Department of Energy

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

FREEDOM OF INFORMATION ACT/PRIVACY PROGRAM

November 18, 2020

In reply refer to: FOIA #BPA-2017-01517-F

Michael Weisdorf
Robert McCullough
McCullough Research, LLC
3816 SE Woodstock Blvd
Portland, OR 97202
Email: michael@mresearch.com, robert@mresearch.com

Dear Mr. Weisdorf and Mr. McCullough,

This communication is the Bonneville Power Administration (BPA) final response to your request for agency records made under the Freedom of Information Act, 5 U.S.C. § 552 (FOIA). Your records request was received on July 31, 2017. Your records request was acknowledged on August 10, 2017. Responsive publicly available information was transmitted to you on August 17, 2017.

Request
"…all materials comprising the BPA forecast described in Section 17.6 and 17.7 of BPA's power contract with Cowlitz. In particular…: (1) Cowlitz's measured Total Retail Load data for the previous Fiscal Year in monthly energy amounts and monthly customer system peak amounts, (2) BPA's forecast of Cowlitz's Total Retail Load, for the upcoming Fiscal Year, in monthly energy amounts and monthly customer-system peak amounts, and (3) Cowlitz's Dedicated Resource energy and peak amounts for the upcoming Fiscal Year and the previous Fiscal Year. […] Additionally … a list of all applicable BPA customers, staff memorandum, reports, or emails pertaining to the 2017 forecast, and staff memorandum, reports, or emails pertaining to NorPac or Cowlitz Public Utility District from 1/1/2017 to the present."

Clarification
Via email on November 7, 2019, you indicated that BPA would not need to consider or include third party confidential commercial information from Cowlitz County Public Utility District (CPUD) and North Pacific Paper Corporation (NorPac) in Cowlitz County in the agency's response to your FOIA request.

Response
As communicated in FOIA Office emails to you, BPA gathered agency records responsive to your request from knowledgeable agency personnel in the following offices: Western Customer

Services, Power Account Services, and Load Forecasting & Analysis. The agency gathered 1,353 pages of responsive records. Of those 1,353 pages, 916 pages are proposed released; 27 pages are proposed for release with redactions applied under 5 U.S.C. § 552(b)(2) (Internal rules and practices); 198 pages are proposed for release with redactions applied under 5 U.S.C. § 552(b)(4) (Third party confidential commercial information); 416 pages are proposed for withholding in full under 5 U.S.C. § 552(b)(5) (Deliberative or Decision-Making Process, including records relating to an Agency Decision Framework (ADF)); 41 pages are proposed for withholding in full under 5 U.S.C. § 552(b)(5) (Attorney Work-Product & Attorney-Client); 81 pages are proposed for release with redactions applied under 5 U.S.C. § 552(b)(6) (Personal information). A detailed description of the redactions applied and records withheld follows.

Explanation of Exemptions

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)).

Exemption 2

Exemption 2 permits withholding of information related solely to the internal rules and practices of an agency. BPA relies on Exemption 2 to withhold electronic portals and passcodes. Records protected by Exemption 2 may be discretionarily released. BPA considered and declined to discretionarily release certain information because the agency can reasonably foresee that disclosure would harm an interest protected by Exemption 2.

Exemption 4

Exemption 4 requires withholding third party confidential commercial information found in agency records. (5 U.S.C. § 552(b)(4)). BPA here relies on Exemption 4 to protect certain NorPac and CPUD commercial confidential information. Your Clarification, above, did allow the agency to exclude most third party commercial information from the responsive records set. However, other customer information was pulled into the responsive records set as part of email chains and/or attachments. That third party information has also been redacted under Exemption 4.

Exemption 5—Deliberative & Decision-Making Processes

Exemption 5 protects records showing the deliberative or decision-making processes of government agencies. Records protected under Exemption 5 must be both pre-decisional and deliberative. A record is pre-decisional if it is generated before the adoption of an agency policy. A record is deliberative if it reflects the give-and-take of the consultative process, either by assessing the merits of a particular viewpoint, or by articulating the process used by the agency to formulate a decision. Accordingly, BPA relies on Exemption 5 to withhold all Agency Decision Framework (ADF) records, both draft and final, describing alternatives considered in forecasting the NorPac load. BPA relies on Exemption 5 to withhold select other draft deliberative and decision making records related to the NorPac load.

BPA acknowledges that the agency has the burden to perform a reasonably segregable review and release of responsive information. The agency may have the burden to release the to/from/subject lines (i.e., the indicia) in the otherwise withheld ADF and other decision making and deliberative records. BPA posits that doing so will require the expense of limited agency resources, for no substantive information being publicly released. Notwithstanding your objection, which option is described in the **Appeal** section below, that indicia has also been omitted from the release, as it provides no germane information on CPUD's forecast load for NorPac,

Exemption 5—Attorney Work-Product & Attorney-Client Privilege
Exemption 5 protects inter-agency or intra-agency memorandums or letters which would not be available by law to a party other than an agency in litigation with the agency. The attorney work-product privilege protects documents prepared in anticipation of foreseeable litigation, including civil, criminal, and administrative proceedings. In this case, BPA relies on Exemption 5 to protect attorney-client records. Additionally, the attorney-client privilege protects confidential communications between an attorney and her client relating to a legal matter for which the client has sought professional advice. The privilege encompasses facts provided by the client and opinions provided by the attorney. BPA relies on Exemption 5 to protect attorney-client communications.

BPA again acknowledges that the agency has the burden to perform a reasonably segregable review and release of responsive information. The agency may have the burden to release the to/from/subject lines (i.e., the indicia) in the otherwise withheld deliberative records. BPA again posits that doing so will require the expense of limited agency resources, for no substantive information being publicly released. Notwithstanding your objection, which option is described in the **Appeal** section below, that indicia has also been omitted from the release.

Exemption 5—Discretionary Release
BPA believes that the response to your request involves agency records containing pre-decisional and deliberative information. The Exemption 5 deliberative process privilege protects records showing the deliberative or decision-making processes of government agencies from public release. That said, BPA has considered and approved the discretionary release of some information in the responsive records set that would otherwise be arguably subject to Exemption 5.

Exemption 6
Exemption 6 protects information in "personnel and medical files and similar files" when the disclosure of such information "would constitute a clearly unwarranted invasion of personal privacy" (5 U.S.C. § 552(b)(6)), and if there is no public interest that outweighs the privacy interest. BPA relies on Exemption 6 in this instance to withhold personal cellphone numbers. BPA can find no public interest in the release of this information as it does not shed light on the mission or working of BPA, as an agency.

Fees
There are no fees associated with the agency's response to your FOIA request.

Certification
Pursuant to 10 C.F.R. § 1004.7(b)(2), I am the individual responsible for the search and records release described above. Your FOIA request BPA-2017-01517-F is now closed with the responsive agency records provided.

Appeal
The adequacy of the search may be appealed within 90 calendar days from your receipt of this letter pursuant to 10 C.F.R. § 1004.8. 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.

You may contact BPA's FOIA Public Liaison, Jason Taylor, at 503.230.3537, jetaylor@bpa.gov, or at the address on this letter header, for any further assistance and to discuss any aspect of your request. 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 may be directed to James King, CorSource Technology Group, LLC, at jjking@bpa.gov and at 503.230.7621.

Sincerely,

Candice D. Palen
Freedom of Information/Privacy Act Officer

Agency records responsive to your FOIA request accompany this communication.

From: Wilson,Scott K (BPA) - PSW-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Tuesday, May 16, 2017 3:50:56 PM

From: Mainzer,Elliot E (BPA) - A-7
Sent: Tuesday, May 16, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH
Cc: Thompson,Garry R (BPA) - PS-6; Furrer,Robin R (BPA) - P-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Consider it closed.

Elliot Mainzer

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the

jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Milan,Chris (BPA) - PEJC-6
To: Wilson,Scott K (BPA) - PSW-6
Cc: Ralston,Mark D (BPA) - PEJB-6
Subject: FW: BPA Bilateral NDA 2017.doc
Date: Thursday, May 18, 2017 10:43:10 AM
Attachments: 2016-11_ESI_NDA SFS OnePage_V4.0.pdf
07.15.14_Generic BPA-Utility NDA for Energy Smart Industrial Program.doc
image001.png

Hi Scott,

Good talking with you this morning. I sent this email and attachments to Doug Swier today and will keep you posted on any responses from Doug, Cowlitz PUD regarding this.

Thanks,
Chris

Chris Milan
Acting Industrial Sector Lead
Energy Smart Industrial
Bonneville Power Administration
905 N.E. 11th Ave.
Portland, OR 97232
503-230-3611
www.EnergySmartIndustrial.com

From: Milan,Chris (BPA) - PEJD-6
Sent: Thursday, May 18, 2017 10:37 AM
To: 'Doug Swier'
Cc: Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA; Amundson,Todd M (BPA) - PEJD-6
Subject: RE: BPA Bilateral NDA 2017.doc

Hi Doug,

I received confirmation from our legal staff yesterday that the attached NDA template is acceptable. I have attached the template and also the OnePage overview of the NDA process that ESI has utilized with our utilities that request an NDA. I know that I had sent this overview document in a previous email but wanted to make sure you have this as a reference.

Please let us know if we can provide any further assistance.

Thanks,
Chris

Chris Milan
Acting Industrial Sector Lead
Energy Smart Industrial
Bonneville Power Administration
905 N.E. 11th Ave.

Portland, OR 97232
503-230-3611
www.EnergySmartIndustrial.com

From: Doug Swier [mailto:dswier@cowlitzpud.org]
Sent: Monday, May 01, 2017 5:20 PM
To: Milan,Chris (BPA) - PEJD-6
Cc: Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA; Amundson,Todd M (BPA) - PEJD-6
Subject: Re: BPA Bilateral NDA 2017.doc

Hi Chris,
I hope all is well with you, too. Thanks for your email. Reading between the lines, I assume this means that BPA intends to forgo signing any NDA with NORPAC (?).

Since I don't believe an NDA exists between Cowlitz PUD and BPA, it would be helpful if you could send us a (redacted) copy of an NDA agreement that BPA has with another Utility that we might use as a guide.

Thanks,

Doug Swier, P.E.
Energy Efficiency Engineer
Cowlitz PUD - *Energy Efficiency Services*
dswier@cowlitzpud.org
360-501-9544

From: Milan,Chris (BPA) - PEJD-6 [mailto:cbmilan@bpa.gov]
Sent: Monday, May 01, 2017 9:54 AM
To: Doug Swier <dswier@cowlitzpud.org>
Cc: Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA <jlwood@bpa.gov>; Amundson,Todd M (BPA) - PEJD-6 <tmamundson@bpa.gov>
Subject: FW: BPA Bilateral NDA 2017.doc

Hi Doug,

I hope all is well. I am not an expert on these NDA's by any means so I reached out to our Jennifer Wood as she worked closely with Jennifer Eskil on these NDA's to get her input.

Jennifer Wood provided the attached document as a reference. As always, please let me know how ESI can assist with this and hopefully make this as easy as possible.

Thanks,
Chris

Chris Milan
Acting Industrial Sector Lead
Energy Smart Industrial
Bonneville Power Administration
905 N.E. 11th Ave.
Portland, OR 97232
503-230-3611
www.EnergySmartIndustrial.com

From: Amundson,Todd M (BPA) - PEJD-6
Sent: Thursday, April 27, 2017 4:46 PM
To: Doug Swier (dswier@cowlitzpud.org)
Cc: Milan,Chris (BPA) - PEJD-6; Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA
Subject: FW: BPA Bilateral NDA 2017.doc
Importance: High

Hi Doug,

I'm resending this email to you with Chris Milan and Jennifer Wood in the loop, both cc'd here.

I just wanted to keep you informed of a recent development at NORPAC, and request your feedback for what you prefer as next steps. NORPAC has requested that I sign a bilateral NDA, which I can understand due to their new position as a single entity company, without the umbrella of Weyerhaeuser – Nippon, hence NORPAC is relying more and more on these type NDA's. Earlier this week I met with Mark and Michelle to discuss and gather the background information behind their request. My apologies for not forwarding this your way sooner.

Please share your thoughts and concerns with me regarding this when you can. I will, or won't, forward this onto BPA Legal, depending on what you share.

Best regards,
Todd

Todd Amundson, PEJD
ESI Energy Management Engineer
Energy Smart Industrial
Bonneville Power Administration
PO Box 3621
Portland OR 97208
d: 503-230-5491 m: (b) (6)
www.EnergySmartIndustrial.com

From: Rusch, Michelle [mailto:michelle.rusch@norpacpaper.com]
Sent: Tuesday, April 18, 2017 12:12 PM
To: Amundson,Todd M (BPA) - PEJD-6
Cc: Bailey, Graham; Higginson, Mark
Subject: BPA Bilateral NDA 2017.doc

Importance: High

Good Afternoon Mr. Amundson,

Attached is a Bilateral Non-Disclosure Agreement for your review and signature. You can email the signed copy back to me and I will return a fully executed document for your records.

Please let me know if you have any questions.

Thank you very much!

Energy Smart Industrial
BPA ENERGY EFFICIENCY

Bonneville Power Administration's Energy Smart Industrial Program

Guidelines for Information Protection with Secure File Sharing and Non-Disclosure Agreements

BPA's Energy Smart Industrial program (ESI) has established protocols and guidelines for handling, protecting and securing information that is deemed privileged, proprietary and/or confidential.

