-MS79-81BP90461 shall be 45 average MW, the total amount of power available under the terms and conditions of the contract, for Dow Corning, at the Dow Corning Corporation Springfield Plant facility located at Springfield, Oregon.

(WP-PKL-4639b)



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

OFFICE OF THE ADMINISTRATOR

SEP 14 1984

In reply refer to: PKL

Mr. Randy L. Berggren
Director, Electric Department
Springfield Utility Board, Municipal Power and Water
P.O. Box 300
Springfield, OR 97477

Dear Mr. Berggren:

On January 13, 1983, Springfield Utility Board (SUB) requested that Bonneville Power Administration (BPA) determine that the loads at Dow Corning Corporation (Dow Corning) located at Springfield, Oregon, are not New Large Single Loads under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act. SUB requested the determination on the basis that such loads were contracted for between SUB and Dow Corning, formerly known as National Metallurgical, as of September 1, 1979.

In making such determination, and in determining the size of the loads contracted for, or committed to, to establish a floor upon which future increases, if any, at such facility may be measured, the following documents were considered:

1. Contracts. October 1, 1972, electric service agreement between SUB and National Metallurgical or its successor.
2. Correspondence. September 17, 1980 letter agreement between SUB and Dow Corning Corporation assigning all terms and conditions in the October 1, 1972 contract to Dow Corning Corporation as the successor to National Metallurgical.

BPA has determined that your contracted for load for purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90461, Exhibit K, Table 2, is 45 average MW.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination please contact this office.

Sincerely,

(b)(6)

ACTING Administrator

Enclosure:
Exhibit K, Table 2

cc: Per B. Rasmussen 09/18/84
P. Livesley/C. Lousli - OPCA

27760088

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90461
Springfield Utility Board
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

Table 2

List of Purchaser's Loads and Amounts Which Were
Contracted For, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)</u>
Dow Corning Corporation Silicon Plant	Springfield, Oregon	45.0

(WP-PKI-2138c)



BONNEVILLE POWER ADMINISTRATION

Eugene District Office - LG
211 E. 7th Avenue, Room 206
Eugene, Oregon 97401

TELECOPY MESSAGE (FAX)

Machine Phone No. FIS 425-6844 Verifying Phone No. 425-6958

Date: 5.11.88 Time: 1005

TO: ROD AHO Routing: PMCN
FROM: BOB RASMUSSEN Routing: LG PHONE: 425-6953
SUBJECT: SUB EXH K TO PSC

This transmittal consists of cover sheet plus 2 pages.

REMARKS: _____

WP-LG-4685A

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-818P90461
Springfield Utility Board
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

Table 2

List of Purchaser's Loads and Amounts Which Were
Contracted For, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Firm Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)</u>
Dow Corning Corporation Silicon Plant	Springfield, Oregon	45.0

(WP-PKI-2138c)

(X)

BONNEVILLE POWER ADMINISTRATION

Eugene District Office - LG
211 E. 7th Avenue, Room 206
Eugene, Oregon 97401

TELECOPY MESSAGE (FAX)

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FROM: BOB RASMUSSEN Routing: LG PHONE: 425-6953
SUBJECT: SUB EXH K TO PSC

This transmittal consists of cover sheet plus 2 pages.

REMARKS: _____

WP-LG-4685A

(X)

TELEDYNE WAH CHANG
(ALLEGHENY TECH INC.)

Please Reply To:

Ryan Flynn, Vice President & General Counsel
Pacific Power Legal
825 N.E. Multnomah Street, Suite 2000
Portland, Oregon 97232
Direct Dial (503) 813-5854
Fax (503) 813-7262
E-Mail: ryan.flynn@pacifiCorp.com**VIA EMAIL AND US MAIL**

November 27, 2013

Elliot Mainzer
Administrator (Acting)
Bonneville Power Administration
P.O. Box 3621
Portland, OR 97208-3621**Re: Request for Determination of the ATI Wah Chang Facility Load as
Contracted For, or Committed To (CFCT)**

Dear Administrator Mainzer:

Pursuant to Section 3(13) of the Pacific Northwest Electric Power Planning and Conservation Act ("Act"), Pacific Power hereby requests the Administrator make the determination that the load of the Wah Chang facility located in Millersburg, Oregon was a "Contracted For, or Committed To" ("CFCT") load of Pacific Power as of September 1, 1979. Pacific Power also requests that the Administrator set the CFCT amount for Wah Chang's load as of that date at forty-four (44) MW. Under the Act, BPA has the responsibility for making such determinations.

Wah Chang is currently a large load of Pacific Power and has been a large industrial load of Pacific Power's dating back to the 1950s. Pacific Power is attaching historical documentation from the 1970s and early 1980s that shows the Wah Chang facility to have a load of 22 MW prior to September 1, 1979 and projected load growth up to 44 MW by 1981 (see attached Exhibit 1).

In January 1977, Pacific Power made a study of Wah Chang's load in anticipation of expected expansions at the facility. The report noted:

Teledyne Wah Chang Corp. is a rare metals manufacturer producing primarily zirconium. This study covers the Teledyne Wah Chang properties and all associated equipment back to and including Murder Creek Substation (see Map I). The load is served through two

parallel 69/12 KV Delta-Delta transformers. Two express feeders connect in parallel out of Murder Creek Substation serve Wah Chang at one meter location.

Teledyne Wah Chang has a summer peak. The highest peak experienced thus far has been 22 MW. Wah Chang plans to double their existing load by year 1981.

CONCLUSIONS AND RECOMMENDATIONS: Teledyne Wah Chang is taking on a tremendous project with the anticipation to double their existing load. Because of this large load (44 MW) Pacific Power will have to add a considerable amount of capacity to its existing system.

(Exhibit 1, p. 9.) The "Table II" attached to the 1977 study shows a recorded peak load in 1976 of 21.5 MW with projections of 44 MW by 1981. Pacific Power's documents also show the planned upgrades to Pacific Power's facilities to serve the increased load at the Wah Chang facility. As for the load factor for the facility, BPA, in its 1981 Section 5(g) Initial Contracts Record, Environmental Report (Sept. 1981) ("Initial Contracts Record"), held that CFCT determinations for obligations based on capacity, with no limitation, would be set using a 100 percent load factor. *Id.* at § 3.3.2.1 (sections attached as Exhibit 2.)

BPA made similar determinations as those requested now by Pacific Power in 2009 upon the request of Avista Corporation regarding the service provided to the Potlatch Corp. Lewiston Complex. Using comparable information to that provided by Pacific Power in this request, BPA determined that Avista had a CFCT load of 100 MW to Potlatch based on 100 MW of capacity planned for the facility as of September 1, 1979, rated at a 100% load factor (documents attached as Exhibit 3.)

Pacific Power's seeks this CFCT determination as a result of Wah Chang's support of an effort by the City of Millersburg to form a municipal utility and secure BPA power at the lowest, Tier 1, PF rate for Wah Chang's load. This is contrary to the provisions of the Act, the intent of Congress in establishing the New Large Single Load provisions and BPA's interpretations and implementation of the Act. As BPA observed in its 1981 Initial Contracts Record:

BPA's principal reasons for determining such [CFCT loads served by a new utility] would be New Large Single Loads are:

- (1) To prevent the diminution of the Federal Base System by large industrial loads. . . .
- (2) That the references in section 3(13)(B) of the Regional Act to "such Purchaser" refer to the contractual relationship that existed on September 1, 1979, between a specific purchaser and a specific customer. . . .
- (3) A concern that allowing a consumer of an investor-owned utility which existed September 1, 1979, to receive power from a preference utility at the Priority Firm Power

Mr. Elliot Mainzer
November 27, 2013
Page 3

rate might encourage the formation of preference utilities in the immediate vicinity of a large industrial plant, solely for the purpose of providing low-cost Federal power to that industry. This would run totally contrary to the spirit of the Regional Act which was to ensure that large industrial and commercial loads pay the New Resource Firm Power rate, a rate which reflects the costs of new resources that have to be built and acquired to serve these large loads in the region.

Id. at § 3.3.4.2 (Exhibit 2)

BPA's policy regarding industrial loads served by a new, preference, utility was reiterated by the Administrator in a letter to John B. Fery, CEO of Boise Cascade Corp. on October 6, 1981, where Boise Cascade was seeking reclassification of its St. Helens facility (letter attached as Exhibit 4.) The facility was originally served by an investor-owned utility on September 1, 1979, but subsequently changed providers to a preference utility. The Administrator reasoned:

On an operational level, the reason for my decision was to prevent industrial loads, not previously served from the Federal base system, from having access to such power. Congress made it clear throughout the Regional Act and the legislative history that industrial loads not previously served by Federal base system resources, industrial load growth over 10 average megawatts in any consecutive 12-month period, and industrial loads served by investor-owned utilities were to be served at the New Resource Firm Power rate. Loads, such as your St. Helens plant, which were being served by investor-owned utilities on September 1, 1979, were being served at the utility's industrial rate. Such loads did not have access to Federal base system power at the Priority Firm Power rate, and would not have received power at that rate, even if they had continued to be served by the investor-owned utility, because the Regional Act only makes available power to serve investor-owned utilities' industrial loads at BPA's New Resource Firm Power rates.

It is for these reasons stated above that Pacific Power is requesting a CFCT determination from BPA for its historic Wah Chang facility load. If you have any questions or need clarification on any of the attached documents please contact Phil Obenchain at (503) 813-5990.

We look forward to hearing from you.

Sincerely,

(b)(6)

fr Ryan Flynn
Vice President & General Counsel Pacific Power Legal

cc: Mr. Randy Roach, Esq., BPA General Counsel
Mr. Scott K. Wilson, BPA Western Customer Services

**Teledyne Wah Chang
Documents for CFCT Determination**

LINE NO.	DATE	FROM	TO	SUBJECT	DESCRIPTION	DOCUMENTATION PAGE NO.
1	Feb-20-1979	Nunnally J. Johnson	R. C. Birkes	Murder Creek Substation	Internal Correspondence - discussion of additional capacity of the Murder Creek Substation. Two new transformers will each be 15/20/25 MVA. Added capacity will eliminate the need to tie the two circuits together.	1
2	1977-1978	Prepared by William Hahn	Completed by	Expenditure Request	Provide 29 MVA of Thermal Capacity for projected load. "Wah Chang estimates to double their total 24 MVA load within 5 years . . ."	2
3	Feb-22-1978	Wah Chang	William Hahn, PPL	Letter	Confirming telephone conversation regarding new furnace in Building No. 75.	3
4	Feb-15-1977	H. A. Van Atta	J. F. Pienovi	Document understanding	Internal Correspondence - understandings reached at Feb-9-1977 meeting regarding increased power requirements at Wah Chang. "Present deliveries of approximately 20,000 kw are billed under nthe now effective Oregon Schedule 37 . . ."	4-5
5	Jan-20-1977	William E. Triplett	Hedberg/Internal List	TDI Wah Chang Distribution Study	Internal Correspondence - cover correspondence for distribution study. "Teledyne Wah Chang has a summer peak. The highest peak experienced thus far has been 22 MW. Wah Chang plans to double their existing load by year 1981" (page 9 of documents) Table III shows 1976 recorded peak of 21.5 MW and projected peaks for 1977 - 1981 to a maximum of 44.0 MW in 1981. (page 11 of documents)	6 - 11

Exhibit 1

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT:

Portland, Oregon
February 20, 1979Mr. R. C. Birkes
800 Public Service Building

SUBJECT: Murder Creek Substation - 12 kV

Wah Chang is the only 12 kV load at Murder Creek Substation. This load is now served by a double circuit distribution line. Both circuits are tied together solidly on the first pole out of the sub. This pole is now served by two 1200 amp OCB's, one on each transformer. It has been necessary to tie the circuits together so that the load could be split between the 6/7.5 MVA and the 15/20 MVA transformers without overloading the smaller unit. The two new transformers will each be 15/20/25 MVA. This added capacity will eliminate the need to tie the two circuits together. With the tie open on the first pole, the bus tie breaker can operate normally open.