SECURE FILE SHARING

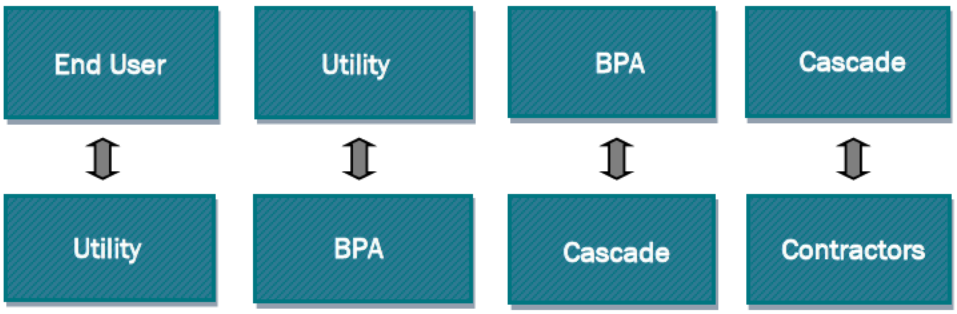
BPA's ESI program, through its program implementation contractor, Cascade Energy, launched an online SharePoint-based system called ESI HUB. The HUB enables ESI program staff, utilities and their end-use customers to work collaboratively and safely when sharing project files and other key project data via a link to a Secure File Share sub-site.

There are many advantages to the Secure File Share protocol:

- Secure file share creates an accountability trail. Administrators can view and set user permissions, track activity, and establish automatic data backups. All files on the site have restricted permissions, limited to those with a need-to-know status.
- Users log-in using a unique username and password, so authentication and authorization happens in one step.
- Users only manage a single password that meets security strength guidelines and is updated every six months, at minimum.
- The ESI HUB complies with the Federal Information Security Management Act's security guidelines. Only secure access is permitted.
- Everyone connects to the central system, so end-to-end data security can be guaranteed.

NON-DISCLOSURE AGREEMENTS

A non-disclosure agreement (NDA) is a legal contract in which two parties promise to protect confidential information that may be shared in the course of conducting business together. As shown below, there may be more than one NDA executed by various parties to ensure information is protected.



CONTINUED ▸

If you are an industrial facility and you want to establish an NDA to protect sensitive or privileged data that you may need to share with the ESI program staff, the NDA is between you and your serving utility. Cascade Energy and other ESI program staff are accountable to your utility via their contract with BPA.

NDA REQUEST PROCESS

- If you are an industrial facility, contact your utility about establishing an NDA.
- If you are a utility, contact your ESI Partner and they will forward it to the BPA ESI Program Manager. From that point forward, all communication will be between the utility and BPA. Once the agreement between BPA and the utility is reached and the NDA is signed, BPA will inform Cascade Energy.

FREQUENTLY ASKED QUESTIONS

Who can request an NDA? Either an industrial facility or utility may initiate an NDA to protect confidential or sensitive information related to the ESI program efforts.

How do I initiate an NDA? If you are an industrial facility, talk to your utility. If you are a utility, talk to the BPA ESI Program Manager. Or contact your ESIP and they will help initiate the NDA process with BPA.

What parties are involved in processing the request? NDA agreements are exclusively handled between BPA and the utility, or the utility and end user.

How does Cascade fit into the NDA picture? Cascade and its program partners are contractually bound by a BPA/Cascade Energy NDA.

How long does it take to get an NDA in place? Depending on the agreement between the two parties, the time it takes to execute an NDA will vary.

How do I get a username and password for the ESI HUB? If you are a utility, contact your ESIP or the ESI Helpdesk to get registered. HUB accounts for industrial end users must be pre-authorized by the utility.

How can I access files on the ESI HUB? You may login at any time, or whenever you receive an email with a link to the ESI HUB, click the link and enter your username and password to view project files, etc.

Who can access files on the ESI HUB? Utility-level contacts, BPA managers, engineers, utility COTRs, select members of Cascade Energy IT, and ESI program staff. Utilities may also grant access to end-user contacts, at their discretion.

FOR MORE INFORMATION

- If you have questions about NDAs contact your ESIP or Jennifer Eskil at jleskil@bpa.gov or (509) 527-6232.
- If you have questions about the ESI HUB's Secure File Sharing, please contact the ESI Helpdesk at esi.helpdesk@energysmartindustrial.com.

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Boardman,Sandy (BPA) - A-7
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Thursday, May 18, 2017 1:40:00 PM

Perfect. I let Cowlitz know.

From: Boardman,Sandy (BPA) - A-7
Sent: Thursday, May 18, 2017 11:29 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Thanks Scott. Just spoke with Mary and she said no non-disclosure needed for the meeting.

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, May 18, 2017 10:16 AM
To: Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>
Subject: FW: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

FYI

From: Mainzer,Elliot E (BPA) - A-7
Sent: Tuesday, May 16, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH
Cc: Thompson,Garry R (BPA) - PS-6; Furrer,Robin R (BPA) - P-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Consider it closed.

Elliot Mainzer

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)

To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200

MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c.(b) (6) [redacted]

From: Amundson,Todd M (BPA) - PEJD-6
To: Wilson,Scott K (BPA) - PSW-6; Milan,Chris (BPA) - PEJC-6
Cc: Ralston,Mark D (BPA) - PEJB-6
Subject: RE: Norpac Non-Disclosure Agreement
Date: Thursday, May 18, 2017 1:43:25 PM
Attachments: image001.png

Agreed. Thanks Scott!

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, May 18, 2017 1:43 PM
To: Amundson,Todd M (BPA) - PEJD-6; Milan,Chris (BPA) - PEJD-6
Cc: Ralston,Mark D (BPA) - PEJB-6
Subject: RE: Norpac Non-Disclosure Agreement

Perfect. Looks like you are on track with the NDA for your purposes. Let's not connect it to the meeting Elliot is having with them next week.

From: Amundson,Todd M (BPA) - PEJD-6
Sent: Thursday, May 18, 2017 11:35 AM
To: Wilson,Scott K (BPA) - PSW-6; Milan,Chris (BPA) - PEJD-6
Cc: Ralston,Mark D (BPA) - PEJB-6
Subject: RE: Norpac Non-Disclosure Agreement

Hi Scott,

Yes, that's correct. NORPAC's Michelle Rusch sent me an NDA for review and signature approximately a month ago. I forwarded it on to Cowlitz PUD's Doug Swier after discussions with Chris and Jennifer Wood. Chris and Jennifer have been in communications with BPA Legal, and followed up with Doug too.

Late last week I inquired about the status of this, and there was no update to share yet but understand there could be this week. Last Friday Michelle asked for a status update of the NDA, and I informed her that BPA has executed a number of NDA's in recent years between us and our utility customers, combined with a utility – industry NDA.

BPA has an existing NDA with our ESI contractor Cascade Energy and their sub-contractors, so the BPA ESI Program team is covered, protecting data and information. Below is an "NDA Triangle" graphic Jennifer shared with me that I shared with Michelle:

"NDA Triangle"

```
        BPA
       /   \
  Utility   Cascade
    |          |
Industry      Subs
```

This morning Chris sent Doug an NDA template that BPA legal has confirmed as acceptable.

During my last work trip to NORPAC, an additional request for information from NORPAC came up that I'd been meaning to share with Mark, Chris and Doug but find more urgency to deliver it now due to the 5/26 meeting you mention. NORPAC's Graham Bailey inquired with me how:

" much of their power bill per MWh goes to conservation? To be able to account for the BPA portion, and if information is available, for the PUD self-funded conservation amount?"

I didn't have an answer to that question but told him and Mark Higginson I'd see what information can be shared. My intent was to run that question by Cowlitz PUD, which I did in a recent voice message to Doug.

Thanks,
Todd

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, May 18, 2017 9:24 AM
To: Milan,Chris (BPA) - PEJD-6; Amundson,Todd M (BPA) - PEJD-6
Cc: Ralston,Mark D (BPA) - PEJB-6
Subject: Norpac Non-Disclosure Agreement

Good Morning Chris and Todd
I heard from Gary Huhta today that Norpac is interested in putting a nondisclosure agreement in place prior to the meeting with the administrator next Friday. He noted that he thought Norpac had been working with their BPA EE contacts on it. Do you all have any information on this. I can help either shepherd it through to get a decision on what we can do. I am supposed to contact Graham Bailey at Norpac today but wanted to know where we are before I do. Thanks for any help and context you can provide.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: Boardman,Sandy (BPA) - A-7
Subject: FW: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Thursday, May 18, 2017 10:15:00 AM

FYI

From: Mainzer,Elliot E (BPA) - A-7
Sent: Tuesday, May 16, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH
Cc: Thompson,Garry R (BPA) - PS-6; Furrer,Robin R (BPA) - P-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Consider it closed.

Elliot Mainzer

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted]. The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the

jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Boardman,Sandy (BPA) - A-7
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Thursday, May 18, 2017 1:40:00 PM

Perfect. I let Cowlitz know.

From: Boardman,Sandy (BPA) - A-7
Sent: Thursday, May 18, 2017 11:29 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Thanks Scott. Just spoke with Mary and she said no non-disclosure needed for the meeting.

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, May 18, 2017 10:16 AM
To: Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>
Subject: FW: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

FYI

From: Mainzer,Elliot E (BPA) - A-7
Sent: Tuesday, May 16, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH
Cc: Thompson,Garry R (BPA) - PS-6; Furrer,Robin R (BPA) - P-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Consider it closed.

Elliot Mainzer

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)

To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200

MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Boardman,Sandy (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Thursday, May 18, 2017 11:29:19 AM

Thanks Scott. Just spoke with Mary and she said no non-disclosure needed for the meeting.

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, May 18, 2017 10:16 AM
To: Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>
Subject: FW: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

FYI

From: Mainzer,Elliot E (BPA) - A-7
Sent: Tuesday, May 16, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH
Cc: Thompson,Garry R (BPA) - PS-6; Furrer,Robin R (BPA) - P-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Consider it closed.

Elliot Mainzer

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Gary Huhta
Cc: Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: RE: Cowlitz Agenda Items
Date: Friday, May 19, 2017 3:50:00 PM

I am going to be in customer meetings up in Seattle on Thursday and will unfortunately not be able to be there this time. But I will be back for the NORPAC discussion with Elliot. Here are some quick thoughts on what we know about the agenda items you noted. Hope you have some outdoor activities this weekend to enjoy the start of NW Summer.
--Scott

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Friday, May 19, 2017 3:27 PM
To: Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Cowlitz Agenda Items

Do either of you have agenda items for the 5/25 Cowlitz/BPA meeting?

Here are some suggestions:

1. CRAC update. No new information on the CRAC and we definitely have a shot at avoiding it based on the 2nd Quarter QBR reserves level of $21 Million. Not much has changed since then so it seems on track.
2. Recent operations report and what to expect next, update on curtailments
    a. Address outstanding questions on the application of BPA OMP and the resulting costs charged to customers. Melanie's got this.
    b. CGS refueling outage schedule, planned for ~45 days, what are the actual expectations? So far the plan still seems to be 45 days but based on past experience planning a few extra days of outage is not imprudent. As we get farther into the outage we should know a bit more as to how the progress is going.
3. Energy Efficiency, BPA's proposed CPA process, what's the policy objective?

The Policy objective is to really get a better handle on what is out there and what BPA's target should be. It's a follow-on from the past conservation discussions around the 42% and how much we should really be taking on. So I guess its really trying to inform discussions for future decisions.

From:	Jackson,Melanie M (BPA) - TSE-TPP-2
To:	"Gary Huhta"; Largo,Jay (BPA) - TPCV-TPP-4; "Ray Johnson (RJohnson@cowlitzpud.org)"; "Bob Essex"; Tim Johnston (tjohnston@cowlitzpud.org); Rydell,Kendall A (BPA) - TPPA-OPP-3
Cc:	Wilson,Scott K (BPA) - PSW-6
Subject:	RE: Cowlitz Agenda Items, Please Review
Date:	Monday, May 22, 2017 1:31:12 PM

Added I-5 to the agenda and corrected addressees to include Tim…

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6) [redacted]

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Monday, May 22, 2017 9:32 AM
To: Gary Huhta; Largo,Jay (BPA) - TPCV-TPP-4; Ray Johnson (RJohnson@cowlitzpud.org); Bob Essex; Johnson,Tim A (BPA) - LP-7; Rydell,Kendall A (BPA) - TPPA-OPP-3
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Cowlitz Agenda Items, Please Review

Here's my cut at the agenda:

- OMP Update
- I-5 Build Notification and next steps
- Touch base on status of potential new loads
- L0385 quick status check
- Longview-Mint Farm Reconductor
- TOP Coordination??
- TC/TP Coordination??
- Upcoming Planning Deep Dive – Longview area, potential date set
- Transmission of Tomorrow roll-out
- Other?

All, please weigh in on any other suggestions/edits.

Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 19, 2017 3:51 PM
To: Gary Huhta
Cc: Jackson,Melanie M (BPA) - TSE-TPP-2

Subject: RE: Cowlitz Agenda Items

I am going to be in customer meetings up in Seattle on Thursday and will unfortunately not be able to be there this time. But I will be back for the NORPAC discussion with Elliot. Here are some quick thoughts on what we know about the agenda items you noted. Hope you have some outdoor activities this weekend to enjoy the start of NW Summer.
--Scott

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Friday, May 19, 2017 3:27 PM
To: Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Cowlitz Agenda Items

Do either of you have agenda items for the 5/25 Cowlitz/BPA meeting?

Here are some suggestions:

1. CRAC update. No new information on the CRAC and we definitely have a shot at avoiding it based on the 2nd Quarter QBR reserves level of $21 Million. Not much has changed since then so it seems on track.
2. Recent operations report and what to expect next, update on curtailments
    a. Address outstanding questions on the application of BPA OMP and the resulting costs charged to customers. Melanie's got this.
    b. CGS refueling outage schedule, planned for ~45 days, what are the actual expectations? So far the plan still seems to be 45 days but based on past experience planning a few extra days of outage is not imprudent. As we get farther into the outage we should know a bit more as to how the progress is going.
3. Energy Efficiency, BPA's proposed CPA process, what's the policy objective?

The Policy objective is to really get a better handle on what is out there and what BPA's target should be. It's a follow-on from the past conservation discussions around the 42% and how much we should really be taking on. So I guess its really trying to inform discussions for future decisions.

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: "Gary Huhta"; Largo,Jay (BPA) - TPCV-TPP-4; "Ray Johnson (RJohnson@cowlitzpud.org)"; "Bob Essex"; Tim Johnston (tjohnston@cowlitzpud.org); Rydell,Kendall A (BPA) - TPPA-OPP-3
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Cowlitz Agenda Items, Please Review
Date: Monday, May 22, 2017 1:31:12 PM

Added I-5 to the agenda and corrected addressees to include Tim…

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Monday, May 22, 2017 9:32 AM
To: Gary Huhta; Largo,Jay (BPA) - TPCV-TPP-4; Ray Johnson (RJohnson@cowlitzpud.org); Bob Essex; Johnson,Tim A (BPA) - LP-7; Rydell,Kendall A (BPA) - TPPA-OPP-3
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Cowlitz Agenda Items, Please Review

Here's my cut at the agenda:

- OMP Update
- I-5 Build Notification and next steps
- Touch base on status of potential new loads
- L0385 quick status check
- Longview-Mint Farm Reconductor
- TOP Coordination??
- TC/TP Coordination??
- Upcoming Planning Deep Dive – Longview area, potential date set
- Transmission of Tomorrow roll-out
- Other?

All, please weigh in on any other suggestions/edits.

Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 19, 2017 3:51 PM
To: Gary Huhta
Cc: Jackson,Melanie M (BPA) - TSE-TPP-2

Subject: RE: Cowlitz Agenda Items

I am going to be in customer meetings up in Seattle on Thursday and will unfortunately not be able to be there this time. But I will be back for the NORPAC discussion with Elliot. Here are some quick thoughts on what we know about the agenda items you noted. Hope you have some outdoor activities this weekend to enjoy the start of NW Summer.
--Scott

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Friday, May 19, 2017 3:27 PM
To: Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Cowlitz Agenda Items

Do either of you have agenda items for the 5/25 Cowlitz/BPA meeting?

Here are some suggestions:

1. CRAC update. No new information on the CRAC and we definitely have a shot at avoiding it based on the 2nd Quarter QBR reserves level of $21 Million. Not much has changed since then so it seems on track.
2. Recent operations report and what to expect next, update on curtailments
    a. Address outstanding questions on the application of BPA OMP and the resulting costs charged to customers. Melanie's got this.
    b. CGS refueling outage schedule, planned for ~45 days, what are the actual expectations? So far the plan still seems to be 45 days but based on past experience planning a few extra days of outage is not imprudent. As we get farther into the outage we should know a bit more as to how the progress is going.
3. Energy Efficiency, BPA's proposed CPA process, what's the policy objective?

The Policy objective is to really get a better handle on what is out there and what BPA's target should be. It's a follow-on from the past conservation discussions around the 42% and how much we should really be taking on. So I guess its really trying to inform discussions for future decisions.

From: Klippstein,Janet R (BPA) - PTL-5

To: Abadi,Ehud B (BPA) - PTL-5; Ackley,Sandra J (BPA) - ECP-4; Acosta,Esteban (BPA) - FTOA-2; Alders,Kyna L (BPA) - PEK-6; Allen,Adrian S (BPA) - PTL-5; Asmussen,Aundra E (BPA) - CBC-7; Attinasi,Amy L (BPA) - BDP-3; Ball,Lee A (BPA) - FRG-2; Blasdel,Lori J (BPA) - KSBP-4; Boileau,Ad"e (BPA) - KSM-4; Booth,Glen S (BPA) - KSL-4; Brown,Brenda S (BPA) - PSSE-MEAD-GOB; Bryan,Jason C (BPA) - PTKT-5; Burger,Peter J (BPA) - LG-7; Chalier,Annick E (BPA) - BDP-3; Chambers,Joseph L (BPA) - PTC-5; Chavira,Leticia (BPA) - PTC-5; Collins,Jason M (BPA) - KSBV-TPP-1; Corwin,Jennifer A (BPA) - ECP-4; Cruz,Krystal J (BPA) - PTKT-5; Dahiya,Sumit (BPA) - KSCA-4; Davidson,Bradley G (BPA) - PTF-5; Davis,Reed C (BPA) - KSL-4; Dernovsek,David K (BPA) - PTK-5; Donato,Vinsunt W (BPA) - PGSD-5; Draper,Anne E (BPA) - PTC-5; DuBois,Nici (BPA) - PTKP-5; Edwards,Robert W (BPA) - PTK-5; Egerdahl,Ryan J (BPA) - PGPR-5; Federovitch,Eric C (BPA) - PTM-5; Fisher,Daniel H (BPA) - PSR-6; Galbraith,Brian T (BPA) - PST-6; Gallas,Christine E (BPA) - PTC-5; Garrett,Paul D (BPA) - PSW-6; Germer,Matthew J (BPA) - PTM-5; Gestrin,Miranda E (BPA) - FTR-2; Halbrook,Pam (BPA) - KSBP-4; Harris,Marcus A (BPA) - FT-2; Hays,Dan R (BPA) - FTOA-2; Heim,Darren L (BPA) - FRT-2; Henderson,Michael R (BPA) - CBC-7; Higby,Aimee N (BPA) - PTL-5; Hill,Denise E (BPA) - TSPR-TPP-2; Hobson,Claire A (BPA) - PSW-6; Hurlburt,Jennifer (BPA) - PGL-5; Insley,Gary C (BPA) - KSC-4; Jenck,Joel N (BPA) - PTFR-5; Johnson,Janice A (BPA) - FRG-2; Kennedy,David K (BPA) - EC-4; Kitchen,Larry (BPA) - PTL-5; Klippstein,Janet R (BPA) - PTL-5; Ko,Tina G (BPA) - TA-DITT-2; Lambert,James A (BPA) - PTC-5; Le,Hanh M (BPA) - FRT-2; Legarde,Lorena (BPA) - PTC-5; Lindgren,Brenda M (BPA) - FRS-2; Lockman,Christopher L (BPA) - PST-6; Lozovoy,Diane (BPA) - PGPO-5; Malin,Debra J (BPA) - PTL-5; Martinez,Jason S (BPA) - KSL-4; Marx,Steven C (BPA) - PTC-5; Maslow,Jeffrey J (BPA) - ECP-4; Mazaika,Rosemary (BPA) - ECP-4; Messemer,Clarisse M (BPA) - PGST-5; Meyers,Andrew P (BPA) - PTF-5; Miller,Anna-Lisa B (BPA) - FL-MODD; Miller,Mark E (BPA) - PTL-5; Mills,Justin Z (BPA) - PTKT-5; Misley,Tim (BPA) - PGPR-5; Monzon,Jeanne M (BPA) - PTK-5; Moss,Jeanette L (BPA) - PTKT-5; Mozena,Kevin I (BPA) - PTKT-5; Newlon,Scott M (BPA) - PTK-5; Nunn,Trent E (BPA) - KSBP-4; Olive,Kelly J (BPA) - PSS-6; Osborn,Thomas R (BPA) - PEJD-WALLA WALLA; Pace,Dean J (BPA) - PTKT-5; Palandri,Anthony (BPA) - CBC-7; Palen,Candice D (BPA) - CGF-7; Patton-Weaver,Mary B (CONTR) - PTL-5; Perry,Marcus I (BPA) - PSW-SEATTLE; Pompel,Leslie J (BPA) - PTC-5; Rector,William Eric (BPA) - PBA-6; Riley,Shana E (BPA) - PTKP-5; Rohe,Kristina E (BPA) - PTC-5; Roth,Alex (BPA) - FTL-2; Russell,Randy B (BPA) - PSI-6; Shintani,Ann Y (BPA) - PTL-5; Sims,Jamie T (BPA) - KSM-4; Spain,Alex J (BPA) - PTF-5; Symonds,Mark C (BPA) - BD-3; Tarver,Adrina B (BPA) - PTKP-5; Thompson,Tiffanie N (BPA) - KSBP-4; Tieu,Henry (BPA) - KSB-4; Truong,Mai N (BPA) - PGST-5; Tsen,Harriet S (BPA) - FRT-2; Upham,Kimberly A (BPA) - KSCA-4; Wallin,Matt (BPA) - PGPO-5; Watts,Kirsten (BPA) - PSW-SEATTLE; Webb,Leilani J (BPA) - KSCS-4; Weekley,Annamarie E (BPA) - PTL-5; Weinstein,Jason C (BPA) - PSS-6; Weller,Brenda L (BPA) - FL-2; Wellschlager,John D (BPA) - PTL-5; Wilson,Scott K (BPA) - PSW-6

Subject: Implementation Team Meeting Agenda, 25 May, 1:00-2:00, Room 545

Date: Tuesday, May 23, 2017 12:50:31 PM

Attachments: 17PM_13885_Energy NW Clean Copy.docx

Importance: High

PARTICIPANT dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2)

[redacted]

Agenda for Implementation Team meeting, Thursday, 25 May, 1:00-2:00, Room 545

- Amendment to Distributed Energy Resource Agreement with Energy Northwest – Mark Miller and Adrian Allen

o Amendment 1 to 17PM-13885 with a start date of 1 June 2017

o Amendment includes changes to payment date, mutual consent to use five-minute data rather than one-minute data by asset, change to baseline data for NorPac, adding a resource from Milton-Freewater and replacement of Appendix A.

o Draft amendment attached.

o Expedited Internal Stakeholder Review through CCM with a deadline of

close of business Friday, 26 May

- Request sent out from CCM_Support on Tuesday afternoon
- Tony Palandri, CBC
- Darren Heim, FR
- Lee Ball, FRG
- Henry Tieu, KSB
- Kim Upham, KSC
- Reed Davis, KSL
- Jamie Sims, KSM
- Courtney Olive, L
- Lee Hall and Tom Brim, PES
- Jenny Hurlbert, PGL
- Mai Truong, PGST
- Jason Weinstein, PSS
- Jeannie Monzon, PTC
- Scott Newlon, PTK
- Adrina Tarver, PTKP
- Justin Mills, PTKT
- Mark Miller, PTL
- Adrian Allen, PTL

- Transferred Frequency Response (TFR) – Deb Malin

o BPA is preparing to bid TFR into CAISO's request for proposals

o Bids will include a draft contract

o Deb will send out draft contract if it is ready prior to the Implementation Team meeting

- Update on J. Aron contract – Deb Malin

o Provide update if information is received prior to the Implementation Team meeting

(b) (5)

[redacted]

(b) (5)

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

From: Bagan, Maggie (CONTR) - PEJB-6
To: ADL_PE_ALL; ADL_PSE_ALL; ADL_PSW_ALL
Subject: Energy Efficiency Bi-Weekly Report for May 24, 2017
Date: Wednesday, May 24, 2017 9:26:17 AM

Good Morning,

Below is the Energy Efficiency Bi-Weekly Report for May 24 , 2017

VP Outreach Richard Génecé – Nancy Spencer

Immediate need-to-knows:

- Nothing to report

Upcoming need-to-knows:

- Nothing to report

Program Marketing, PEJB – Dave Moody

Immediate need-to-knows:

- Efficiency Exchange: We encourage you to keep these ideas alive, within BPA and on Conduit. Conference content is now available, and you can find a summary with links to videos, presentations and blogs on Conduit.
- It's time once again for our annual Conduit User Survey. Every year, we ask members of the Conduit community to let us know what you like (and don't like) about the site. Please take just a few minutes to share your feedback with us between now and the end of the month: https://www.surveymonkey.com/r/Conduit2017
- A revised ECA contract will be distributed in draft for review by customers prior to it being formally offered for signature in the first week of July. Should you get questions or comments please direct them to an EER or David Moody.

Upcoming need-to-knows:

- On Wednesday June 14 the USB will be holding a meeting in which we pilot a new approach to our "off cycle" meetings. These meetings which occur on alternating months have been conducted as conference calls in the past, but the Board has requested that these be treated as "optional attendance" meetings in which those that can make it will be present for the meeting in person while those that cant will be on a phone bridge. Regular "on cycle" meetings will still be fully in person.

Contracts, PEK – Linda Bettencourt

Immediate need-to-knows:

- It's been very busy in IM Land! Last week, the program managers and sector leads completed the rough draft of their sections before they were shipped out to the external technical editor for a 'heavy touch' review. This week we'll be reviewing the technical editor's edits and prepping the documents for the EER/COTR ½ day workshop. Note to Programs: the drafted IM sections from the technical editor have been uploaded to the IM sharepoint here (IM Sharepoint >> Everyone >> IM Sections).
- Elissa will be presenting to the DMP at 3pm on 5/23 following up from the EER/COTR suggestion to revise the documentation retention policy. Please feel free to join if you're interested in the discussion! Thank you to everyone who provided

insight and comments!

- The rate period IM proposal will be presented to the EEMT on 5/23 and targeted to be released for utility public comment on 5/25. (SME: Walker)

Upcoming need-to-knows:

- Upcoming meeting for the EERs, COTRs, and Programs: ½ day IM language review workshop on June 8th from 1-4pm. The draft IM sections will be available on the IM Sections page here. (SME: Newton)

Programs, PEJC – John Wilson, David Lee, Chris Milan, Gary Smith

Residential Team –

- The Res HVAC team is continuing to refine ductless heat pump and variable speed heat pump IM language for October IM release. Planning is occurring on an upcoming Lennox thermostat training webinar. Focus continues on technicians who may need further training or assistance with meeting PTCS requirements, as revealed through recent QA inspections. The team also rolled out updated PTCS Registry features to make the registry easier to use for technicians [SME: J. Kramer].