Load increases, line loss savings, service reliability, or other needs could result in the construction of an additional circuit (or circuits) to serve Wah Chang. In this case, the two existing circuits could be served by the single breaker, 5L131. The new circuit(s) could be served by the other existing breaker, 5L132. The bus tie breaker would be normally open. In either case, there will be no need for the third feeder OCB that was indicated in the budget.

After the increase in 12 kV capacity at Murder Creek Sub, the maximum symmetrical fault duties will be 150 MVA for split bus operation and 286 MVA for parallel operation. PCB No. 597 in position 5M131 is a 250 MVA breaker. The 12 kV should be operated with normally open bus tie breaker and no connections between the two feeders. If the two feeders must be tied together at any location, this will raise the fault duty above the OCB rating. Parallel operation for short periods during maintenance should not be a problem. At some future time, the two feeders may be normally connected together in the field or the bus tie breaker operated normally closed. At that time OCB 5L131 should be replaced with a unit with higher interrupting capability.

(b)(6)

Nunnally J. Johnson

NJJ:sk

cc: Messrs. Moench, Spicer, Roussos, Jones RD, Mitchell, Hercher, Stinson,
Vanderwall, Coleman, MarsbExhibit 1
Page 1

1

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT:

Portland, Oregon
February 20, 1979Mr. R. G. Birkes
800 Public Service Building

SUBJECT: Murder Creek Substation - 12 kV

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After the increase in 12 kV capacity at Murder Creek Sub, the maximum symmetrical fault duties will be 150 MVA for split bus operation and 286 MVA for parallel operation. PCB No. 597 in position 5M131 is a 250 MVA breaker. The 12 kV should be operated with normally open bus tie breaker and no connections between the two feeders. If the two feeders must be tied together at any location, this will raise the fault duty above the OCB rating. Parallel operation for short periods during maintenance should not be a problem. At some future time, the two feeders may be normally connected together in the field or the bus tie breaker operated normally closed. At that time OCB 5L131 should be replaced with a unit with higher interrupting capability.

(b)(6)

Nunnally G. Johnson

NJJ:sk

cc: Messrs. Moench, Spicer, Roussos, Jones RD, Mitchell, Hercher, Stinson,
Vanderwall, Coleman, MarshS. PDF
9 JAN 73Exhibit 1
Page 1

x

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT:

Portland, Oregon
January 20, 1977

To: Messrs. Hedberg	Vanderwall	Pienovi
Birkas	Stinson	Spicer
Reed	Mitseff	Hurlbut
Nostrand/McKay	R. Anderson	Brice
Mitchell	Rhodes	

Re: Teledyne Wah Chang Distribution Study

A meeting to review the above referenced study will be held on Wednesday, February 9, 1977, in the 8th floor Conference Room, at 10:00 AM.

This study is significant in that it proposes the re-tention and expansion of the 12 kV delta source and would require meter totalizing from the required three circuits. Some on site 1977 construction is also dependent upon the recommendations of this study.

A copy of the synopsis is attached for your reference.

(b)(6)

Wm. E. Triplett

WET:11

Attachment

S.D. 6-11
9 JAN 14Exhibit 1
Page 6

PACIFIC POWER & LIGHT COMPANY		EXPENDITURE REQUISITION			Construction 21 - 17305-10	
SYSTEM	LOCATION	FILE NO.	BUDGET ITEM	LOCALITY NO.	Approved	Other
ALEPHNY	ALEPHNY	105-1387	219-1	105000	41-17305-10	41-17305-10
TITLE: ALEPHNY CASTALL 5450 FT. OF 2-222.1 MW. 10 ON WEST SIDE OF THE MAIN ROAD					WORK ORDER	
For General Office Use Only		Overhead Code -		Interest Code -		
Description: REPLACE THE EXISTING 2-222.1 MW. 10 WITH 2-222.1 MW. 10 INSTALL 1450.00 OF 2-222.1 MW. 10 REMOVE EXISTING 400.00 OF 2-222.1 MW. 10 TRANSFER EXISTING 400.00 OF 2-222.1 MW. 10 TO NEW LINE SEE ADDITIONAL DETAILS ON ATTACHED DRAWING						
Approved 2-21-77 By Budget Committee						
Purpose & Necessity: THIS CONSTRUCTION WILL PROVIDE 29 MW. OF THERMAL CAPACITY FOR THE BELIEVED LINE WEST OF THE MAIN ROAD BY THE ADDITION OF A 500 MW. C.V. CIRCUIT. THE EXISTING 400.00 C.V. CIRCUIT HAS A SUMMER RATING OF 10.6 MW. AND WAS LOADED TO 11.1 MW. IN MARCH 1976. ESTIMATED 1977 LOAD IS 12.0 MW. WAS CHARGED. PROPOSED TO DOUBLE THE TOTAL 29 MW. LOAD WITHIN 5 YEARS. OF THIS INCREASE, 1.1 MW. IS ESTIMATED TO BE AT THE LOCATION OF THIS CONSTRUCTION. THE 5 YEAR STUDY JUST COMPLETED INDICATES THE PROPOSAL TO BE ADEQUATE AND VERY EXPENSIVE OVERALL THAN RECONSTRUCTING THE 400 WITH SPECIAL NOW AS PROPOSED IN THE 1977 BUDGET AND BUILDING A SECOND CIRCUIT IN 1980 WHEN THE CONDUCTORS WOULD AGAIN BE OVERLOADED. (Originally budgeted in 1980-1)						
RECEIVED		COMPLETED				
JAN 11 1977		DATE MAY 0 8 1978				
GENERAL OFFICE APPROVAL		ENGINEERING				
BY		BY				
Est. ER21 Costs: \$		Completed By: (b)(6)		Completion Date: 1-11-77		
ESTIMATED COST, ECONOMIC AND BUDGET DATA				RECOMMENDATIONS AND APPROVALS		
1	GROSS PROPERTY ADDITIONS	26,947	2	REMOVED BY: (b)(6)	DATE	
2	REMOVAL COSTS	1,924	3	RECOMMENDED BY: (b)(6)	DATE	
3	SALVAGE VALUE/REIMBURSEMENTS		4	PROPERTY NO.:	DATE	
4	TOTAL AUTHORIZED EXPENDITURE (1+2-3)	25,023	5	DIVISION NO.:	DATE	
5			6	POWER DEPT.:	DATE	
6	RELATED OPERATING EXPENSES 20.51	1,256	7	PROPERTY/OPERATING DEPT.:	DATE	
7	SERVICES - (Net)		8	R/W REQ'D.:	DATE	
8	METERS IN PLANT ACCOUNT (Net)		9	PERMIT/AGREEMENT, REQ'D.:	DATE	
9	TRANSFORMERS IN PLANT ACCOUNT (Net)		10	BILL OF SALE REQ'D.:	DATE	
10	TOTAL COST OF PROJECT (4+5+6+7+8+9)	26,279	11	DEPARTMENT APPROVALS:	DATE	
11	CUSTOMER ADVANCE (Kind -)		12	ACCOUNTING AS: AHT/WH	DATE	
12			13	(b)(6)	DATE	
13			14	(b)(6)	DATE	
14	BUDGET ITEM AUTHORIZATION	24,000	15	(b)(6)	DATE	
15	CURRENT YEAR AUTHORIZATION	26,279	16	(b)(6)	DATE	
16	ADDED REVENUES ON RATE SCHEDULE NO.		17	(b)(6)	DATE	
17	ESTIMATED:		18	(b)(6)	DATE	
18	RATIO: LINE (16-11) + 16 (1) =					
19	CONTRACT:					

S.D.
9 JAN 77

TELEDYNE
WAH CHANG ALBANY

P.O. BOX 460

ALBANY, OREGON 97321

(503) 926-4211 TWX (510) 595-0973

February 22, 1978

Mr. William Hahn
Pacific Power and Light Company
236 Lyon Street
Albany, Oregon 97321

Dear Bill:

Confirming our telephone conversation, TWCA is installing a new electron bombardment furnace in Building No. 75. This furnace is in addition to the existing "S-6" furnace and will require a larger service to replace the existing 800 amp service. We would like this new service to be 277/480 volt grounded wye. The turn on date is July 1, 1978.

The anticipated load is as follows:

1) Existing load, 510 kw @ 85% PF	586 kva
2) 3 ea. 250 kw E.B. guns D.C. supplies, 75% efficiency	937 "
3) 4 ea. 2 kw diffusion pumps	80 "
4) 6 ea. 2.2 kw VARVHS6 diffusion pumps	13.2 "
5) 2 ea. 20 hp KMBD850 mechanical pumps	43 "
6) 1 ea. 10 hp EHI600 blower	11 "
7) 1 ea. 125 hp water pump	124 "
8) 6 ea. 15 hp cooling fans	100 "
9) Miscellaneous small motors	15 "
10) Controls	3 "
TOTAL	1912.2 kva

The new furnace will operate concurrently with the existing equipment which will result in a demand essentially equal to the connected load.

S.D.
9 JAN 1978

RECEIVED
FEB 24 1978
RATE DEPT.

Exhibit 1
Page 3

3

27760073

PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT: February 15, 1977

MR. J. E. PIENOVIC:

The purpose of this memo is to document for our files, the understandings that were reached in the February 9, 1977 meeting relative to the increased power requirements at Wah Chang Albany.

Wah Chang presently has in excess of \$550,000 of leased primary distribution facilities. The present single point of delivery is a totalizing scheme at which the two parallel 12 kv circuits enter Wah Chang's property. Present deliveries of approximately 20,000 kw are billed under the now effective Oregon Schedule 37 with a downward adjustment of 35¢/kw/mo. for primary delivery. Although primary delivery adjustments are limited by the rate schedule to "locally standard primary voltage". Since Wah Chang received primary treatment at 12 kv when that was our locally standard distribution voltage, they have been "grandfathered" within the capacities presently available. Under Wah Chang's major expansion plans, we are clearly being requested to go beyond anything that has previously been agreed to and a new contract will be required.

Relative to installing additional capacities for Wah Chang, they will have the following options:

1. Continue to take all deliveries at 12 kv. Additional circuits between Murder Creek and the plant will be constructed as required and the load will be totalized at the point of delivery. At such time as the additional capacity becomes available (the third circuit is put in service), the entire load will be treated as a non-standard primary voltage which does not qualify for the primary voltage adjustment. Billings will be made under Schedule 37 with no billing adjustments.
2. Add a second point of delivery at 20.8 kv. Freeze the expansion of 12 kv at the present level and establish a new point of delivery at 20.8 kv. The existing point of delivery will continue to be "grandfathered" and will receive the 15¢/kw/mo. primary delivery adjustment downward. The new point of delivery would constitute a second rate application and would qualify as a standard primary delivery voltage for the 15¢ downward adjustment.
3. Single point of delivery at 20.8 kv. The existing facilities could be converted to 20.8 kv and the new load totalized at the one point of delivery. This would constitute a single rate application qualifying for the primary voltage adjustments. The cost of converting the existing leased facilities would be born by Wah Chang and Engineering will provide this estimate.
4. On-site substation. If a substation location on Wah Chang's property can be provided that is accessible to transmission voltage the total load could be served at either transmission or primary voltage. The suitability of the site and feasibility of making the required transmission changes will be determined by Engineering. Pacific provides transmission taps only if it can be accomplished without compromising the high standards associated with the transmission system. If delivery is made at transmission voltage with the customer owning the trans-

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February 15, 1977

formation, Schedule 37 specifies a downward billing adjustment of 27¢/kw/mo. Pacific will also deliver from an on-site substation, any primary voltage that is mutually acceptable. (as an example, Pacific agreed that 12.5 kv was an acceptable voltage at Western Kraft and they qualify for primary voltage adjustments). If Wah Chang should select a primary voltage that is not acceptable to Pacific (usually because we can supply no backup), they will be required to provide their own transformation.

Also, discussed at the meeting was the limiting of further growth of the present lease situation. It was suggested that all new facilities be paid for by Wah Chang and that the present charges be increased to buy out, over time, the present leased facilities. Pacific would own, operate and maintain all of the facilities, both new and old until such time as Wah Chang had completed the buy out schedule.

(b)(6)

H. A. Van Atta

HAV:sh

cc: Wah Chang Work File

S.D.
9 JAN 14

Exhibit 1
Page 5

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PACIFIC POWER & LIGHT COMPANY
INTERNAL CORRESPONDENCE

SUBJECT: Albany - Wah Chang Five Year Study

January 17, 1977
Albany, OregonBill Triplett
Portland

Attached is the completed study for this single customer.
It is assembled separately from the general Albany study as it may require
more frequent updating.

The construction requirements for the years 1978 through 1981
are addressed in this study which is submitted for engineering review
and approval.

(b)(6)

C. E. Rhodes

CER:pp
AttachmentS.O.
9 JAN 13Exhibit 1
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FIVE YEAR STUDY SUMMARY

Study Title: TELEDYNE WAH CHANG
ALBANY, OR

Recommended Plan, Alternate No.: _____

Description: _____

Substations: _____ Feeders: _____
Murder Creek 69/12 Wah Chang 12KV

District: Albany Date Completed: December, 1976
 Prepared By: DML/C.E. Rhodes Reviewed By: _____

CONSTRUCTION REQUIREMENT FORECAST

DESCRIPTION OF REQUIRED WORK	CONSTRUCTION COST ESTIMATE				
	In 1977 Dollars				
	1978	1979	1980	1981	1982
Overbuild existing 4/0 circuit with 500 MCM cu (in 1977 budget)					
Underbuild existing 500 MCM cu circuit south of meter			14700		
Reconductor 1/0 cu circuit to zirconium reduction building	17000				
Change out 6/715 MVA substation trans. 15/25 MVA	200000				
Install third feeder from sub to Wah Chang facilities (3-795 AAC)		22500			
TOTAL 254,200	217000	22500	14700		

Approved By: _____ Date _____ District Manager _____

 Division Manager _____

50.
9 JAN 77

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DISTRIBUTION STUDY - SYNOPSIS

STUDY TITLE: Teledyne Wah Chang - 12 KV
Albany, Oregon

PURPOSE AND SCOPE: Teledyne Wah Chang Corp. is a rare metals manufacturer producing primarily zirconium. This study covers the Teledyne Wah Chang properties and all associated equipment back to and including Murder Creek Substation (see Map I). The load is served through two parallel 69/12 KV Delta-Delta transformers. Two express feeders connected in parallel out of Murder Creek Substation serve Wah Chang at one meter location.

Teledyne Wah Chang has a summer peak. The highest peak experienced thus far has been 22 MW. Wah Chang plans to double their existing load by year 1981.

CONCLUSIONS AND RECOMMENDATIONS: Teledyne Wah Chang is taking on a tremendous project with the anticipation to double their existing load. Because of this large load (44 MW) Pacific Power will have to add a considerable amount of capacity to its existing system. Due to cost, engineering features and reliability of service, the method chosen to increase capacity is a third feeder. Map I shows the proposed route of said third feeder. Also shown is the proposed feeder work necessary to keep circuits within recommended loading levels. Various reconductoring and feeder additions will maintain capacity to the circuits past the metering point on Wah Chang properties. There are no engineering or maintenance problems anticipated with these new circuit additions. Table 1 shows the work necessary to maintain capacity on our system.

Wah Chang will have to maintain a terrific expansion program in order to keep up with their projected load growth. It is anticipated the dates of the feeder additions may slip two to four years. It is recommended the load be reviewed and studied every year.

TABLE I

Device	Req. Load	Estimated Peak Load/Year	Action to Correct
Substation Transformer	7.5 MVA	7.6 MVA/1978	Change out to 25 MVA
Feeders to Wah Chang (2)	32.0 MVA	33.2 MVA/1979	3rd Feeder (Parallel)
South Circuit	18.5 MVA	20.6 MVA/1980	Underbuild w/new arkt
Circuit to zirconium plant	6.9 MVA	7.4 MVA/1978	Reconductor

-5-

TABLE II

TELEDYNE WAH CHANG - ALBANY OR.									
TRANSFORMER FEEDER CIRCUIT	MVA RATING/ FEEDER LIMIT	GROWTH RATE	1976 RECORD PEAK	PROJECTED PEAK (MW)					% ULT. LIMIT 1981
				1977	1978	1979	1980	1981	
T-1200 or T-NEW	6/7.5 15/25	15%	6.5	7.6	16.1	18.5	21.2	24.0	96%
T-2045	15/20		15.0	17.5	12.9	14.8	17.0	20.0	100%
5M 131	16 MVA	15%	10.5	12.6	14.5	11.1	12.7	14.6	91%
5M 132	16 MVA		10.5	12.6	14.5	11.1	12.7	14.6	91%
5M ---	16 MVA					11.1	12.7	14.6	91%
WEST CIRCUIT UNDERBUILD	10.8 MVA 18.5 MVA	15%	10.0	2.8 8.8	3.3 10.1	3.7 11.6	4.2 13.4	4.9 15.4	45% 83%
SOUTH CIRCUIT UNDERBUILD	18.5 MVA 18.5 MVA		11.5	13.6	15.6	18.0	9.8 10.8	11.3 12.4	61% 67%
TOTALS	45 MVA-T		21.5	25.1	29.0	33.3	38.2	44.0	98% T

file

PACIFIC POWER & LIGHT COMPANY

POST OFFICE BOX 248

PHONE 503-928-3311

236 SOUTH LYON STREET
ALBANY, OREGON 97321

August 3, 1976

Mr. J.H. McClain
Teledyne Wah Chang Albany
P.O. Box 460
Albany, Oregon 97321

Dear Mr. McClain:

Thank you for your letters of August 2 relating to your Company's projected increase in production and resulting increase requirements for Electric and Water Services.

Since your Company's projected increase in Electric and Water Service, provided by Pacific, is of such magnitude I am forwarding your letters to our Management and Engineering offices in Portland for their review.

Upon receipt of our engineering and management review of this matter, I would be glad to discuss with you Wah Chang's additional Water and Electric power requirements and the potential associated costs to Teledyne Wah Chang for making these services available.

Thank you for advising us of your Company's expansion plans at an early date.

Very truly yours,

(b) (6)

H.A. Hurlbut, Jr.
District Manager

BAH:pp

cc: G.W. Spicer w/attachments
C.E. Elston "
K. Coleman "
C. Rhodes "
G. Spani "
Loeks/Svendsen w/attachments



WAH CHANG ALBANY

P.O. BOX 460

ALBANY, OREGON 97321

(503) 926-4211 TWX (510) 595-0873

August 2, 1976

Mr. H. Hurlbut
Pacific Power & Light Co.
P. O. Box 248
Albany, OR 97321

Dear Mr. Hurlbut:

The Company is anticipating increased production amounting to twenty percent per year over the next five years. Since our energy requirements are largely a function of production we would anticipate a similar increase in energy.

We speak in terms of energy because we must consider natural gas input as well as electrical input. Presently we are limited by the PUC to an increase in gas consumption of 500 therms per day each year. If this limitation is not lifted then we will have to switch to other forms of energy where feasible.

We have to assume in any projection that the DEQ and other regulatory agencies will permit our expansion.

In any event we believe that our power requirements will increase in relationship to our production and we expect that PP&L will continue to be able to provide this service. We will appreciate any advice from you in this respect.

Yours very truly,

(b) (6)

J. H. McClain

JHM:vc

PACIFIC POWER & LIGHT COMPANY
TWO-WINDING POWER TRANSFORMER SPECIFICATION
GPR 1560-973, T-3657-3660

ITEM 1. Four Transformers
Murder Creek Substation
Albany, Oregon

T - 3657 - 3660

To Be Manufactured By
McGraw-Edison Power Systems Division
Canonsburg, Pennsylvania

Date of Specification: February 9, 1979

Note: Manufacturer shall not deviate from this specification
without securing Purchaser's approval in writing

THIS AGREEMENT, executed as of the 15th day of November, 1956, by and between WAH CHANG CORPORATION, a New York corporation, hereinafter referred to as "Customer", and PACIFIC POWER & LIGHT COMPANY, a Maine corporation, hereinafter referred to as "Company", WITNESSETH:

That Customer is constructing and will operate two plants on a triangular plot of ground located north of Albany, Oregon, and south of Harder Creek, Oregon, and has requested Company to furnish all electric power and energy required for the operation of Customer's equipment to be installed in said plants; and Company is willing to provide the necessary facilities and to make such electric power and energy available to Customer under the terms and conditions specified herein;

NOW, THEREFORE, the parties hereto accordingly hereby mutually agree as follows:

1. Beginning on the effective date hereof and continuing thereafter until this agreement shall have been terminated as hereinafter provided, Company will furnish and deliver, and Customer will take and pay for in accordance with the terms and conditions hereinafter specified, all electric power and energy required by Customer for the operation of Customer's said plants. It is presently estimated that the electric power required hereunder will not be less than 3,000 kw at not less than 75% load factor.