Agriculture Sector -

- The Energy Smart Reserved Power Program has issued its solicitation for projects for fiscal year 2018. BPA will fund projects that deliver energy savings at sites that receive reserved power or station service from the Federal Columbia River Power System; this includes irrigation districts, dams, hatcheries, and others. Funding is capped at $500,000 per project, and each project must be completed in the fiscal year it is funded. Information on this program, including the funding cycle timeline, can be found online at https://www.bpa.gov/EE/Sectors/federal/Pages/Energy-Smart-Reserved-Power.aspx.

Industrial Sector –

- Nothing to report

Commercial Team –

- Nothing to report

Federal -

- Nothing to report

Budget, PEJ – Barbara Hatch

Immediate need-to-knows:

EE Tracker

- May Accrual season closes on 5/25/17. If you are unable to enter your accruals, please forward them to your manager as they are able to enter your accruals as a back up.
- FY 17 Estimates need to be updated. Q3 estimates need be entered into EE Tracker by June 9th.
    - Q1 and Q2 estimates need to be updated to equal Q1 and Q2 expenditures.
    - Q3 and Q4 estimates need to be updated to equal expected spend for the quarter.

Upcoming need-to-knows:

- SOY FY18 budgeting is just around the corner.

Please contact Barbara at ext. 3780 with any questions on EE Tracker, estimates, or accruals.

EE Systems, PEH – Adam Morse; PTCS, PEJC – Amy Burke

Immediate need-to-knows:

- **Systems -** The IS 2.0 activity report enhancements were deployed several weeks ago, but additional testing is needed to confirm accuracy of the new data feeds. A cursory assessment is showing some data appears to be incorrect. Users are advised to continue using the old version of the report now titled "Utility EE Activity Report - Project Level Details" until further notice.

Upcoming need-to-knows:

- **Systems –** Enhancements to the Customer Portal are scheduled to begin in late June with a target release by September at the latest. These enhancements focus on providing customers a budget dashboard as well as additional invoice level details. The requirements are being refined with the CP team in KSC. If anyone has any questions, please contact the Systems Team.

EE Decision Making Process – Adam Morse

Immediate need-to-knows:

- On May 23 Kyna Alders made the decision to reduce the customer documentation retention requirements to four years after invoice submission to BPA. This will be implemented in the next IM release. It will be retroactive, so utilities can elect to change their internal retention policy to include anything previously invoiced to BPA more than 4 years ago. The implementation will also include announcement to customers that they are permitted to store documentation electronically. This announcement will be provided to customers in the August timeframe and also discussed in the IM Brown Bag this summer. The Decision Document will be posted to the DMP SharePoint site.

Upcoming need-to-knows:

- A decision on the Large Project Program (LPP) will likely be scheduled sometime in June.

Distributed Energy Resources, PES – Lee Hall

Immediate need-to-knows:

- The PES team is excited about the "No Build" I5 Transmission decision, and the team is leaning forward with planning for the next round of "South of Allston" RFP for DER. Team members have briefed Dan Villalobos and Allie Mace on next steps, and will meet with Jeff Cook (Transmission Planning VP) later this month to propose the plan.
- Leading up to the Summer Multi-use DR demonstration project, Cara is coordinating end-to-end testing with loads, the aggregator Energy Northwest, and the Duty Scheduling Center (Real Time Power Marketers). The tests are this week, leading up to a "go live" with Energy Northwest on June 1. Many thanks to Tony Koch for his huge assistance in baselining the load at NORPAC, one of the DR Demo participants. This is the largest demonstration project to date, with a target of 50 MW.
- The Cross Agency Battery Work Group meets every month – to share battery development news, work streams, and planning around battery storage. The most recent meeting was May 19, and the team has set up a Sharepoint site to post information.
- The Northwest DER Potential Assessment project has begun with Cadmus. PES will

be working with AE's and EER's on outreach to utilities for their inputs, after the team receives and evaluates the Cadmus work plan on May 23. Tom is the project manager, with support from Frank and Melanie.

- Many thanks to Jennifer McMaster for coordinating PES participation in the Technology Innovation project proposal review process.

Upcoming need-to-knows:

- PES continues to brief executives on DER – next are Kieran Connally and Michelle Cathcart; Later in June we will brief the COO, Janet Herrin.
- Kari is spearheading the PES 2017 DER benchmarking efforts, with a target to have multiple utilities interviewed on best practices and initiatives – and a report at end of CY17.
- PES is targeting an agency "Keeping Current" session for DER, likely in the summer.
- Gwen is coordinating BPA's response for speakers and panelists at the fall "Distributed Energy Resources Symposium" – which is organized by Smart Grid Northwest. There is Council involvement/sponsorship in this event, and the topics (panels) for which speakers have been requested include: (1) Battery Storage -- Barriers to adoption; (2) DR valuation -- with emphasis on Non-wires; (3) DERMS (distributed energy resource management system) requirements for utilities.
- Elliot Mainzer scheduled to speak at the DR & Storage Summit September 27 at the World forestry Center in Portland.

Planning, PEH – Ethan Manthey

Market Research and Momentum Savings (POC: Ethan Manthey)

- Brown Bag: Residential Lighting Market Study – Thursday, June 1 – See the weekly announcements this week for details.

Efficiency Forward Reanalyze Oversight and Evaluation (POC: Jess Kincaid)

- Nothing to report

NEEA Grant (POC: Jess Kincaid)

- Nothing to report

UES Measures List (POC: Alan Garton)

- All the measure updates have been loaded to the IS 2.0 Test Environment and the Draft UES Measures List for the October 1 release is complete.

BOOM Report – Eliud Imbuye

Immediate need-to-knows:

- Progress towards Rate Period savings target:
  In the month of April we received invoices with significant savings from Clark PUD (1.44 aMW) and Tacoma (1.32 aMW). FY 2016 – 2017 Rate Period to Date savings now total 110 aMW. We have achieved 84% of the our rate period forecast (132 aMW), and 95% of the BSC target (116 aMW).

  EE Rate Period Savings

Upcoming need-to-knows:

- Nothing to report

Emerging Technology/Engineering, PEJD – Debra Bristow

Immediate need-to-knows:

- In response to Technology Innovation Office's FY18 Opportunity Announcement BPA received 43 external and 7 internal proposals, including 15 in areas covered by the PE organization. Internal and external subject matter experts are currently reviewing the proposals (including 15 PE employees) to assess the potential value to BPA. For more information about the solicitation, see https://www.bpa.gov/Doing%20Business/TechnologyInnovation/Pages/default.aspx Decisions about the projects that will be funded in FY18 will be made in July by the TI Council.

Upcoming need-to-knows:

- Over the next 8 weeks, the Emerging Tech Research team will be hosting a series of meetings between E3T, Engineering Tech Leads, Sector Leads and Planning to identify projects for the FY18 Research Portfolio. Work to define the collaboration process is currently underway and will be announced in the next few weeks. The target date for completing the research portfolio is mid-July. Please contact Keshmira McVey if you have questions or suggestions.

Low Income – PEJC – Carrie Nelson

Immediate need-to-knows:

- Nothing to report

Upcoming need-to-knows:

- Nothing to report

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: Wilson,Scott K (BPA) - PSW-6
Subject: Norpac Meeting
Date: Thursday, May 25, 2017 4:29:17 PM

I asked Steve Kern today about his goals for the meeting tomorrow with Elliot. He really didn't see anything specific other than just to facilitate an audience with Elliot to understand their situation. Seems a bit odd to me in that Steve usually has very specific intentions for anything he does. Norpac may have different goals/ideas.

I gave Dave F. a heads up that you would be covering the meeting and that I have a conflict but we are both interested in the outcome. Would you mind sending me a quick update afterward?

Thanks,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Bob Essex
To: Wilson,Scott K (BPA) - PSW-6
Cc: Chris Velat; Gary Huhta
Subject: [EXTERNAL] RE: load forecast discussion
Date: Friday, May 26, 2017 11:21:18 AM

Scott,

The afternoon of the 8th sounds good. How about 1:00?
I was thinking we would meet you there, but here's the thing: I don't have a passport or "enhanced drivers license". Can I even get into BPA without one?
I will leave it up to you who you may want to include from your end. We would like to walk through the details of our forecast with you with the goal of getting some sense of whether you think our forecast is reasonable prior to submitting it.
Thanks. Have a good weekend!
Bob

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Friday, May 26, 2017 7:41 AM
To: Bob Essex <Bessex@cowlitzpud.org>
Cc: Chris Velat <cvelat@cowlitzpud.org>; Gary Huhta <Ghuhta@cowlitzpud.org>
Subject: RE: load forecast discussion

Good Morning Bob

I can make afternoon work on the 8th or anytime after 11:00 on the 9th and could make most any time work on the 12-14th. Are you thinking phone or in person. And would we want to include someone from forecasting?
--Scott

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Thursday, May 25, 2017 9:50 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Gary Huhta; Chris Velat
Subject: [EXTERNAL] load forecast discussion

Scott,
We would like to get on your calendar to discuss our load forecast submittal. Are you available to meet June 8th or 9th or early in the week of June 11 through June 17th?
Thanks.
Bob

From: Wilson,Scott K (BPA) - PSW-6
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: FW: Note on NORPAC
Date: Friday, May 26, 2017 2:10:00 PM

FYI

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	Jackson,Melanie M (BPA) - TSE-TPP-2
Subject:	RE: Norpac Meeting
Date:	Friday, May 26, 2017 2:36:00 PM

The guy behind the ENW Report for physicians with social responsibility.

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Friday, May 26, 2017 2:04 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Meeting

Yikes. Thanks for the update. Sorry but who is Robert?

Melanie Jackson
BPA Transmission Account Executive
mmjackson@bpa.gov
360 619 6012

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/26/17 1:29 PM (GMT-08:00)
To: "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: RE: Norpac Meeting

Kind of a tough meeting. They ended up bringing Robert McCullough which was a complete surprise to all of us. They showed us their financial challenges and basically made it clear that unless we do something they will be shutting down one of their 3 paper lines. Elliot did a good job of holding our company line that we can't do something special. They excepted that and their plan is to try to come in with a forecast that reflects the lower load and then see what we do. Elliot is going to get back to Cantwell who checked in with him earlier this week to let her know we are working with them and Dan, Garry Thompson and myself plan to get together to talk next steps early next week. I can fill in more if you want but that is the high level summary. It's going to be a long summer……
--Scott

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Friday, May 26, 2017 8:14 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Meeting

Thanks!

Melanie Jackson
BPA Transmission Account Executive
mmjackson@bpa.gov

360 619 6012

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/25/17 4:42 PM (GMT-08:00)
To: "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: RE: Norpac Meeting

I will do that. I expect a very strong push from them to let them buy less BPA power with at least an edge of AND if you do not we will shut down and the jobs will go away. Just had a very similar conversation with Port Angeles and McKinley Paper. We said no. Should be good theater.

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Date: 5/25/17 4:29 PM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Subject: Norpac Meeting

I asked Steve Kern today about his goals for the meeting tomorrow with Elliot. He really didn't see anything specific other than just to facilitate an audience with Elliot to understand their situation. Seems a bit odd to me in that Steve usually has very specific intentions for anything he does. Norpac may have different goals/ideas.

I gave Dave F. a heads up that you would be covering the meeting and that I have a conflict but we are both interested in the outcome. Would you mind sending me a quick update afterward?

Thanks,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC
Date: Friday, May 26, 2017 2:42:08 PM

Thank you Scott! GT – Ditto on the weekend! (:

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power

because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing

you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Note on NORPAC
Date: Friday, May 26, 2017 3:14:00 PM

Also they brought Robert McCullough with them as their expert. It was a pretty crazy conversation. We only found out he was coming in about 2 hours before they arrived. Have a nice weekend.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, May 26, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Thanks, Scott.

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/26/17 14:28 (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>
Subject: FW: Note on NORPAC

fyi

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E

(BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Yazzolino,Traci J (BPA) - KSCS-4
Subject: FW: Note on NORPAC
Date: Friday, May 26, 2017 2:21:00 PM

Please get a 30 minute meeting together with Reed and I. Thanks.
==Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Davis,Reed C (BPA) - KSL-4
Subject: FW: Note on NORPAC

FYI. Let's get together before this meeting too. This is going to get interesting and we will need to walk in lock-step. Also worth a discussion about Pend Oreille and others. This has 10s of millions of dollars in implications.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD

Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about

the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Subject: FW: Note on NORPAC
Date: Friday, May 26, 2017 2:20:00 PM

FYI. Let's get together before this meeting too. This is going to get interesting and we will need to walk in lock-step. Also worth a discussion about Pend Oreille and others. This has 10s of millions of dollars in implications.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power

because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing

you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: FW: Note on NORPAC
Date: Friday, May 26, 2017 2:10:00 PM

FYI

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted]. The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: FW: Note on NORPAC
Date: Friday, May 26, 2017 2:28:00 PM

---

fyi

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (6) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6
Subject: Note on NORPAC
Date: Friday, May 26, 2017 2:10:00 PM

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt

to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Baskerville,Sonya L (BPA) - DIN-WASH
To: James,Daniel M (BPA) - D-7; Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Friday, May 26, 2017 8:07:38 PM

Thanks, yes, I set-up the call for Rich with Elliot. When I talked to Rich before the call, I didn't hear that he had specific new ideas. My recollection is that he wanted to know from us as much as possible about what may be possible. Hopefully the call will go well.