2. The electric power and energy to be furnished and taken hereunder shall be of the kind commonly known as three phase, alternating current, with a frequency of approximately sixty (60) cycles per second and an initial potential of approximately 12,000 volts delta, and an ultimate potential of approximately 20,800 volts

wye, both said frequency and said voltages to be subject to reasonable variation in either direction. Company, at its own expense, will make the necessary additions to its facilities required for the delivery of such electric power and energy to Customer at the point of delivery hereinafter specified. Company will also install and own, and lease to Customer, certain facilities located beyond said metering point as specified in Paragraph 5 hereof. Customer, at its own expense, will furnish, install and maintain all equipment required by Customer beyond the point of delivery, exclusive of the facilities to be leased from Company, as shown in more detail on the sketch marked Exhibit A attached hereto and forming part hereof.

3. The point of delivery shall be the point of metering. Company will install on a pole to be located at a mutually agreeable point generally in the northeastern corner of the property of Customer, as shown in more detail on Exhibit A hereof, suitable meters to measure deliveries at the primary voltage.

4. Company will bill Customer monthly for electric power and energy delivered, and Customer will pay each such monthly bill at Company's office in Albany, Oregon, within ten (10) days after Customer's receipt thereof. Company's bill for electric power and energy furnished hereunder shall be computed in accordance with the following rate schedule:

The sum of the following demand and energy charges:

Demand Charge:

\$1.95 for each kilowatt of monthly demand

Energy Charge:

No charge for the first 360 kwh per kw of Demand
0.2 cents per kwh for all additional kwh

Minimum Monthly Bill:

The Demand Charge but not less than \$3,000.00

Demand:

The kilowatts as shown by or computed from the readings of the Company's Demand meter, for the 30 minute period of Customer's greatest use during the month, determined to the nearest kilowatt.

Power Factor Adjustment:

In any monthly billing period in which the Customer's measured maximum thirty (30) minute reactive kilovolt ampere demand is in excess of 32 percent (32%) of Customer's measured maximum thirty (30) minute kilowatt demand, Customer will pay to Company twenty-five cents (25¢) for each reactive kilovolt ampere of such excess. The ratio between reactive kilovolt ampere and kilowatt demand will be determined by permanently installed instruments.

Limitation of Rate During Testing Period:

Should the application of the above rate result in an average price in excess of eight mills (.8¢) per kwh for any month during the first ninety (90) days after the effective date hereof, bills will be rendered during said period at the rate of eight mills (.8¢) per kwh and the "Demand Charge" and "Minimum Monthly Bill" provisions will not be applied.

The rate set forth above shall be subject to review and adjustment at the end of each three year period after the effective date hereof providing written notice is given by either party to the other not less than sixty (60) days prior thereto. Any adjustment made, either upward or downward, shall be based on Company's current costs of rendering the electric service to be supplied hereunder at the time of such review compared with similar costs as of the effective date hereof.

5. Company will construct, own and maintain a 12,000/20,800 volt pole line extending from the metering point to a mutually agreeable location near

Customer's "Plant B" as shown on Exhibit A hereof. Company will also construct, own and maintain a 12,000/20,800 volt pole line extending from the metering point and terminating near Customer's "Plant A" at a Company-owned substation which will initially contain nine (9) 250 kva 12,000-480 volt transformers. Company will lease both of said pole lines together with all facilities initially installed or as may from time to time be enlarged up to the 480 volt terminals of the transformers in the substation at Plant A, for a monthly lease rental equivalent to one and one-quarter percent ($1\frac{1}{4}\%$) of the cost thereof including regular overheads. The facilities to be installed in said pole lines and substation are presently estimated to cost thirty-two thousand dollars (\$32,000.00) and a list of such facilities is attached hereto and marked Exhibit B. Company will advise Customer in writing as soon as the actual cost of construction and installation of said facilities is known. Customer hereby grants to Company such easements as are necessary to accomplish the objectives specified herein, and also grants to Company the right of access at all reasonable times for the purpose of operating, maintaining, replacing and removing Company's property.

6. It is recognized that Company would not be justified in incurring the cost of installing and removing the lines and facilities required to furnish service to Customer at said location unless such service be taken and paid for by Customer for the full period of five (5) years, beginning on the effective date hereof. To assure Company against loss in the event Customer for any reason discontinues its said operations and fails to use and pay for such service for said period of five (5) years, Customer agrees to pay Company, immediately upon such discontinuance, a contract termination payment in the amount of fifty-seven thousand and dollars (\$57,000.00), the agreed net cost to Company of installing and removing

that part of said facilities required to deliver service hereunder, less one thirty-sixth (1/36th) of said amount for each month in excess of twenty-four (24) months during which service from said installation shall have been continuously taken and paid for in full conformity with the provisions of this agreement.

7. Each party hereto hereby assumes all liability for injury or damage to persons or property arising from the act or neglect of its own employees, agents, or contractors, or occasioned by or on its own operations or properties and shall indemnify and hold the other harmless from any liability arising therefrom.

8. Except as otherwise herein provided, the furnishing and taking of service hereunder shall be subject to the provisions of the general rules and regulations set forth in Company's regularly published and filed tariff. The rates and services of Company are subject at all times to the regulatory authority of the State of Oregon as vested in and exercised by the Public Utilities Commissioner and are subject to change from time to time by lawful order of said regulatory authority or of any other competent authority having jurisdiction hereof.

9. The effective date of this agreement shall be the date upon which Customer shall first take delivery of electric power and energy hereunder, which date is presently estimated to be January 1, 1957.

10. In the event Customer shall discontinue its operations as provided in Section 6 hereof, or shall fail to pay the monthly billings as provided in Section 4 hereof, Company may, after written notice to Customer, declare all obligations of Customer immediately due and payable.

11. This agreement shall continue in full force and effect for a period of five (5) years from the effective date hereof and from year to year thereafter

until and unless terminated by written notice given by either party to the other, not less than thirty (30) days prior to the expiration of said period, or of any succeeding contract year, of its intention to terminate the contract at the end of said term or of such year.

12. This agreement and all of the terms and provisions hereof shall be binding upon and shall inure to the benefit of the respective successors and assigns of the parties hereto, save that no party hereto shall be relieved of any duty or obligation hereunder by reason of assignment except by consent of the other party.

IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate as of the day and year first above written.

PACIFIC POWER & LIGHT COMPANY

By (b) (6)
Vice President

WAH CHANG CORPORATION

By (b) (6)
Title

11
10
9
8
7
6
5
4
3
2
1

PACIFIC POWER & LIGHT COMPANY

Property to be Leased to Wah Chang Corporation

	Plant "A"	Plant "B"	Total
35' Poles	6		6
40' Poles	1		1
45' Poles	4	6	10
50' Poles	1		1
8' Crossarms	11	15	26
Single crossarm assembly	7	7	14
Double crossarm assembly	2	4	6
Patent anchor & 8' rod	4		4
3/8" S/M down guy	4		4
Channel anchor & rod, APH		4	4
7/16" HS down guy		4	4
7/16" HS span guy		6	6
4" x 6" x 24'0" timbers	4		4
4" x 6" x 22'0" timbers	9		9
Pins	48	17	65
#4/0 B.C. wire, lbs		2,743	2,743
#2/0 B.C. wire, lbs	2,000	320	2,320
#2 B.C. wire, lbs	70		70
Secondary grounds	8		8
#1012 Ins.	48	17	65
2-6" disc. insulators	30	16	46
15 kv 600 A. K.P.F.		1	1
15 kv 400 A. K.P.F.	1		1
Fuse cutouts 15 kv, 100 A, 4,000 A. Int.	9		9
Transformers 250 kva with 480 v. secondary	9		9
Concrete pads	3		3
Fence - chain link	88'		88'

Estimated Cost

\$32,000

EXHIBIT "B"

TWCA SPECIAL PROJECTS

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Estimated Energy</u> <u>Requirements KWH/MONTH</u>
1	Vitrification of Lime Solids	2,286,083
2	Magnesium Plant	2,016,666
3	60,000 CU Ft./Hr. Nitrogen Gas Plant ..	504,000
4	One New 750 kw Electron Beam Furnace In Conjunction With Two Existing Electron Beam Furnaces All Metered At One Point Of Metering	875,000
5	Experimental Zirconium Reduction Furnace	100,000
6	GFM Rotary Forging Machine	93,000
7	Billet Induction Heater	10,833

UNION CARBIDE CORP.

APR 12 1984

PKI

Mr. John L. McMahan
Grant County PUD
P.O. Box 678
Ephrata, WA 98823

Dear Mr. McMahan:

Bonneville Power Administration (BPA) has reviewed Grant County PUD's (Grant) March 7, 1984, facility determination letter. BPA concurs with Grant's finding that Union Carbide's liquid silane and polycrystalline silicon facilities are two separate facilities.

The Union Carbide facilities meet the separate facility determination criteria in section 3(a) of BPA's utility power sales contract with Grant. The two facilities (1) produce different products, (2) are administered under separate contracts, (3) are metered and billed separately, and (4) are electrically independent.

BPA agrees that, if the actual energy consumption at the two facilities occurs, as stated in Grant's letter neither load would be a New Large Single Load. As you are aware, based on your prior discussions with BPA staff the statutory test and the test in section 3(b) of the power sales contract is an actual energy consumption test. Grant will monitor the load at each of the Union Carbide facilities, during each consecutive 12-month period, from the agreed upon date of commercial operation. The actual energy consumption of the load at the facilities will be the deciding factor in determining whether the load at either facility has become a New Large Single Load.

Should you have any questions concerning this facility determination please contact Janet McLennan at (509) 230-6154.

Sincerely,

(SGD) Peter T. Johnson

Administrator

KMoxness:10 (WP-PKI-4224b)

cc:

P. Johnson - A
R. Ratcliffe - A
J. Jura - A
J. Robertson - AL

H. Soigal/P. Michie - AP
R. Wilkerson - OK
R. Rodewald - OKN
J. Jones - P

J. McLennan - PG
T. Noguchi - PK
D. J. Anderson - PKI
Official File - PKI

WASH PPSS
(ENERGY NORTHWEST)



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

OFFICE OF THE ADMINISTRATOR

In reply refer to: PKI

FEB 15 1983

Mr. Robert L. Ferguson
Managing Director
Washington Public Power Supply System
P.O. Box 968
Richland, WA 99352

Dear Mr. Ferguson:

Washington Public Power Supply System (Supply System) requested in a letter of August 3, 1982, that Bonneville Power Administration (BPA) make a determination whether or not BPA will charge the Supply System for station service at WNP-1, -2, and -3. In subsequent conversations the Supply System asked BPA to make a determination that the station service load at these three facilities was contracted for as of September 1, 1979, pursuant to Section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act.

In making the determination whether the loads were contracted for at each facility and the size of loads as of September 1, 1979, BPA has considered the following information: Supply System Project Agreements, including Contract No. 14-03-39211, dated November 16, 1972, between the Supply System and BPA for WNP No. 1; Contract No. 14-03-19121, dated October 5, 1970, between the Supply System and BPA for WNP No. 2; and Contract No. 14-03-39100, dated January 26, 1973, between the Supply System and BPA for WNP No. 3. BPA has also considered the provisions of the Net Billing Agreements between BPA, the Supply System and Participants, and the Ownership Agreement on Project 3. Section 9 of the Net Billing Agreements provides that a Participant may elect to withdraw for its use a portion of its share for which payment by BPA was not made. Section 9(b) provides that:

"(b) If the Participant elects to withdraw all or a portion of its Participant's Share as provided in this section, the Administrator will transmit such share to any point(s) of delivery on the Federal Columbia River Power System designated by the Participant where the Administrator determines such share can be made available, will supply station service and losses related to such share during shutdown of the Project, and will provide forced-outage reserves for such share, under the same terms and conditions as provided in contracts for similar service then being offered to other utilities in the Pacific Northwest owning interests in large thermal projects."

Section 7(b) of the Project Agreement reads:

"During any hour in which the Project does not generate power for station use and losses to the high voltage terminals of the Project substation, the Administrator shall furnish such power, except for amounts others are obligated to supply under the Project Exchange Agreements and Net Billing Agreements, to the Supply System at the Point of Delivery specified in section 11 of the Net Billing Agreements * * * "

Based on the Project Agreements, the Net Billing Agreements and Ownership Agreements, BPA has determined that there were contracts in effect for each of the facilities (Projects; WNP-1, -2, and -3) as of September 1, 1979. Therefore these loads were contracted for prior to September 1, 1979. The station service load contracted for at each of the three facilities is respectively: WNP-1 (30 avg. MW), WNP-2 (30 avg. MW), and 70 percent of WNP-3 (42 avg. MW). These amounts have been entered in the Exhibit K, Table 2 of the Supply System's power sales contract with BPA. Please attach the enclosed Exhibit K, Table 2, to your utility power sales contract.

Sincerely,

(b)(6)

Administrator

Enclosure:
Exhibit K, Table 2

Exhibit K
Table 2, Page 1 of 1
Contract No. DE-MS79-BP90517
Washington Public Power Supply System
Effective on Effective Date
of this Contract

NEW LARGE SINGLE LOAD DETERMINATIONS EXHIBIT

TABLE 2

List of Purchasers' Loads and Amounts Which Were
Contracted For, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Present Location</u>	<u>Yearly Amount of Firm Energy (Avg. MW)</u>
WNP-1 Nuclear Facility	Hanford, Washington	30
WNP-2 Nuclear Facility	Hanford, Washington	30
WNP-3 Nuclear Facility	Satsop, Washington	42

(WP-PKI-1541c)

DECISION PAPER

REQUEST OF WASHINGTON PUBLIC POWER SUPPLY SYSTEM (SUPPLY SYSTEM) THAT THE ADMINISTRATOR DETERMINE THAT THE STATION SERVICE LOAD AT THE WNP-1 NUCLEAR FACILITY, THE WNP-2 NUCLEAR FACILITY, AND THE WNP-3 NUCLEAR FACILITY, IS NOT A NEW LARGE SINGLE LOAD FOR PURPOSES OF EXHIBIT K, TABLE 2.

ISSUE: Whether the station service load at the above facilities was contracted for by a public body as of September 1, 1979, and if so, the size of the station service load at each facility?

BACKGROUND: Washington Public Power Supply System (Supply System) has requested a determination by the Bonneville Power Administration (BPA) that the station service load at WNP-1, Hanford, Washington, WNP-2, Hanford, Washington, and WNP-3, Satsop, Washington, are not New Large Single Loads pursuant to section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act on the basis that the station service load at these facilities were "contracted for" by public bodies as of September 1, 1979.

In July 1982, Mr. Jerry Read of the Supply System's Corporate Budgets Department made a request of BPA's budget analyst to make a number of Supply System related determinations, including whether BPA would charge the Supply System for station service. Subsequent contacts between the Supply System and BPA resulted in this request for BPA to make a contracted for determination on addressing station service to WNP-1, -2, and -3. BPA has considered the provisions of the Net Billing Agreements, and the Project Agreements on Projects 1, 2, and 3, and the Ownership Agreement on Project 3. A review of the Project Agreements for the three facilities indicates the following:

BPA entered into Project Agreement No. 14-03-39211 with the Supply System for WNP No. 1 on November 16, 1972. BPA entered a Project Agreement No. 14-03-19121 with the Supply System for WNP No. 2 on October 5, 1970. BPA entered into Project Agreement No. 14-03-39100 with the Supply System for WNP-3 on January 26, 1973.

Under the provision of Section 7(b) of the Project Agreements, BPA is obligated . . . "during any hour for which the project does not generate power for station service to furnish such power, except for amounts under its obligation to supply under the project exchange agreements and net billing agreements with the Supply System." Since the contract dates precede September 1, 1979, and the language is unequivocal it is clear that BPA has an obligation to provide station service subject to any limitations contained in the Project Agreements.

BPA has also reviewed the Net Billing Agreements on each of the Projects. Section 9 of the Net Billing Agreements provides that a Participant may elect to withdraw for its use a portion of the Participant's share for which payment by BPA was not made under this Agreement. Section 9 further provides that:

"(b) If the Participant elects to withdraw all or a portion of its Participant's Share as provided in this section, the Administrator will transmit such share to any point(s) of delivery on the Federal Columbia River Power System designated by the Participant where the

Administrator determines such share can be made available, will supply station service and losses related to such share during shutdown of the Project, and will provide forced-outage reserves for such share, under the same terms and conditions as provided in contracts for similar service then being offered to other utilities in the Pacific Northwest owning interests in large thermal projects."

The Net Billing Agreements were entered into prior to September 1, 1979 and were in effect as of that date.

RECOMMENDATION: It is staff's recommendation that based on the Project Agreements and the Net Billing Agreements between the Supply System, the utilities and BPA that the loads for station service were under contracts in effect for each of the facilities (Project WNP-1, -2, and -3), as of September 1, 1979. Staff recommends that the Administrator find that the loads were contracted for prior to September 1, 1979, in the following amounts, based on the projects "hot standby" modes, and include them in Exhibit K, Table 2 of the Supply System's power sales contract with BPA. For WNP No. 1, Hanford, Washington (30 avg. MW), WNP No. 2, Hanford, Washington (30 avg. MW), WNP No. 3 (70 percent), Satsop, Washington (42 avg. MW).

(WP-PKI-2413b)

Why does #3
get 60 MW
total, when
#1 & #2 get 30 MW?

WELLS RURAL ELECTRIC CO.

June 25, 1993

WC

Mr. Daniel L. Kessler, Jr.
General Manager
Wells Rural Electric Company
P.O. Box 365
Wells, NV 89835

Dear Mr. Kessler:

This letter is in response to Wells Rural Electric Company's (Wells) April 21, 1992 written request for several determinations based on section 8 of Wells' Power Sales Contract, Contract No. DE-MS79-81BP90571 (Power Sales Contract), with the Bonneville Power Administration (Bonneville). Section 8(a), Determination of a Facility, states in part "Bonneville and the Purchaser [Wells] shall make a reasonable determination of what constitutes a single facility, for the purpose of identifying a New Large Single Load****" These determinations are occasioned by planned load increases at the Newmont Gold Company's (Newmont's) Gold Quarry Mine which is a customer of Wells. These determinations are the result of extensive discussions and analysis by Bonneville, Wells and Newmont, of all the relevant facts surrounding the planned load increases and application of section 8 of the Power Sales Contract and all relevant Bonneville policies regarding new large single loads.

Wells requested that Bonneville determine that:

1. The Gold Quarry Mine pit, in which Newmont is planning to install electrical pumps for dewatering, is a separate facility from the ore processing facilities (mill and leach);
2. "Load normalizing" be allowed during renovation construction in measuring the planned increases at the existing mill load; and,
3. The planned Praxair oxygen plant which will supply oxygen to the increased mill load, is a separate facility from the ore processing facilities (mill and leach).

For the reasons set forth below, Bonneville has made the following determinations:

1. The Gold Quarry Mine pit is not a separate facility from the ore processing facilities (mill and leach) and its electrical load is to be allocated between those two existing facilities;

2. "Load normalizing" will be allowed when measuring increases in the mill load during renovation construction at the mill facility; and,
3. The Praxair oxygen plant is a separate facility from the ore processing facilities (mill and leach).

GOLD QUARRY MINE PIT

The following criteria listed in section 8(a) of the Power Sales Contract were applied to the facts surrounding the Gold Quarry Mine Pit dewatering:

1. whether the load is operated by a single consumer;
2. whether the load is in a single location;
3. whether the load serves a manufacturing process which produces a single product or type of product;
4. whether separable portions of the load are interdependent;
5. whether the load is contracted for, served or billed as a single load under the individual Purchaser's (Wells') customary billing and service policy;
6. consistent application of the foregoing criteria in similar fact situations; and
7. any other factors the parties determine to be relevant.

In determining that the Gold Quarry Mine pit dewatering is not a separate facility from the ore processing facilities (mill and leach), Bonneville found the following:

1. The load is operated by the same consumer, Newmont Gold Company, which operates the ore processing facilities (mill and leach);
2. The load is in the same location as the ore processing facilities;
3. The load serves two gold mining facilities (mill and leach) which produce a single product (gold ingots);
4. The ore processing facilities are interdependent with the load inasmuch as pit dewatering is necessary to provide them with a continuous supply of raw ore for their processes which are totally dependent upon such supply;

5. The load will be allocated between and billed, by Wells, as a part of the ore processing facilities (mill and leach);
6. This application of the criteria consistent with similar fact situations; and
7. The parties identified no other factors relevant to this determination.