Just got back from Strathmore seeing Audra McDonald. She sang all show tunes and American standards. None of the Billie Holiday, but that was okay. She has an awesome voice and she chose great songs!

Have a great, long weekend!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 5/26/17 8:33 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Hi – adding to this string.

1. Elliot talked to Rich at 2:00p today.

2. Immediately after that call, Elliot asked me to set up a call on Tuesday with Rich and Scott. Sonya, I didn't know you were in the middle of the Elliot and Rich conversation or I would have turned this one over to you.

3. I'm in the process of setting up that Tuesday call – shooting for Tuesday 5/30 at 3:30p ET.

4. Elliot implied to me that Rich has new questions for Scott related to the contract. Here's the key: Rich and Spencer are being advised by a consultant to Cowlitz and Norpac to pursue some very specific changes – I don't know what they are, but they are of a complexity that a new conversation between Scott and Rich was warranted in Elliot's mind. The consultant may be the someone that Liz may be referring to. I'm purposefully leaving the consultant's name out of this email.

Have a great weekend everyone.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Friday, May 26, 2017 4:19 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Importance: High

Hey there. Just following up on the Rich call. Scott has had a conversation with Rich and Spencer on the contractual issues. I think a conversation on any creative ideas and the consequences/impacts of any creative ideas is what may be more useful to Rich at this point.

Liz mentioned that someone may have some ideas. I can't remember who that is. I think it would be useful to explore what those are in a very high level way right now (I think Rich needs at least some feedback fairly soon), and then Scott could explain the risks and consequences including that the customers would have to buy-off on it.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/17/17 1:01 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Available 11:30 t0 2:00

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Wednesday, May 17, 2017 9:55 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Importance: High

Hey there. Are you available to have a quick chat with Senator Cantwell's staff sometime between 11:30a pacifc and 3:00 pacific?

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 5:36 PM (GMT-05:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen.

Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Baskerville,Sonya L (BPA) - DIN-WASH
To: Wilson,Scott K (BPA) - PSW-6; James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Friday, May 26, 2017 4:18:33 PM
Importance: High

Hey there. Just following up on the Rich call. Scott has had a conversation with Rich and Spencer on the contractual issues. I think a conversation on any creative ideas and the consequences/impacts of any creative ideas is what may be more useful to Rich at this point.

Liz mentioned that someone may have some ideas. I can't remember who that is. I think it would be useful to explore what those are in a very high level way right now (I think Rich needs at least some feedback fairly soon), and then Scott could explain the risks and consequences including that the customers would have to buy-off on it.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/17/17 1:01 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Available 11:30 t0 2:00

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Wednesday, May 17, 2017 9:55 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Importance: High

Hey there. Are you available to have a quick chat with Senator Cantwell's staff sometime between 11:30a pacifc and 3:00 pacific?

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 5:36 PM (GMT-05:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said “no”, so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.

--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp

Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Bob Essex
Cc: Chris Velat (cvelat@cowlitzpud.org); Gary Huhta (ghuhta@cowlitzpud.org)
Subject: RE: load forecast discussion
Date: Friday, May 26, 2017 7:40:00 AM

Good Morning Bob

I can make afternoon work on the 8th or anytime after 11:00 on the 9th and could make most any time work on the 12-14th. Are you thinking phone or in person. And would we want to include someone from forecasting?

--Scott

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Thursday, May 25, 2017 9:50 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Gary Huhta; Chris Velat
Subject: [EXTERNAL] load forecast discussion

Scott,

We would like to get on your calendar to discuss our load forecast submittal. Are you available to meet June 8th or 9th or early in the week of June 11 through June 17th?

Thanks.

Bob

From: Wilson,Scott K (BPA) - PSW-6
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Note on NORPAC
Date: Friday, May 26, 2017 3:14:00 PM

Also they brought Robert McCullough with them as their expert. It was a pretty crazy conversation. We only found out he was coming in about 2 hours before they arrived. Have a nice weekend.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, May 26, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Thanks, Scott.

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/26/17 14:28 (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>
Subject: FW: Note on NORPAC

fyi

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E

(BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC
Date: Friday, May 26, 2017 2:42:08 PM

Thank you Scott! GT – Ditto on the weekend! (:

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted]. The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power

because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing

you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	Jackson,Melanie M (BPA) - TSE-TPP-2
Subject:	RE: Norpac Meeting
Date:	Friday, May 26, 2017 2:36:00 PM

The guy behind the ENW Report for physicians with social responsibility.

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Friday, May 26, 2017 2:04 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Meeting

Yikes. Thanks for the update. Sorry but who is Robert?

Melanie Jackson
BPA Transmission Account Executive
mmjackson@bpa.gov
360 619 6012

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/26/17 1:29 PM (GMT-08:00)
To: "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: RE: Norpac Meeting

Kind of a tough meeting. They ended up bringing Robert McCullough which was a complete surprise to all of us. They showed us their financial challenges and basically made it clear that unless we do something they will be shutting down one of their 3 paper lines. Elliot did a good job of holding our company line that we can't do something special. They excepted that and their plan is to try to come in with a forecast that reflects the lower load and then see what we do. Elliot is going to get back to Cantwell who checked in with him earlier this week to let her know we are working with them and Dan, Garry Thompson and myself plan to get together to talk next steps early next week. I can fill in more if you want but that is the high level summary. It's going to be a long summer……
--Scott

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Friday, May 26, 2017 8:14 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Meeting

Thanks!

Melanie Jackson
BPA Transmission Account Executive
mmjackson@bpa.gov

360 619 6012

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/25/17 4:42 PM (GMT-08:00)
To: "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: RE: Norpac Meeting

I will do that. I expect a very strong push from them to let them buy less BPA power with at least an edge of AND if you do not we will shut down and the jobs will go away. Just had a very similar conversation with Port Angeles and McKinley Paper. We said no. Should be good theater.

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Date: 5/25/17 4:29 PM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Subject: Norpac Meeting

I asked Steve Kern today about his goals for the meeting tomorrow with Elliot. He really didn't see anything specific other than just to facilitate an audience with Elliot to understand their situation. Seems a bit odd to me in that Steve usually has very specific intentions for anything he does. Norpac may have different goals/ideas.

I gave Dave F. a heads up that you would be covering the meeting and that I have a conflict but we are both interested in the outcome. Would you mind sending me a quick update afterward?

Thanks,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: James,Daniel M (BPA) - D-7
To: Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Sunday, May 28, 2017 10:03:28 AM

That sounds like a terrific show!

I'm setting up a call for 12:30p PT Tuesday. I'll copy ya'll.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 5/26/17 8:07 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Thanks, yes, I set-up the call for Rich with Elliot. When I talked to Rich before the call, I didn't hear that he had specific new ideas. My recollection is that he wanted to know from us as much as possible about what may be possible. Hopefully the call will go well.

Just got back from Strathmore seeing Audra McDonald. She sang all show tunes and American standards. None of the Billie Holiday, but that was okay. She has an awesome voice and she chose great songs!

Have a great, long weekend!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 5/26/17 8:33 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Hi – adding to this string.

1. Elliot talked to Rich at 2:00p today.

2. Immediately after that call, Elliot asked me to set up a call on Tuesday with Rich and Scott. Sonya, I didn't know you were in the middle of the Elliot and Rich conversation or I would have turned this one over to you.

3. I'm in the process of setting up that Tuesday call – shooting for Tuesday 5/30 at 3:30p ET.

4. Elliot implied to me that Rich has new questions for Scott related to the contract. Here's the key: Rich and Spencer are being advised by a consultant to Cowlitz and Norpac to pursue some very specific changes – I don't know what they are, but they are of a complexity that a new conversation between Scott and Rich was warranted in Elliot's mind. The consultant may be the someone that Liz may be referring to. I'm purposefully leaving the consultant's name out of this email.

Have a great weekend everyone.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Friday, May 26, 2017 4:19 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Importance: High

Hey there. Just following up on the Rich call. Scott has had a conversation with Rich and Spencer on the contractual issues. I think a conversation on any creative ideas and the consequences/impacts of any creative ideas is what may be more useful to Rich at this point.

Liz mentioned that someone may have some ideas. I can't remember who that is. I think it would be useful to explore what those are in a very high level way right now (I think Rich needs at least some feedback fairly soon), and then Scott could explain the risks and consequences including that the customers would have to buy-off on it.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/17/17 1:01 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Available 11:30 t0 2:00

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Wednesday, May 17, 2017 9:55 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Importance: High

Hey there. Are you available to have a quick chat with Senator Cantwell's staff sometime between 11:30a pacifc and 3:00 pacific?

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 5:36 PM (GMT-05:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6)

From: James,Daniel M (BPA) - D-7
To: Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Date: Sunday, May 28, 2017 10:03:28 AM

That sounds like a terrific show!

I'm setting up a call for 12:30p PT Tuesday. I'll copy ya'll.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 5/26/17 8:07 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Thanks, yes, I set-up the call for Rich with Elliot. When I talked to Rich before the call, I didn't hear that he had specific new ideas. My recollection is that he wanted to know from us as much as possible about what may be possible. Hopefully the call will go well.

Just got back from Strathmore seeing Audra McDonald. She sang all show tunes and American standards. None of the Billie Holiday, but that was okay. She has an awesome voice and she chose great songs!

Have a great, long weekend!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 5/26/17 8:33 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Hi – adding to this string.

1. Elliot talked to Rich at 2:00p today.

2. Immediately after that call, Elliot asked me to set up a call on Tuesday with Rich and Scott. Sonya, I didn't know you were in the middle of the Elliot and Rich conversation or I would have turned this one over to you.

3. I'm in the process of setting up that Tuesday call – shooting for Tuesday 5/30 at 3:30p ET.

4. Elliot implied to me that Rich has new questions for Scott related to the contract. Here's the key: Rich and Spencer are being advised by a consultant to Cowlitz and Norpac to pursue some very specific changes – I don't know what they are, but they are of a complexity that a new conversation between Scott and Rich was warranted in Elliot's mind. The consultant may be the someone that Liz may be referring to. I'm purposefully leaving the consultant's name out of this email.

Have a great weekend everyone.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Friday, May 26, 2017 4:19 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Importance: High

Hey there. Just following up on the Rich call. Scott has had a conversation with Rich and Spencer on the contractual issues. I think a conversation on any creative ideas and the consequences/impacts of any creative ideas is what may be more useful to Rich at this point.

Liz mentioned that someone may have some ideas. I can't remember who that is. I think it would be useful to explore what those are in a very high level way right now (I think Rich needs at least some feedback fairly soon), and then Scott could explain the risks and consequences including that the customers would have to buy-off on it.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/17/17 1:01 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Available 11:30 t0 2:00

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Wednesday, May 17, 2017 9:55 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request
Importance: High

Hey there. Are you available to have a quick chat with Senator Cantwell's staff sometime between 11:30a pacifc and 3:00 pacific?

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 5:36 PM (GMT-05:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
To: Yazzolino,Traci J (BPA) - KSCS-4
Subject: RE: Note on NORPAC
Date: Tuesday, May 30, 2017 12:00:00 PM

Don't worry about it today. I have a call into him anyway.

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:30 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

No way I can get today. And you have a conflict for this afternoon. Meeting with Elly at 1:30

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:26 AM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: RE: Note on NORPAC

I will take what I can get. Today would be better.

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Sorry, meant Wednesday

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Do you need something soon than Thursday?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: FW: Note on NORPAC

Please get a 30 minute meeting together with Reed and I. Thanks.
==Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Davis,Reed C (BPA) - KSL-4
Subject: FW: Note on NORPAC

FYI. Let's get together before this meeting too. This is going to get interesting and we will need to walk in lock-step. Also worth a discussion about Pend Oreille and others. This has 10s of millions of dollars in implications.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp

Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6)

From: Davis,Reed C (BPA) - KSL-4
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: load forecast discussion
Date: Tuesday, May 30, 2017 2:43:55 PM

What do you think about having the TX AE at this meeting also?

Thanks,
Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:19 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Cc: Lowe-Sheldon,Jennifer C (CONTR) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject: FW: load forecast discussion

Need to get a room for this meeting(plan on two hours). Also please invite Reed Davis and whoever he would like to have come too. Thanks.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:17 PM
To: 'Bob Essex'
Cc: Chris Velat; Gary Huhta
Subject: RE: load forecast discussion

That will work. I will have you all cleared to get into the building here. Look forward to seeing you then.
==Scott

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Friday, May 26, 2017 11:21 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Chris Velat; Gary Huhta
Subject: [EXTERNAL] RE: load forecast discussion

Scott,
The afternoon of the 8th sounds good. How about 1:00?
I was thinking we would meet you there, but here's the thing: I don't have a passport or "enhanced drivers license". Can I even get into BPA without one?
I will leave it up to you who you may want to include from your end. We would like to walk through the details of our forecast with you with the goal of getting some sense of whether you think our forecast is reasonable prior to submitting it.
Thanks. Have a good weekend!
Bob

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Friday, May 26, 2017 7:41 AM

To: Bob Essex <Bessex@cowlitzpud.org>
Cc: Chris Velat <cvelat@cowlitzpud.org>; Gary Huhta <Ghuhta@cowlitzpud.org>
Subject: RE: load forecast discussion

Good Morning Bob

I can make afternoon work on the 8th or anytime after 11:00 on the 9th and could make most any time work on the 12-14th. Are you thinking phone or in person. And would we want to include someone from forecasting?
--Scott

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Thursday, May 25, 2017 9:50 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Gary Huhta; Chris Velat
Subject: [EXTERNAL] load forecast discussion

Scott,
We would like to get on your calendar to discuss our load forecast submittal. Are you available to meet June 8th or 9th or early in the week of June 11 through June 17th?
Thanks.
Bob

From: Yazzolino,Traci J (BPA) - KSCS-4
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC
Date: Tuesday, May 30, 2017 11:30:15 AM

No way I can get today. And you have a conflict for this afternoon. Meeting with Elly at 1:30

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:26 AM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: RE: Note on NORPAC

I will take what I can get. Today would be better.