The pit dewatering electrical usage will be allocated to the mill and the leach facilities based upon the mine pit gold ore output used by the mill and leach facilities. Newmont will provide Wells a monthly record of mill and leach pit ore production tonnage. Wells will allocate pro rata the monthly mine pit dewatering electrical usage to mill and leach electrical usage based upon mine pit ore production tonnage. Newmont will make Stockpile Reports available to Wells upon request for auditing mine pit production.

"LOAD NORMALIZING" (RENOVATION)

Section 8(h) of the Power Sales Contract states in part

***The following events shall not cause a load to be considered a New Large Single Load if such event does not result in an increase in power requirements of a Consumer on the Purchaser of 10 average megawatts or more during any consecutive twelve-month period as herein above provided:

"(2) relocation, replacement, or renovation of a Consumer's facility within the Purchaser's service area*** (emphasis added)"

The shutdown at the existing mill facility during the expansion construction is occurring because Newmont is renovating its mill facility by upgrading it to include a refractory (roasting) process. The goal of this renovation is to improve ore recovery efficiencies and increase the economic output of gold from the Gold Quarry Mine. Therefore, pursuant to section 8(h), this event will not cause the mill load to be considered a new large single load as long as consumption does not increase by more than 10 average megawatts during any consecutive 12-month period. Bonneville will apply the consumption level which occurred prior to construction of the renovation to the period of the renovation for measuring increases from renovation. Newmont will notify Wells of the date when the load is reduced for construction and of the date when service resumes after construction of the refractory process. Wells will, in turn, notify Bonneville.

PRAXAIR OXYGEN PLANT

In determining that the Praxair oxygen plant is a separate facility from the ore processing facilities (mill and leach), Bonneville applied the criteria of section 8(a) of the Power Sales Contract (listed above) and reached the following conclusions:

1. The Newmont ore processing facilities and the Praxair oxygen plant are operated by two separate and independent companies and consumers;
2. The load is in a single location;
3. The Praxair oxygen plant will produce oxygen for the purpose of enhancing the new refractory process at the existing mill facility, which produces gold ingots;
4. The proposed Praxair oxygen plant is a process that produces a separate product, oxygen, which is a part of an integrated economic system for the purpose of recovering gold from ore, however, Praxair may sell oxygen or other gases it produces to other parties;
5. The oxygen plant will be separately metered and billed to Praxair, Inc., under a contract with Wells separate from Newmont's contract with Wells;
6. Bonneville's finding of a separate facility for the Praxair oxygen plant is consistent with past determinations by Bonneville, and
7. No additional factors were identified.

If you have any questions, please contact Joe Rogers at (509) 522-6211, at the Snake River Area Office.

Sincerely,

(Sgd.) E. W. SIENKIEWICZ

Edward W. Sienkiewicz
Senior Assistant Administrator

(8174-PMCG-W:\PMC\NEWMONT1.DOC)

cc:

H. Spigal - AP
T. Miller - APP
W. Pollock - P
D. Wolfe - PG

S. Berwager - PM
M. Nelson - PMC
C. Combs - PMCG
G. Bell - PMCG

T. Wagenhoffer - W
Area Power Manager - LC, TC, UC, WC
District Manager - LG, UM, US, UW, WI, WL
Official File - PMC (PM-12-11-2 NLSL)
Official File - PMC (PM-12-2-396)

WHATCOM COUNTY PUD



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

OFFICE OF THE ADMINISTRATOR

November 26, 1990

In reply refer to: PMC

Mr. Tom Anderson, Manager
Whatcom County PUD No. 1
2011 Young Street
Bellingham, WA 98225

Dear Mr. Anderson:

On April 13, 1990, Whatcom County PUD No. 1 (Whatcom) requested that Bonneville Power Administration (BPA) determine that the load at the British Petroleum (BP) refinery, located at Ferndale, Washington, is not a New Large Single Load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). Whatcom requested the determination on the basis that such loads were contracted for, or committed to, between Whatcom and BP as of September 1, 1979.

In making such determination, and in determining the size of the loads contracted for or committed to, in order to establish a floor upon which future increases, if any, at such facility may be measured, the following documents were considered:

1. Contracts.

- a. July 23, 1953, power sales agreement between Whatcom and General Petroleum Corporation, BP's predecessor in interest.
- b. Unsigned and undated (except for the year, 1987) draft power sales agreement between Whatcom and Mobil Oil Company.
- c. December 8, 1988, consent to assignment from Mobil Oil Corporation, successor to General Petroleum Corporation, to Sohio Oil Company of the power sales agreement between Whatcom and General Petroleum.

2. Correspondence.

- a. November 18, 1959, letter from C.G. Cortelyou, General Petroleum refinery manager, to Harold Lant of Whatcom.
- b. March 2, 1970, letter from O.C. Johnson, manager of the Ferndale refinery, to Harold Lant.
- c. March 5, 1970, draft letter from unnamed attorney for Whatcom to William D. Frans, Area Power Manager, BPA Seattle Area Office.

- d. March 12, 1970, letter from William D. Frans to Harold Lant.
- e. February 1, 1973, and February 2, 1973, descriptions under the heading "Mobil Oil Company" of telephone calls by Mr. Johnson.
- f. February 2, 1973, letter from O.C. Johnson to Harold Lant.
- g. August 25, 1978, letter from Frank Spisak, manager of Whatcom, to Thomas M. Noguchi, BPA Seattle Area Power Manager.
- h. July 13, 1979, letter from A.E. Williamson, manager of the Mobil Oil refinery, to Frank Spisak.
- i. July 17, 1979, letter from Frank Spisak to Thomas M. Noguchi.
- j. March 13, 1989, letter from D.J. Atton, vice president, and P.J. Manuguerra, assistant treasurer of BP America, Inc. to Janice Galusza of Harris Trust and Savings Bank.

BPA has determined that the load was contracted for, or committed to, as of September 1, 1979.

This determination is based on the July 23, 1953, contract between Whatcom and BP which establishes in section 5 that Whatcom contracted to serve the BP load in the amount of 8,000 kW, with a commitment by Whatcom in section 7 to supply additional requirements if Whatcom is able to furnish the additional power required. Although this contract had a 20-year term which expired in 1973, service by Whatcom to BP continued under the terms of the contract through the present, as demonstrated by the consent to assignment of the July 23, 1953, agreement signed by Whatcom and Sohio, the purchaser of the BP Ferndale Refinery, on December 8, 1988. The parties' continued agreement to serve under the terms of the July 23, 1953, agreement is further demonstrated by the unsigned draft agreement from 1987 which, except for the specification of a contract demand of 18,000 kW, includes virtually identical terms concerning Whatcom's obligation to supply BP's requirements.

A commitment to serve a load may be less than a written executed agreement between the utility and its consumer. A commitment may be based on actions and representations of the parties. Here, Whatcom continued to provide and BP continued to accept service under a contract which had expired, but they did so as if the contract had been extended under the same terms.

Mobil's and Whatcom's load estimates in July 1979 showed a projected peak demand of 19.335 MW by the second quarter of 1982. Therefore, Whatcom's commitment to supply power to BP as of September 1, 1979, was 19.335 MW. According to billing records, the actual peak demand supplied by Whatcom in 1982 was 18.65 MW, nearly the amount projected by Whatcom in July 1979.

This total contracted for or committed to load is the maximum amount of energy specified in the contract or commitment, as set forth in section 8(b) of the power sales contract, based on the projected level of demand Whatcom was obligated to supply as of September 1, 1979, at a 100-percent load factor.

BPA has determined that your contracted for or committed to load for purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90516, Exhibit K, Table 2, is 19.335 average MW.

The contracted for/committed to load established by this determination is specific to the British Petroleum refinery at Ferndale, Washington. The right to service at the priority firm power rate which this determination establishes for the BP refinery at Ferndale is not transferable to other BP facilities or operations or to sites outside of Whatcom's service territory. This determination is not applicable to service to this facility by another utility.

BPA will monitor the consumption at this load annually to determine whether the load has become a New Large Single Load as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact George Reich of the Puget Sound Area Office, at (206) 442-1764.

Sincerely,

(b)(6)

ACTING

Administrator

Enclosure:
Exhibit K, Table 2

Revision No. 1
Exhibit K, Table 2, Page 1 of 1
Contract No. DE-MS79-818P90516
Whatcom County PUD No. 1
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

(This exhibit reflects determinations made pursuant to section 3(13) of P.L. 96-501 and section 8 of this contract as of the effective date set forth above.)

Table 2

List of Purchaser's Loads and Amounts Which Were
Contracted for, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	<u>Amount of Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)</u>
BP America Refinery	Ferndale, Washington	19.335

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By

(b)(6)

ACTING Administrator

Date

*Anticipation 1/2/91
Should
have been
dated 11/26/90*

(VS6-PMCG-4506c)

NOV 26 1990

PMC

Mr. Tom Anderson, Manager
Whatcom County PUD No. 1
2011 Young Street
Bellingham, WA 98225

Dear Mr. Anderson:

On April 13, 1990, Whatcom County PUD No. 1 (Whatcom) requested that Bonneville Power Administration (BPA) determine that the load at the British Petroleum (BP) refinery, located at Ferndale, Washington, is not a New Large Single Load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). Whatcom requested the determination on the basis that such loads were contracted for, or committed to, between Whatcom and BP as of September 1, 1979.

In making such determination, and in determining the size of the loads contracted for or committed to, in order to establish a floor upon which future increases, if any, at such facility may be measured, the following documents were considered:

1. Contracts.

- a. July 23, 1953, power sales agreement between Whatcom and General Petroleum Corporation, BP's predecessor in interest.
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BPA has determined that the load was contracted for, or committed to, as of September 1, 1979.

This determination is based on the July 23, 1953, contract between Whatcom and BP which establishes in section 5 that Whatcom contracted to serve the BP load in the amount of 8,000 kW, with a commitment by Whatcom in section 7 to supply additional requirements if Whatcom is able to furnish the additional power required. Although this contract had a 20-year term which expired in 1973, service by Whatcom to BP continued under the terms of the contract through the present, as demonstrated by the consent to assignment of the July 23, 1953, agreement signed by Whatcom and Sohio, the purchaser of the BP Ferndale Refinery, on December 8, 1988. The parties' continued agreement to serve under the terms of the July 23, 1953, agreement is further demonstrated by the unsigned draft agreement from 1987 which, except for the specification of a contract demand of 18,000 kW, includes virtually identical terms concerning Whatcom's obligation to supply BP's requirements.

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Mobil's and Whatcom's load estimates in July 1979 showed a projected peak demand of 19.335 MW by the second quarter of 1982. Therefore, Whatcom's commitment to supply power to BP as of September 1, 1979, was 19.335 MW. According to billing records, the actual peak demand supplied by Whatcom in 1982 was 18.65 MW, nearly the amount projected by Whatcom in July 1979.