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Sorry, meant Wednesday

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Do you need something soon than Thursday?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: FW: Note on NORPAC

Please get a 30 minute meeting together with Reed and I. Thanks.
==Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Davis,Reed C (BPA) - KSL-4
Subject: FW: Note on NORPAC

FYI. Let's get together before this meeting too. This is going to get interesting and we will need to walk in lock-step. Also worth a discussion about Pend Oreille and others. This has 10s of millions of dollars in implications.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that

wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted]. The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Yazzolino,Traci J (BPA) - KSCS-4
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC
Date: Tuesday, May 30, 2017 11:17:17 AM

Sorry, meant Wednesday

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Do you need something soon than Thursday?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: FW: Note on NORPAC

Please get a 30 minute meeting together with Reed and I. Thanks.
==Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Davis,Reed C (BPA) - KSL-4
Subject: FW: Note on NORPAC

FYI. Let's get together before this meeting too. This is going to get interesting and we will need to walk in lock-step. Also worth a discussion about Pend Oreille and others. This has 10s of millions of dollars in implications.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said “no”, so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so

Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Yazzolino,Traci J (BPA) - KSCS-4
Subject: RE: Note on NORPAC
Date: Tuesday, May 30, 2017 12:00:00 PM

Don't worry about it today. I have a call into him anyway.

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:30 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

No way I can get today. And you have a conflict for this afternoon. Meeting with Elly at 1:30

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:26 AM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: RE: Note on NORPAC

I will take what I can get. Today would be better.

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Sorry, meant Wednesday

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 11:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Note on NORPAC

Do you need something soon than Thursday?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: FW: Note on NORPAC

Please get a 30 minute meeting together with Reed and I. Thanks.
==Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:21 PM
To: Davis,Reed C (BPA) - KSL-4
Subject: FW: Note on NORPAC

FYI. Let's get together before this meeting too. This is going to get interesting and we will need to walk in lock-step. Also worth a discussion about Pend Oreille and others. This has 10s of millions of dollars in implications.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:10 PM
To: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: Note on NORPAC

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

Probably more than enough for now.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Tuesday, May 16, 2017 1:47 PM
To: Mainzer,Elliot E (BPA) - A-7; James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Subject: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

Elliot,

I believe Dan has scheduled a meeting next Monday, May 22 with you and Steve Kerns, Cowlitz PUD and a Norpac rep. (maybe?) to discuss the possibility of BPA reducing its power sales to Cowlitz so Norpac can purchase some volume of power on the market (or something close to market in price), instead of buying BPA power.

I've had brief conversations with Sonya and with Scott Wilson today about this topic. Sen. Cantwell's staff spoke to Sonya today about Norpac's upcoming request to reduce its buy, via Cowlitz, of 200 MWs of BPA power to 85 MWs of BPA power.

Scott will clarify that this is very inconsistent with the foundational take-or-pay concept embedded in the Regional Dialogue contracts. One might argue that BPA developed 20-year RD contracts to avoid repeating 1999-2000-2001.

When you brief Sen. Cantwell on I-5 tomorrow, Wednesday afternoon, she is going to ask you about the Norpac situation. Sonya indicates that the Senator will not be asking you to accommodate any request. Yet. The Senator might think there is some way for Norpac/Cowlitz to pay 'damages' to get out of contract. Scott might clarify that 'damages' would be paying for 11 more years of full load. The RD contracts allow for modifications if a utility loses load due to closure. Senator/Cowlitz may perceive this as a Catch 22.

I'll let Sonya and Scott weigh-in at this point if they want to add anything. I'll leave you a vm directing you to this communication chain. I left a vm for Dan on his cell and sent him a text.

Thanks.

Liz Klumpp

Washington Liaison | Bonneville Power Administration | 360-943-0157 | c[redacted]

From: Gary Huhta
To: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] Please Give Me a Call
Date: Wednesday, May 31, 2017 7:28:09 AM

Scott,
I left you a VM on this topic. Please give me a call prior to 9:00 today if possible. I would like to touch base with you as follow up to the NORPAC discussion. In addition, Senator Cantwell's office contacted Steve late yesterday and set up a 9:00 call today to discuss the same. It would be nice to touch base with you in advance of that call.
Thanks, Gary.

From: Yazzolino,Traci J (BPA) - KSCS-4
To: Wilson,Scott K (BPA) - PSW-6
Cc: Lowe-Sheldon,Jennifer C (CONTR) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject: RE: load forecast discussion
Date: Wednesday, May 31, 2017 6:20:54 AM

She's been invited. ☺

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, May 30, 2017 3:00 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Cc: Lowe-Sheldon,Jennifer C (CONTR) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject: RE: load forecast discussion

Please also invite Melanie Jackson to this meeting too.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:19 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Cc: Lowe-Sheldon,Jennifer C (CONTR) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject: FW: load forecast discussion

Need to get a room for this meeting(plan on two hours). Also please invite Reed Davis and whoever he would like to have come too. Thanks.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, May 26, 2017 2:17 PM
To: 'Bob Essex'
Cc: Chris Velat; Gary Huhta
Subject: RE: load forecast discussion

That will work. I will have you all cleared to get into the building here. Look forward to seeing you then.
==Scott

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Friday, May 26, 2017 11:21 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Chris Velat; Gary Huhta
Subject: [EXTERNAL] RE: load forecast discussion

Scott,
The afternoon of the 8th sounds good. How about 1:00?
I was thinking we would meet you there, but here's the thing: I don't have a passport or "enhanced drivers license". Can I even get into BPA without one?
I will leave it up to you who you may want to include from your end. We would like to walk through the details of our forecast with you with the goal of getting some sense of whether you think our forecast is reasonable prior to submitting it.
Thanks. Have a good weekend!

Bob

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Friday, May 26, 2017 7:41 AM
To: Bob Essex <Bessex@cowlitzpud.org>
Cc: Chris Velat <cvelat@cowlitzpud.org>; Gary Huhta <Ghuhta@cowlitzpud.org>
Subject: RE: load forecast discussion

Good Morning Bob

I can make afternoon work on the 8th or anytime after 11:00 on the 9th and could make most any time work on the 12-14th. Are you thinking phone or in person. And would we want to include someone from forecasting?

--Scott

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Thursday, May 25, 2017 9:50 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Gary Huhta; Chris Velat
Subject: [EXTERNAL] load forecast discussion

Scott,

We would like to get on your calendar to discuss our load forecast submittal. Are you available to meet June 8th or 9th or early in the week of June 11 through June 17th?

Thanks.

Bob

From: Gary Huhta
To: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] Please Give Me a Call
Date: Wednesday, May 31, 2017 7:28:09 AM

Scott,
I left you a VM on this topic. Please give me a call prior to 9:00 today if possible. I would like to touch base with you as follow up to the NORPAC discussion. In addition, Senator Cantwell's office contacted Steve late yesterday and set up a 9:00 call today to discuss the same. It would be nice to touch base with you in advance of that call.
Thanks, Gary.

From: Perry,Marcus I (BPA) - PSW-SEATTLE
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: cross hub question
Date: Wednesday, May 31, 2017 11:26:49 AM

Got it. Thanks. I'll stay tuned…

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, May 31, 2017 11:00 AM
To: Perry,Marcus I (BPA) - PSW-SEATTLE
Subject: RE: cross hub question

So far there is nothing that would be transferable to McKinley. I am holding to take-or-pay but looking at the fact that with Slice customers we have to make a binary forecast for, On or Off. My thinking is to explore a more nuanced approach with true-ups for actual load, just like we have with Load Shaping under the Load Following Contract. So it would still be take-or-pay, just for what the load turns out to be. So holding the line strongly. If something changes I will let you know. Anything we do will need to be a part of a transparent net requirements process. More to come for sure.

From: Perry,Marcus I (BPA) - PSW-SEATTLE
Sent: Wednesday, May 31, 2017 10:56 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: cross hub question

Hey Scott,
Sorry to swamp your inbox but yesterday at the cross hub I heard Garry comment that coming out of the meeting last Friday with Cowlitz and the paper company, that there were some 'items we would explore'…not sure what this means? I remember you saying the mill was in a similar spot to McKinley Paper out in Pt. Angeles…so is this "exploration" of solutions something McKinley or the City could take advantage of? Or not really?

Marcus Perry

Marcus Perry
Account Executive | Power Services
BONNEVILLE POWER ADMINISTRATION
miperry@bpa.gov | P 206-220-6779 | C (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: FW: A couple of Cowlitz Questions
Date: Thursday, June 01, 2017 2:50:17 PM

Thanks to Jason for getting the details around the questions that came up with Cowlitz. Feel free to share.
--Scott

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 10:54 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

1.) DER Demonstration info

Distributed Energy Resource Agreement No. 17PM-13385. The term of the demonstration is June 1, 2017 through September 30, 2017, Monday through Friday,
from 1300 to 2000 hours Pacific Prevailing Time, excluding NERC holidays.

Here is a list of the participants, with their DER information and Committed Load Reduction amounts redacted.

DER	Metering Point No.(*)	Type	DER Committed Load Reduction (kW)
CPUD-01 Cowlitz PUD – NORPAC facility	####	Load Reduction	27,880
FCPUD-01 Ferry County PUD	####	Demand Voltage Reduction	**[REDACTED]**
COR-01 City of Richland	####	Demand Voltage Reduction	**[REDACTED]**
EWEB-01 Eugene Water & Electric Board	####	Distributed Energy Resource	**[REDACTED]**
CRPUD-01 Columbia River PUD	####	Demand Voltage Reduction	**[REDACTED]**
CMF-01 City of Milton Freewater	###	Demand Voltage Reduction	**[REDACTED]**

CMF-02 City of Milton Freewater	###	Residential Load	**[REDACTED]**
Total Committed Load Reduction (kW)			**36,100**

2.) Modified TOCA for OMP vs BP-16 TOCA

All generators operating at the time of an Oversupply Event receive a pro-rata allocation of OMP charges. Preference customers are allocated their portion of the oversupply charged attributed to Power Services FCRPS generation based on TOCAs, not their actual load or service provided by PS during the oversupply event .

In the BP-16 rate case for FY17 the sum of TOCAs is less than 100%, so BPA Transmission scaled the preference customer TOCAs upward, including DSIs Port Townsend and Alcoa, to change the sum from 98.03302% to 100%. For Cowlitz this is an increase of 0.32% from 7.77022% to 7.79496%.

The Transmission OMP Modified TOCAs are fixed in the rates case final proposal and are not subject to any adjustment.

If Transmission did not scale the TOCAs to sum to 100% Transmission would under collect the oversupply charges from the preference customer's pro-rata share of FCRPS generation.

Customers with their own resources will see additional separate OMP charges for any of their resources located in the BPA BAA that were generating during Oversupply Events.

Jason

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 01, 2017 9:20 AM
To: Weinstein,Jason C (BPA) - PSS-6
Subject: RE: A couple of Cowlitz Questions

Yes

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 8:32 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

Got it. Response by noon today OK?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, May 31, 2017 4:34 PM
To: Weinstein,Jason C (BPA) - PSS-6
Subject: FW: A couple of Cowlitz Questions

Could you please run these down for me. Thanks
==Scott

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Wednesday, May 31, 2017 11:16 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: A couple of Cowlitz Questions

Here are a couple of questions that came up at our last meeting that I hope you can help with.

- What do you know about a DR summer pilot in the Longview area?
- Cowlitz would like to know what a modified TOCA is? (With respect to the TOCA used to calculate OSM billing.)

Any help is most appreciated.

Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: RE: A couple of Cowlitz Questions
Date: Thursday, June 01, 2017 3:00:12 PM

Thanks so much to you both! I'll copy you on the response.

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 01, 2017 2:50 PM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: FW: A couple of Cowlitz Questions

Thanks to Jason for getting the details around the questions that came up with Cowlitz. Feel free to share.
--Scott

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 10:54 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

1.) DER Demonstration info

Distributed Energy Resource Agreement No. 17PM-13385. The term of the demonstration is June 1, 2017 through September 30, 2017, Monday through Friday,
from 1300 to 2000 hours Pacific Prevailing Time, excluding NERC holidays.

Here is a list of the participants, with their DER information and Committed Load Reduction amounts redacted.

DER	Metering Point No.(*)	Type	DER Committed Load Reduction (kW)
CPUD-01 Cowlitz PUD – NORPAC facility	####	Load Reduction	27,880
FCPUD-01 Ferry County PUD	####	Demand Voltage Reduction	**[REDACTED]**

COR-01 City of Richland	####	Demand Voltage Reduction	**[REDACTED]**
EWEB-01 Eugene Water & Electric Board	####	Distributed Energy Resource	**[REDACTED]**
CRPUD-01 Columbia River PUD	####	Demand Voltage Reduction	**[REDACTED]**
CMF-01 City of Milton Freewater	###	Demand Voltage Reduction	**[REDACTED]**
CMF-02 City of Milton Freewater	###	Residential Load	**[REDACTED]**
Total Committed Load Reduction (kW)			**36,100**

2.) Modified TOCA for OMP vs BP-16 TOCA

All generators operating at the time of an Oversupply Event receive a pro-rata allocation of OMP charges. Preference customers are allocated their portion of the oversupply charged attributed to Power Services FCRPS generation based on TOCAs, not their actual load or service provided by PS during the oversupply event .