This total contracted for or committed to load is the maximum amount of energy specified in the contract or commitment, as set forth in section 8(b) of the power sales contract, based on the projected level of demand Whatcom was obligated to supply as of September 1, 1979, at a 100-percent load factor.

BPA has determined that your contracted for or committed to load for purposes of inclusion in your Power Sales Contract No. DE-MS79-81BP90516, Exhibit K, Table 2, is 19.335 average MW.

The contracted for/committed to load established by this determination is specific to the British Petroleum refinery at Ferndale, Washington. The right to service at the priority firm power rate which this determination establishes for the BP refinery at Ferndale is not transferable to other BP facilities or operations or to sites outside of Whatcom's service territory. This determination is not applicable to service to this facility by another utility.

BPA will monitor the consumption at this load annually to determine whether the load has become a New Large Single Load as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact George Reich of the Puget Sound Area Office, at (206) 442-1764.

Sincerely,

(Sgd.) John S. Robertson

ACTING Administrator

Enclosure:
Exhibit K, Table 2

DWolfe:sc:3556:11/19/90 (VS6-PMCG-7363b)

cc:

Adm. Chron. File - A
J. Luce - APP
B. McLean - DRER
C. Blanco - DRES
W. Pollock - P
R. Fox - PG
L. Kitchen - PMC
K. Moxness - PMCG
D. Faulkner - PS
S. Luttmer - PSCD
G. Moorman - RPC
C. Lee - RPCE
G. Lenzen - YH
Official File - PMC (PM-12-11-2 NLSL)

H. Spigal - AP
T. Miller - APP
T. Scanlon - DRES
J. Yocom - DSA
J. Curtis - P
S. Berwager - PM
C. Combs - PMCG
D. Wolfe - ~~PMCG~~ PG
A. Holm - PSCA
T. White - PSCD
R. Clark - RPCE
J. Kiley - YH
Area Power Managers - LC, TC, UC, WC

AUTHENTICATED COPY

Revision No. 1
Exhibit K, Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90516
Whatcom County PUD No. 1
Effective on the effective date
of the Power Sales Contract

Contracted For, Committed To Determinations Exhibit

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Contracted for, or Committed to, Prior
to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	Amount of Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)
BP America Refinery	Ferndale, Washington	19.335

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

/s/ Jack Robertson

Nov 26 1990

By

(b)(6)

Administrator

ACTING

Date

NOV 26 1990

(VS6-PMCG-4506c)

Revision No. 1
Exhibit K, Table 2, Page 1 of 1
Contract No. DE-MS79-81BP90516
Whatcom County PUD No. 1
Effective on the effective date
of the Power Sales Contract

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to September 1, 1979

<u>Description of Facility</u>	<u>Location</u>	Amount of Energy Contracted for or Committed to as of 9/1/79 (Avg. MW)
BP America Refinery	Ferndale, Washington	19.335

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By (b)(6)
Administrator
ACTING
Date NOV 26 1990

(VS6-PMCG-4506c)

NOV 26 1990

PMC

Mr. Tom Anderson, Manager
Whatcom County PUD No. 1
2011 Young Street
Bellingham, WA 98225

Dear Mr. Anderson:

On April 13, 1990, Whatcom County PUD No. 1 (Whatcom) requested that Bonneville Power Administration (BPA) determine that the load at the British Petroleum (BP) refinery, located at Ferndale, Washington, is not a New Large Single Load under section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). Whatcom requested the determination on the basis that such loads were contracted for, or committed to, between Whatcom and BP as of September 1, 1979.

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- b. March 2, 1970, letter from O.C. Johnson, manager of the Ferndale refinery, to Harold Lant.
- c. March 5, 1970, draft letter from unnamed attorney for Whatcom to William D. Frans, Area Power Manager, BPA Seattle Area Office.

- d. March 12, 1970, letter from William D. Frans to Harold Lant.
- e. February 1, 1973, and February 2, 1973, descriptions under the heading "Mobil Oil Company" of telephone calls by Mr. Johnson.
- f. February 2, 1973, letter from O.C. Johnson to Harold Lant.
- g. August 25, 1978, letter from Frank Spisak, manager of Whatcom, to Thomas M. Noguchi, BPA Seattle Area Power Manager.
- h. July 13, 1979, letter from A.E. Williamson, manager of the Mobil Oil refinery, to Frank Spisak.
- i. July 17, 1979, letter from Frank Spisak to Thomas M. Noguchi.
- j. March 13, 1989, letter from D.J. Atton, vice president, and P.J. Manuguerra, assistant treasurer of BP America, Inc. to Janice Galusza of Harris Trust and Savings Bank.

BPA has determined that the load was contracted for, or committed to, as of September 1, 1979.

This determination is based on the July 23, 1953, contract between Whatcom and BP which establishes in section 5 that Whatcom contracted to serve the BP load in the amount of 8,000 kW, with a commitment by Whatcom in section 7 to supply additional requirements if Whatcom is able to furnish the additional power required. Although this contract had a 20-year term which expired in 1973, service by Whatcom to BP continued under the terms of the contract through the present, as demonstrated by the consent to assignment of the July 23, 1953, agreement signed by Whatcom and Sohio, the purchaser of the BP Ferndale Refinery, on December 8, 1988. The parties' continued agreement to serve under the terms of the July 23, 1953, agreement is further demonstrated by the unsigned draft agreement from 1987 which, except for the specification of a contract demand of 18,000 kW, includes virtually identical terms concerning Whatcom's obligation to supply BP's requirements.

A commitment to serve a load may be less than a written executed agreement between the utility and its consumer. A commitment may be based on actions and representations of the parties. Here, Whatcom continued to provide and BP continued to accept service under a contract which had expired, but they did so as if the contract had been extended under the same terms.

Mobil's and Whatcom's load estimates in July 1979 showed a projected peak demand of 19.335 MW by the second quarter of 1982. Therefore, Whatcom's commitment to supply power to BP as of September 1, 1979, was 19.335 MW. According to billing records, the actual peak demand supplied by Whatcom in 1982 was 18.65 MW, nearly the amount projected by Whatcom in July 1979.

This total contracted for or committed to load is the maximum amount of energy specified in the contract or commitment, as set forth in section 8(b) of the power sales contract, based on the projected level of demand Whatcom was obligated to supply as of September 1, 1979, at a 100-percent load factor.

BPA has determined that your contracted for or committed to load for purposes of inclusion in your Power Sales Contract No. DE-MS79-818P90516, Exhibit K, Table 2, is 19.335 average MW.

The contracted for/committed to load established by this determination is specific to the British Petroleum refinery at Ferndale, Washington. The right to service at the priority firm power rate which this determination establishes for the BP refinery at Ferndale is not transferable to other BP facilities or operations or to sites outside of Whatcom's service territory. This determination is not applicable to service to this facility by another utility.

BPA will monitor the consumption at this load annually to determine whether the load has become a New Large Single Load as defined by section 3(13) of the Northwest Power Act. Consumption will be measured over 12-month periods starting on September 1 of each year.

Please attach the enclosed Exhibit K, Table 2, to your contract. If you have any questions regarding this determination, please contact George Reich of the Puget Sound Area Office, at (206) 442-1764.

Sincerely,

(Sgd.) John S. Robertson

ACTING Administrator

Enclosure:
Exhibit K, Table 2

DWolfe:sc:3556:11/19/90 (VS6-PMCG-7363b)

cc:

Adm. Chron. File - A
J. Luce - APP
B. McLean - DRER
C. Blanco - DRES
W. Pollock - P
R. Fox - PG
L. Kitchen - PMC
K. Moxness - PMCG
D. Faulkner - PS
S. Luttmer - PSCD
G. Moorman - RPC
C. Lee - RPCE
G. Lenzen - YH
Official File - PMC (PM-12-11-2 NLSL)

H. Spigal - AP
T. Miller - APP
T. Scanlon - DRES
J. Yocom - DSA
J. Curtis - P
S. Berwager - PM
C. Combs - PMCG
D. Wolfe - PMCG
A. Holm - PSCA
T. White - PSCD
R. Clark - RPCE
J. Kiley - YH
Area Power Managers - LC, TC, UC, WC

U.S. DEPARTMENT OF ENERGY
BONNEVILLE POWER ADMINISTRATION

TRANSMITTAL FOR ADMINISTRATOR'S ACTION

(Instructions on Reverse Side)

NO. 28469

I. DATE

11/2/90

II. TYPE OF DOCUMENT, AND BRIEF DESCRIPTION OF SUBJECT MATTER:

Revision No. 1, Exhibit K, Table 2 (Contracted For, Committed To Determinations),
Contract No. DE-MS79-81BP90516, Whatcom County PUD No. 1

ROUTING		TO		DATE		INITIALS	4. ON-STATE/PHONE NO.		5. ROUTING
ORDER	SYM			IN	OUT				
1	PH	SBerwager			11/20	EW	DWolfe/LKitchen/ABurns alb		PMC
X	PG	RFox		11/2		RF	6. TYPIST/PHONE NO. Don Wolfe - 3556		7. AREA & FLOOR 6V9
	PS	RGriffin					8. FAX PHONE NO. FTS 429-4973	9. CONTROL NO.	10. DUE DATE
	YH	JKiley						11. AL-15 USE ONLY	
12. SUMMARY/SPECIAL INSTRUCTIONS									
<p>Contracted for, or committed to determination pursuant to Northwest Power Act Section 3(13)(A).</p> <p>After review the Administrator should sign the letter to the utility. Enclosed with the letter is Power Sales Contract, Exhibit K, Table 2, which informs the utility that BPA has determined the facility load is contracted for, or committed to, identifies the facility, and determines the load level from which future load increases will be measured for the purpose of determining whether the load will become a new large single load. The Administrator should sign both originals of Exhibit K, Table 2. The utility will receive one original and BPA will retain the other.</p> <p>Simultaneous comments have been incorporated.</p> <p>The Administrator will sign before the Customer. THREE SIGNATURES REQUIRED.</p> <p>(VS6-PHCG-7624b) #522</p>									
	L	LOWER COLUMBIA							
	U	UPPER COLUMBIA							
X	T	PUGET SOUND		11/5	11/13	SHC			
	W	SNAKE RIVER							
2	BO	POWER SALES		11/20	11/21	WJ			
	RE	ENERGY RESOURCES							
	E	ENGINEERING							
	M	OPERATIONS, MAINTENANCE, AND CONSTRUCTION							
X	D	FINANCIAL MANAGEMENT		11/2	11/16	HC			
	SE	MANAGEMENT SERVICES							
	AI	INFORMATION RESOURCES MANAGEMENT							
	AR	COUNCIL LIAISON							
X	AP	GENERAL COUNSEL		11/2	11/3	HS			
X	AL	EXTERNAL AFFAIRS		11/2	11/2	LJ			
3	A	SENIOR ASST. ADMINISTRATOR		11-21	11-21	JS			
4	A	EXEC. ASST. ADMINISTRATOR		11-21	11-26	JS			
	A	DEPUTY ADMINISTRATOR		11/20	11/20	JS			
5	A	ADMINISTRATOR		Absent					
13. WASHINGTON, DC. OFFICE									
14. ADDITIONAL INSTRUCTIONS/COMMENTS (Check those applicable)									
<input type="checkbox"/> This document involves a change in Administration policy. <input type="checkbox"/> Return for mailing/processing. <input checked="" type="checkbox"/> Document will be transmitted by facsimile as soon as signed. <input type="checkbox"/> Call when signed. Name: Margaret Skiba Ext.: 3564									

DISTRIBUTION: FORWARD WHITE AND YELLOW COPY WITH ACCOMPANYING MATERIALS. RETAIN PINK COPY FOR PENDING FILE.

POWER CONTRACT
Briefing Memo

Contract: Revision No. 1 to Exhibit K, Table 2 (Contracted For, Committed To Determinations), Whatcom County PUD No. 1, Contract No. DE-MS79-81BP90516.

Existing Circumstances: The current Exhibit K, Table 2 lists no contracted for, committed to (CF/CT) loads.

Changes Required/Impact on Existing Circumstances: Whatcom County PUD No. 1 (Whatcom) has requested a CF/CT determination for its British Petroleum Ferndale Refinery (BP) load, to establish that Whatcom was obligated to serve the load prior to September 1, 1979, the cutoff date for CF/CT loads under the Northwest Power Act. If this load is included in Whatcom's CF/CT loads, the amount of load eligible for "grandfathered" PF service under the Northwest Power Act, which is exempt from New Large Single Load (NLSL) status, will increase, consistent with BPA's NLSL practices.

Policy Implications: The revision will increase slightly the total loads eligible for grandfathered PF service, which otherwise could potentially become NLSL's and pay the new resources rate for BPA power. Even without this change, increases in the load above the CF/CT amount could receive PF service if increases in load were managed to amounts less than 10 aMW each 12-month measuring period. Load increases will be measured over 12-month periods from September 1 of each year. This will be the BPA's 36th CF/CT determination.

Financial Management Concerns: None.

General Counsel Concerns: Comments from the Office of General Counsel have been addressed in revisions to the determination letter.

NEPA Determination: The Coordination and Review Manager for the Office of Power Sales has determined CF/CT determinations are purely factual determinations which do not involve decisions whether to take an action, and are therefore outside the ambit of the National Environmental Policy Act. No NEPA clearance is required.

Signature Instructions: The Administrator will sign the letter and two originals of the revised Exhibit K, Table 2. No signature is required from the customer.

Area Acceptance: The Puget Sound Area Office concurs with this determination.

Attachments

DWolfe:dvw:3556 (VS6-PMCG-7363b)

Decision Paper

April 13, 1990, REQUEST BY WHATCOM COUNTY PUD NO. 1 (WHATCOM) THAT THE BONNEVILLE POWER ADMINISTRATION (BPA) DETERMINE THAT AS OF SEPTEMBER 1, 1979, WHATCOM HAD COMMITTED TO SERVE LOADS AT BRITISH PETROLEUM (BP) REFINERY AT FERNDAL, WASHINGTON, IN THE AMOUNT OF 19.335 AVERAGE MEGAWATTS (MW).

ISSUE: Were the BP Ferndale refinery loads contracted for, or committed to, as of September 1, 1979, by Whatcom and BP, and, if so, what was the size of such load for purposes of establishing a floor upon which future increases in load at such facility, if any, can be measured?

BACKGROUND: On April 13, 1990, Whatcom requested that BPA determine that the loads at the BP Ferndale refinery are not New Large Single Loads under Section 3(13)(A) of the Pacific Northwest Electric Power Planning and Conservation Act (Regional Act) and section 8(b) of Whatcom's power sales contract with BPA. Whatcom alleges that the loads at the BP Ferndale refinery were contracted for, or committed to, prior to September 1, 1979.

In determining whether the loads were contracted for, or committed to as of September 1, 1979, the following information was considered:

Contracts:

July 23, 1953, power sales agreement between Whatcom and General Petroleum Corporation, BP's predecessor in interest.

Unsigned and undated (except for the year, 1987) draft power sales agreement between Whatcom and Mobil Oil Company.

December 8, 1988, consent to assignment from Mobil Oil Corporation, successor to General Petroleum Corporation, to Sohio Oil Company of the power sales agreement between Whatcom and General Petroleum.

Correspondence:

November 18, 1959, letter from C. G. Cortelyou, General Petroleum refinery manager, to Harold Lant of Whatcom.

March 2, 1970, letter from O. C. Johnson, manager of the Ferndale refinery, to Harold Lant.

March 5, 1970, draft letter from unnamed attorney for Whatcom to William D. Frans, Area Power Manager, BPA Seattle Area Office.

March 12, 1970, letter from William D. Frans to Harold Lant.

February 1, 1973, and February 2, 1973, descriptions under the heading "Mobil Oil Company" of telephone calls by Mr. Johnson.

February 2, 1973, letter from O. C. Johnson to Harold Lant.

August 25, 1978, letter from Frank Spisak, manager of Whatcom, to Thomas M. Noguchi, BPA Seattle Area Power Manager.

July 13, 1979, letter from A. E. Williamson, manager of the Mobil Oil refinery, to Frank Spisak.

July 17, 1979, letter from Frank Spisak to Thomas M. Noguchi.

March 13, 1989, letter from D. J. Atton, vice president, and P. J. Manuguerra, assistant treasurer of BP America, Inc. to Janice Galusza of Harris Trust and Savings Bank.

RECOMMENDATION:

British Petroleum Ferndale refinery: A July 23, 1953, contract establishes in section 5 that Whatcom contracted to serve the BP load in the amount of 8,000 kW, with a commitment by Whatcom in section 7 to supply additional requirements if Whatcom is able to furnish the additional power required. Although this contract had a 20-year term, which expired in 1973, service by Whatcom to BP continued under the terms of the contract through the present, as demonstrated by the consent to assignment of the July 23, 1953 agreement signed by Whatcom and Sohio, the purchaser of the BP Ferndale Refinery, on December 8, 1988. The parties' continued agreement to serve under the terms of the July 23, 1953 agreement is further demonstrated by the unsigned draft agreement from 1987 which, except for the specification of a contract demand of 18,000 kW, includes virtually identical terms concerning Whatcom's obligation to supply BP's requirements. These actions indicate that, as of September 1, 1979, Whatcom was committed to serve BP's requirements if it was able to obtain power supplies to serve those requirements.

Whatcom's commitment was limited to the extent it was unable to obtain power to serve BP's requirements. The contract in effect between BPA and Whatcom as of September 1, 1979 obligated BPA to supply Whatcom's requirements, except for increases in load greater than 35 MW. None of BP's projected load increases in the load projection of July 1979 exceeded 35 MW. Based on BPA's wholesale contract with Whatcom, Whatcom was able to obtain power to supply BP's projected increases in load as of September 1, 1979, and therefore Whatcom was committed to supply those projected increases.

BP (then Mobil Oil Corporation) and Whatcom notified BPA of an increase in requirements of 4,000 kW in March of 1970. In 1973, Mobil informed Whatcom of a planned increase in load to 18,000 kW by June 1973. Although the load did not increase as planned, the projected 1978 load, according to Whatcom's correspondence with BPA, was 14,000 kW. Mobil's and Whatcom's load estimates in July 1979 showed gradual load increases to a peak demand of 19.335 MW by the second quarter of 1982. Therefore, Whatcom's maximum commitment as of September 1, 1979 was 19.335 MW. The actual peak demand supplied to BP by Whatcom during 1982 was 18.65 MW, nearly the amount projected by Whatcom and BP in July 1979.

This total contracted for or committed to load is the maximum amount of energy specified in the contract or commitment, as set forth in section 8(b) of the power sales contract, based on the projected level of demand Whatcom was obligated to supply as of September 1, 1979, at a 100 percent load factor.

The total contracted for, or committed to load at the BP Ferndale refinery is 19.335 average MW.

It is the recommendation of BPA staff that the Administrator determine that the contracted for, or committed to load to be entered in Exhibit K, Table 2, of Whatcom County PUD No. 1's Power Sales Contract, No. DE-MS7981BP90516 shall be 19.335 average MW for the BP refinery facility located at Ferndale, Washington.

(VS6-PMCG-7363b)

Correspondence Timeline

<u>Date</u>	<u>Document</u>	<u>Notation</u>
9/23/53	Power Sales Agreement	Agreement between Whatcom and General Petroleum Corporation, BP's predecessor in interest, showing 8,000 kW demand, with Whatcom obligation to supply General's full requirements if Whatcom has assurance of supply.
11/18/59	Cortelyou letter to Lant	Notice of change to Mobil Oil Company from General Petroleum.
3/2/70	Johnson letter to Lant	Increase in load of 4,000 kW by 1972.
3/5/70	Unsigned draft letter	From unnamed attorney for Whatcom to Frans, giving notice of 4,000 kW expansion.
3/12/70	Frans letter to Lant	4,000 kVa load to be incorporated into BPA forecast.
2/1,2/73	typed notes	"Mobil Oil Company" notes of telephone calls by Mr. Johnson, stating present consumption of 12,000 kVa, increasing to 18,000 kVa later in 1973.
2/2/73	Johnson letter to Lant	Load increase from 12,000 kVa to 18,000 kVa planned for summer 1973.
8/25/78	Spisak letter to Noguchi	Load projection of increase from 14,000 kW to 28,000 kW from 1983 to 1985. [No documentation of increase from 12 MW to 14 MW.]
7/13/79	Williamson letter to Spisak	Load estimate and forecast, showing increase from 15 MW to 19.335 MW peak load by second quarter 1982. [No documentation of increase from 14 MW to 15 MW.]
7/17/79	Spisak letter to Noguchi	[Same content as 7/13/79 letter.]

undated (1987) Power Sales Agreement

Unsigned draft agreement between Whatcom and Mobil Oil Company, stating a minimum demand of 18,000 kW, with Whatcom obligation to supply Mobil's full requirements if Whatcom has assurance of supply.

12/8/88 Consent to Assignment

Assignment from Mobil Oil Corporation, successor to General Petroleum Corporation, to Sohio Oil Company of the July 23, 1953 Power Sales Agreement between Whatcom and General Petroleum.

3/13/89 Atton letter to Galusza

Notification to bank of change of name from Sohio Oil Company to BP Oil Company.

DWolfe:dvw:3556 (VS6-PMCG-7363b)