In the BP-16 rate case for FY17 the sum of TOCAs is less than 100%, so BPA Transmission scaled the preference customer TOCAs upward, including DSIs Port Townsend and Alcoa, to change the sum from 98.03302% to 100%. For Cowlitz this is an increase of 0.32% from 7.77022% to 7.79496%.

The Transmission OMP Modified TOCAs are fixed in the rates case final proposal and are not subject to any adjustment.

If Transmission did not scale the TOCAs to sum to 100% Transmission would under collect the oversupply charges from the preference customer's pro-rata share of FCRPS generation.

Customers with their own resources will see additional separate OMP charges for any of their resources located in the BPA BAA that were generating during Oversupply Events.

Jason

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 01, 2017 9:20 AM
To: Weinstein,Jason C (BPA) - PSS-6
Subject: RE: A couple of Cowlitz Questions

Yes

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 8:32 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

Got it. Response by noon today OK?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, May 31, 2017 4:34 PM
To: Weinstein,Jason C (BPA) - PSS-6
Subject: FW: A couple of Cowlitz Questions

Could you please run these down for me. Thanks
==Scott

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Wednesday, May 31, 2017 11:16 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: A couple of Cowlitz Questions

Here are a couple of questions that came up at our last meeting that I hope you can help with.

- What do you know about a DR summer pilot in the Longview area?
- Cowlitz would like to know what a modified TOCA is? (With respect to the TOCA used to calculate OSM billing.)

Any help is most appreciated.

Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From:	Wilson,Scott K (BPA) - PSW-6
To:	ADL_PSW_ALL; ADL_PSE_ONLY
Cc:	ADL_PSS_ALL
Subject:	FW: Large End Users by congressional district 5-31.xlsx
Date:	Thursday, June 01, 2017 4:43:56 PM
Attachments:	Large End Users by congressional district 5-31.xlsx

Here is some interesting information about where our larger industrials are located. If you see something that meets Doug's definition of "looks weird" please let Nancy or me know. Thank You.
--Scott

From: Marker,Douglas R (BPA) - DIR-7
Sent: Thursday, June 01, 2017 4:34 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Ball,Crystal A (BPA) - DIR-7; Williams,John J (BPA) - DIR-BOISE; Reller,Mark D (BPA) - DIR-MSGL; Warner,Joshua P (BPA) - DIR-7; Thompson,Garry R (BPA) - PS-6; Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Wilson,Scott K (BPA) - PSW-6
Cc: Milan,Chris (BPA) - PEJC-6
Subject: Large End Users by congressional district 5-31.xlsx

After his last trip to DC, Elliot asked for a list of big end users in our congressional districts. Chris Milan gave me the data and I've formatted into a report by district. Next week's trip is the first use of this and I thought it turned out to be very interesting. Passing it on for your awareness, but if you see anything that looks weird, please let me know. And big thanks to Chris for pulling this together. It's nice to have had ready well in advance of this trip.

BPA Region Top 50 Industrials : Load Data

Please note that the estimated load column does not reflect metered consumption, but rather reflects estimated information from utility account plans and ES

No	Utility	Name	City	State	Sub-industry	Est Annual Consumption	Est Load (aMW)
Rep. Mike Simpson, Idaho 2nd							
13	Salmon River Electric Cooperative	Thompson Creek Mine	Clayton	ID	212: Mining - except oil & gas	306,600,000	35
45	City of Idaho Falls	Anheuser Busch Idaho Falls	Idaho Falls	ID	311: Other Food - food manufacturing	43,000,000	4 9
Rep. Greg Gianforte, Montana AL							
22	Flathead Electric Coop	Weyerhaeuser (formerly Plum Creek Timber)	Columbia Fa	MT	3212: Wood - Other - lumber and wood manufacturing -	131,400,000	15
Rep. Suzanne Bonamici, Oregon 1st							
8	McMinnville Water and Light	Cascade Steel Rolling Mills	McMinnville	OR	332: Fabricated metal product mfg - fabricated metal	350,400,000	40
10	Clatskanie PUD	Georgia-Pacific Corp Wauna	Clatskanie	OR	322: Kraft Pulp - paper manufacturing (kraft pulp)	326,700,000	37
24	Columbia River PUD	Dyno Nobel	Deer Island	OR	325: Chemical - chemical manufacturing	99,453,758	11
39	Forest Grove Light and Power	Viasystems	Forest Grove	OR	3344: Hi Tech - Chip Fab - semiconductor and other	52,560,000	6 0
47	Clatskanie PUD	Columbia Pacific Bio-Refinery	Clatskanie	OR	4931: Cold Storage - warehousing and storage	40,000,000	4.6
Rep. Greg Walden, Oregon 2nd							
35	Umatilla Electric	ConAgra - Boardman	Boardman	OR	31141: Frozen Food - frozen food manufacturing	60,000,000	6 8
40	Umatilla Electric	ConAgra - Hermiston	Hermiston	OR	31141: Frozen Food - frozen food manufacturing	50,000,000	5.7
43	Oregon Trail Electric Coop	Boise Elgin	Elgin	OR	3212: Wood - Panel - veneer, plywood, and engineered	45,000,000	5.1
Rep. Peter DeFazio, Oregon 4th							
7	Eugene Water and Electric Board	International Paper Springfield	Springfield	OR	322: Kraft Pulp - paper manufacturing (kraft pulp)	438,000,000	50
18	Springfield Utility Board	Swanson Mfg Group Springfield	Springfield	OR	3212: Wood - Panel - veneer, plywood, and engineered	200,604,000	23
Rep. Kurt Schrader, Oregon 5th							
5	Central Lincoln PUD	Georgia-Pacific Corp Toledo	Toledo	OR	322: Kraft Pulp - paper manufacturing (kraft pulp)	613,200,000	70
OR-5	Tillamook PUD	Tillamook Co. Creamery Association	Tillamook	OR	311: Other Food - food manufacturing	68,869,083	7 9
Rep. Suzan DelBene, Washington 1st							
17	Whatcom County PUD 1	Phillips 66 Ferndale	Ferndale	WA	324: Refinery - petroleum and coal products manufacturing	227,760,000	26
Rep. Rick Larsen, Washington 2nd							
9	Snohomish County PUD	Boeing - Everett	Everett	WA	336: Transportation, Equip - transportation equipment	330,252,000	38
Rep. Jaime Herrera Beutler, Washington 3rd							
41	Centralia City Light	Sierra Pacific Centralia	Centralia	WA	3211: Wood - Lumber - sawmills and wood	50,000,000	5.7
50	Lewis County PUD	Hardel Plywood	Chehalis	WA	3212: Wood - Panel - veneer, plywood, and engineered	35,000,000	4 0
29	Cowlitz County PUD	Steelscape	Kalama	WA	332: Fabricated metal product mfg - fabricated metal	74,460,000	8 5
44	Cowlitz County PUD	Emerald Performance Materials	Kalama	WA	325: Chemical - chemical manufacturing	44,000,000	5 0
33	Benton County PUD	Agrium	Kennewick	WA	325: Chemical - chemical manufacturing	66,000,000	7 5
1	Cowlitz County PUD	NORPAC	Longview	WA	322: Mechanical Pulp - paper manufacturing (mechanical	1,971,000,000	225
2	Cowlitz County PUD	KapStone (formerly Longview Fibre)	Longview	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	963,600,000	110

INTERNAL USE ONLY - BUSINESS SENSITIVE

Energy Smart Industrial
BPA ENERGY EFFICIENCY

No	Utility	Name	City	State	Sub-industry	Est Annual Consumption	Est Load (aMW)
6	Cowlitz County PUD	Nippon Dynawave Packaging (formerly Weyerhaeuser)	Longview	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	543,120,000	62
16	Cowlitz County PUD	Axiall (formerly PPG). (DSI/Special Cowlitz agreement)	Longview	WA	325: Chemical - chemical manufacturing	236,520,000	27
12	Clark Public Utilities	SEH America	Vancouver	WA	32518: Hi Tech - Silicon - other basic inorganic chemical	306,600,000	35
26	Clark Public Utilities	Linde LLC	Vancouver	WA	325: Chemical - chemical manufacturing	94,771,740	11
36	Cowlitz County PUD	Columbia River Carbonates	Woodland	WA	325: Chemical - chemical manufacturing	56,940,000	6 5
19	Grays Harbor PUD	Cosmo Specialty Fibers	Cosmopolis	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	183,960,000	21
20	Clark Public Utilities	WaferTech	Camas	WA	3344: Hi Tech - Chip Fab - semiconductor and other	156,804,000	18
Rep Dan Newhouse, Washington 4th							
42	Franklin County PUD 1	ConAgra - Connell	Connell	WA	31141: Frozen Food - frozen food manufacturing	47,000,000	5.4
34	Franklin County PUD 1	ConAgra - Pasco	Pasco	WA	31141: Frozen Food - frozen food manufacturing	64,000,000	7 3
48	Franklin County PUD 1	Pasco Processing	Pasco	WA	31141: Frozen Food - frozen food manufacturing	40,000,000	4.6
25	City of Richland	ConAgra - Richland	Richland	WA	31141: Frozen Food - frozen food manufacturing	96,000,000	11
49	City of Richland	ATI Allvac	Richland	WA	332: Fabricated metal product mfg - fabricated metal	35,040,000	4 0
38	Benton REA	Darigold Sunnyside	Sunnyside	WA	311: Other Food - food manufacturing	54,000,000	6 2
Rep. Cathy McMorris Rodgers, Washington 5th							
3	Pend Oreille PUD	Ponderay Newsprint Company	Usk	WA	322: Mechanical Pulp - paper manufacturing (mechanical	770,880,000	88
Rep. Derek Kilmer, Washington 6th							
11	City of Port Angeles	Nippon Paper Industries	Port Angeles	WA	322: Mechanical Pulp - paper manufacturing (mechanical	315,360,000	36
Rep. Pramila Jayapal, Washington 7th							
14	Seattle City Light	Nucor Steel	Seattle	WA	332: Fabricated metal product mfg - fabricated metal	290,000,000	33
23	Seattle City Light	Ardagh Glass (formerly Verallia/Saint-Gobain)	Seattle	WA	327: SGC - non-metallic mineral product	107,748,000	12
28	Seattle City Light	Boeing - Seattle	Seattle	WA	336: Transportation, Equip - transportation equipment	80,000,000	9.1
30	Seattle City Light	Ash Grove Cement	Seattle	WA	3273: Cement - cement and concrete product	72,000,000	8 2
37	Seattle City Light	King County Wastewater	Seattle	WA	2213: Water & Sewage	55,000,000	6 3
Rep. Adam Smith, Washington 9th							
15	Tacoma Power	WestRock (formerly Simpson Tacoma Kraft)	Tacoma	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	275,000,000	31
21	Tacoma Power	Praxair Tacoma	Tacoma	WA	325: Chemical - chemical manufacturing	133,000,000	15
32	Tacoma Power	U.S. Oil & Refining	Tacoma	WA	324: Refinery - petroleum and coal products manufacturing	66,576,000	7.6
Rep. Mark Amodei, Nevada 2nd							
4	Wells Rural Electric	Newmont Mining Corp	Elko	NV	212: Mining - except oil & gas	657,000,000	75
27	Wells Rural Electric	Praxair Carlin	Carlin	NV	325: Chemical - chemical manufacturing	90,000,000	10
Rep. Liz Cheney, Wyoming AL							
46	Lower Valley Electric Coop	Simplot Afton Smoky Canyon Mine	Afton	WY	212: Mining - except oil & gas	41,172,000	4.7

INTERNAL USE ONLY - BUSINESS SENSITIVE

Energy Smart Industrial
BPA ENERGY EFFICIENCY

BPA Region Top 50 Industrials : Load Data
Please note that the estimated load column does not reflect metered consumption, but rather reflects estimated information from utility account plans and ESI technical studies

No	Utility	Name	City	State	ZIP	Sub-industry	Est Annual Consumption	Est Load (aMW)	Congressional District
Rep. Mike Simpson, Idaho 2nd									
13	Salmon River Electric	Thompson Creek Mine	Clayton	ID	83227	212: Mining - except oil & gas	306 600 000	35	ID-2
45	City of Idaho Falls	Anheuser Busch Idaho	Idaho Falls	ID	83402	311: Other Food - food manufacturing	43 000 000	4.9	ID-2
Rep. Greg Gianforte, Montana AL									
22	Flathead Electric Coop	Weyerhaeuser (formerly Plum Creek	Columbia Falls	MT	59912	3212: Wood - Other - lumber and wood manufacturing - other	131,400,000	15	MT
Rep. Suzanne Bonamici, Oregon 1st									
8	McMinnville Water and Light	Cascade Steel Rolling Mills	McMinnville	OR	97128	332: Fabricated metal product mfg - fabricated metal product manufacturing	350,400,000	40	OR-1
10	Clatskanie PUD	Georgia-Pacific Corp	Clatskanie	OR	97016	322: Kraft Pulp - paper manufacturing (kraft pulp)	326,700,000	37	OR-1
24	Columbia River PUD	Dyno Nobel	Deer Island	OR	97054	325: Chemical - chemical manufacturing	99,453,758	11	OR-1
39	Forest Grove Light and Power	Viasystems	Forest Grove	OR	97116	3344: Hi Tech - Chip Fab - semiconductor and other electronic component manufacturing	52,560,000	6.0	OR-1
47	Clatskanie PUD	Columbia Pacific Bio-Refinery	Clatskanie	OR	97016	4931: Cold Storage - warehousing and storage	40,000,000	4.6	OR-1
Rep. Greg Walden, Oregon 2nd									
35	Umatilla Electric	ConAgra - Boardman	Boardman	OR	97818	31141: Frozen Food - frozen food manufacturing	60,000,000	6.8	OR-2
40	Umatilla Electric	ConAgra - Hermiston	Hermiston	OR	97838	31141: Frozen Food - frozen food manufacturing	50,000,000	5.7	OR-2
43	Oregon Trail Electric Coop	Boise Elgin	Elgin	OR	97827	3212: Wood - Panel - veneer, plywood, and engineered wood product manufacturing	45,000,000	5.1	OR-2
Rep. Peter DeFazio, Oregon 4th									
7	Eugene Water and Electric Board	International Paper Springfield	Springfield	OR	97478	322: Kraft Pulp - paper manufacturing (kraft pulp)	438,000,000	50	OR-4
18	Springfield Utility Board	Swanson Mfg Group Springfield	Springfield	OR	97477	3212: Wood - Panel - veneer, plywood, and engineered wood product manufacturing	200,604,000	23	OR-4
Rep. Kurt Schrader, Oregon 5th									
5	Central Lincoln PUD	Georgia-Pacific Corp Toledo	Toledo	OR	97391	322: Kraft Pulp - paper manufacturing (kraft pulp)	613,200,000	70	OR-5
OR-5	Tillamook PUD	Tillamook Co. Creamery	Tillamook	OR	97141	311: Other Food - food manufacturing	68,869,083	7.9	OR-5
Rep. Suzan DelBene, Washington 1st									
17	Whatcom County PUD 1	Phillips 66 Ferndale	Ferndale	WA	98248	324: Refinery - petroleum and coal products manufacturing	227,760,000	26	WA-1
Rep. Rick Larsen, Washington 2nd									
9	Snohomish County PUD	Boeing - Everett	Everett	WA	98203	336: Transportation, Equip - transportation equipment manufacturing	330,252,000	38	WA-2
Rep. Jaime Herrera Beutler, Washington 3rd									
41	Centralia City Light	Sierra Pacific Centralia	Centralia	WA	98531	3211: Wood - Lumber - sawmills and wood preservation	50,000,000	5.7	WA-3
50	Lewis County PUD	Hardel Plywood	Chehalis	WA	98532	3212: Wood - Panel - veneer, plywood, and engineered wood product manufacturing	35,000,000	4.0	WA-3
29	Cowlitz County PUD	Steelscape	Kalama	WA	98625	332: Fabricated metal product mfg - fabricated metal product manufacturing	74,460,000	8.5	WA-3
44	Cowlitz County PUD	Emerald Performance	Kalama	WA	98635	325: Chemical - chemical manufacturing	44,000,000	5.0	WA-3

INTERNA USE ON Y - BUSINESS SENS T VE
Energy Smart Industrial

No	Utility	Name	City	State	ZIP	Sub-industry	Est Annual Consumption	Est Load (aMW)	Congressional District
33	Benton County PUD	Agrium	Kennewick	WA	99337	325: Chemical - chemical manufacturing	66,000,000	7.5	WA-3
1	Cowlitz County PUD	NORPAC	Longview	WA	98632	322: Mechanical Pulp - paper manufacturing (mechanical pulp)	1,971,000,000	225	WA-3
2	Cowlitz County PUD	KapStone (formerly Longview Fibre)	Longview	WA	98632	322: Kraft Pulp - paper manufacturing (kraft pulp)	963,600,000	110	WA-3
6	Cowlitz County PUD	Nippon Dynawave Packaging (formerly	Longview	WA	98632	322: Kraft Pulp - paper manufacturing (kraft pulp)	543,120,000	62	WA-3
16	Cowlitz County PUD	Axiall (formerly PPG).	Longview	WA	98632	325: Chemical - chemical manufacturing	236,520,000	27	WA-3
12	Clark Public Utilities	SEH America	Vancouver	WA	98682	32518: Hi Tech - Silicon - other basic inorganic chemical manufacturing	306,600,000	35	WA-3
26	Clark Public Utilities	Linde LLC	Vancouver	WA	98665	325: Chemical - chemical manufacturing	94 771 740	11	WA-3
36	Cowlitz County PUD	Columbia River	Woodland	WA	98674	325: Chemical - chemical manufacturing	56 940 000	6.5	WA-3
19	Grays Harbor PUD	Cosmo Specialty Fibers	Cosmopolis	WA	98537	322: Kraft Pulp - paper manufacturing (kraft pulp)	183 960 000	21	WA-3
20	Clark Public Utilities	WaferTech	Camas	WA	98607	3344: Hi Tech - Chip Fab - semiconductor and other electronic component manufacturing	156,804,000	18	WA-3
Rep Dan Newhouse, Washington 4th									
42	Franklin County PUD 1	ConAgra - Connell	Connell	WA	99326	31141: Frozen Food - frozen food manufacturing	47,000,000	5.4	WA-4
34	Franklin County PUD 1	ConAgra - Pasco	Pasco	WA	99301	31141: Frozen Food - frozen food manufacturing	64,000,000	7.3	WA-4
48	Franklin County PUD 1	Pasco Processing	Pasco	WA	99301	31141: Frozen Food - frozen food manufacturing	40,000,000	4.6	WA-4
25	City of Richland	ConAgra - Richland	Richland	WA	99354	31141: Frozen Food - frozen food manufacturing	96,000,000	11	WA-4
49	City of Richland	ATI Allvac	Richland	WA	99354	332: Fabricated metal product mfg - fabricated metal product manufacturing	35,040,000	4.0	WA-4
38	Benton REA	Darigold Sunnyside	Sunnyside	WA	98944	311: Other Food - food manufacturing	54,000,000	6.2	WA-4
Rep. Cathy McMorris Rodgers, Washington 5th									
3	Pend Oreille PUD	Ponderay Newsprint	Usk	WA	99180	322: Mechanical Pulp - paper manufacturing (mechanical pulp)	770,880,000	88	WA-5
Rep. Derek Kilmer, Washington 6th									
11	City of Port Angeles	Nippon Paper	Port Angeles	WA	98363	322: Mechanical Pulp - paper manufacturing (mechanical pulp)	315,360,000	36	WA-6
Rep. Pramila Jayapal, Washington 7th									
14	Seattle City Light	Nucor Steel	Seattle	WA	98106	332: Fabricated metal product mfg - fabricated metal product	290,000,000	33	WA-7
23	Seattle City Light	Ardagh Glass (formerly Verallia/Saint-Gobain)	Seattle	WA	98134	327: SGC - non-metallic mineral product manufacturing	107,748,000	12	WA-7
28	Seattle City Light	Boeing - Seattle	Seattle	WA	98124	336: Transportation, Equip - transportation equipment manufacturing	80,000,000	9.1	WA-7
30	Seattle City Light	Ash Grove Cement	Seattle	WA	98134	3273: Cement - cement and concrete product manufacturing	72,000,000	8.2	WA-7
37	Seattle City Light	King County	Seattle	WA	98199	2213: Water & Sewage	55 000 000	6.3	WA-7
Rep. Adam Smith, Washington 9th									
15	Tacoma Power	WestRock (formerly	Tacoma	WA	98421	322: Kraft Pulp - paper manufacturing (kraft pulp)	275 000 000	31	WA-9
21	Tacoma Power	Praxair Tacoma	Tacoma	WA	98424	325: Chemical - chemical manufacturing	133,000,000	15	WA-9
32	Tacoma Power	U.S. Oil & Refining	Tacoma	WA	98421	324: Refinery - petroleum and coal products manufacturing	66,576,000	7.6	WA-9
Rep. Mark Amodei, Nevada 2nd									
4	Wells Rural Electric	Newmont Mining Corp	Elko	NV	89801	212: Mining - except oil & gas	657 000 000	75	NV-2
27	Wells Rural Electric	Praxair Carlin	Carlin	NV	89822	325: Chemical - chemical manufacturing	90 000 000	10	NV-2
Rep. Liz Cheney, Wyoming AL									
46	Lower Valley Electric	Simplot Afton Smoky	Afton	WY	83110	212: Mining - except oil & gas	41 172 000	4.7	WY
		Top 50 Totals					**11,456,350,581**		
		Top 50 Totals (aMW):					**1,307.80**		

INTERNA USE ON Y - BUSINESS SENS T VE

Energy Smart Industrial

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: Gary Huhta; Bob Essex; Tim Johnston (tjohnston@cowlitzpud.org); Ray Johnson (RJohnson@cowlitzpud.org)
Cc: Largo,Jay (BPA) - TPCV-TPP-4; Martinez,Geneva C (CONTR) - TSES-TPP-2; Wilson,Scott K (BPA) - PSW-6; Weinstein,Jason C (BPA) - PSS-6
Subject: Follow-Up from May 25 Mtg
Date: Thursday, June 01, 2017 3:06:55 PM
Attachments: Meeting Announcement Transmission business model 2016 TSEP and Cluster Study Commercial Response Alternatives for South of Allston.msg

---

All, please feel free to share as you see fit to Cowlitz folks. Below you will find the response to the questions about what the DER project is, that is underway, as well as the question about the modified TOCA. Questions should be directed to Scott and Jason who provided the information (thank you!).

We are still working on rescheduling the June 14 meeting to accommodate the BPA Transmission Customer meeting (announcement attached). The June 16 meeting is still on the calendar for now.

Let me know if you think of anything else.

Regards,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 10:54 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

1.) DER Demonstration info

Distributed Energy Resource Agreement No. 17PM-13385. The term of the demonstration is June 1, 2017 through September 30, 2017, Monday through Friday,
from 1300 to 2000 hours Pacific Prevailing Time, excluding NERC holidays.

Here is a list of the participants, with their DER information and Committed Load Reduction amounts redacted.

DER	Metering Point No.(*)	Type	DER Committed Load Reduction (kW)
CPUD-01 Cowlitz PUD – NORPAC facility	####	Load Reduction	27,880

FCPUD-01 Ferry County PUD	####	Demand Voltage Reduction	**[REDACTED]**
COR-01 City of Richland	####	Demand Voltage Reduction	**[REDACTED]**
EWEB-01 Eugene Water & Electric Board	####	Distributed Energy Resource	**[REDACTED]**
CRPUD-01 Columbia River PUD	####	Demand Voltage Reduction	**[REDACTED]**
CMF-01 City of Milton Freewater	###	Demand Voltage Reduction	**[REDACTED]**
CMF-02 City of Milton Freewater	###	Residential Load	**[REDACTED]**
Total Committed Load Reduction (kW)			**36,100**

2.) Modified TOCA for OMP vs BP-16 TOCA

All generators operating at the time of an Oversupply Event receive a pro-rata allocation of OMP charges. Preference customers are allocated their portion of the oversupply charged attributed to Power Services FCRPS generation based on TOCAs, not their actual load or service provided by PS during the oversupply event .

In the BP-16 rate case for FY17 the sum of TOCAs is less than 100%, so BPA Transmission scaled the preference customer TOCAs upward, including DSIs Port Townsend and Alcoa, to change the sum from 98.03302% to 100%. For Cowlitz this is an increase of 0.32% from 7.77022% to 7.79496%.

The Transmission OMP Modified TOCAs are fixed in the rates case final proposal and are not subject to any adjustment.

If Transmission did not scale the TOCAs to sum to 100% Transmission would under collect the oversupply charges from the preference customer's pro-rata share of FCRPS generation.

Customers with their own resources will see additional separate OMP charges for any of their resources located in the BPA BAA that were generating during Oversupply Events.

Jason

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Wednesday, May 31, 2017 11:16 AM
To: Wilson,Scott K (BPA) - PSW-6

Subject: A couple of Cowlitz Questions

Here are a couple of questions that came up at our last meeting that I hope you can help with.

- What do you know about a DR summer pilot in the Longview area?
- Cowlitz would like to know what a modified TOCA is? (With respect to the TOCA used to calculate OSM billing.)

Any help is most appreciated.

Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

Knudson,Thanh (CONTR) - CGI-7

From: Tech Forum
Sent: Tuesday, May 30, 2017 4:06 PM
To: Tech Forum
Subject: Meeting Announcement: Transmission business model, 2016 TSEP and Cluster Study, Commercial Response Alternatives for South of Allston

Bonneville Power Administration

Requested Action: Advisory of Public Meeting for Transmission Customers

---

Summary: BPA Transmission will hold a public meeting on Wednesday, June 14, 2017 to provide updates on a number of initiatives including the new Transmission business model and the 2016 TSEP. The meeting will also begin a discussion of commercial alternatives over the South of Allston flowgate.

Subject Description:

In light of the recent decision not to build the I-5 Corridor Reinforcement Project, BPA will provide overviews and roadmaps for initiatives that will drive BPA Transmission's commercial model moving forward. This meeting will cover the following:

- Transmission business model – the strategic initiative founded in BPA's decision to better leverage the pro forma Open Access Transmission Tariff (OATT) to support its commercial business. BPA Transmission executives will provide an overview and roadmap of the initial findings and decisions.
- 2016 TSR Study & Expansion Process (TSEP) and Cluster Study – BPA will provide an update on the results of the 2016 Cluster Study and an overview of next steps. More information on the current TSEP process can be found at https://www.bpa.gov/transmission/CustomerInvolvement/TSRStudyExpansionProcess/Pages/default.aspx.
- Commercial Response Alternatives for South of Allston (SOA) – as a result of the recent decision to not build the I-5 Corridor Reinforcement project, BPA will meet with customers to discuss commercial response alternatives for those transmission requests that require capacity over the SOA flowgate.

A more detailed agenda will be provided prior to the meeting.

Please visit the BPA Event Calendar for the most up-to-date calendar of events.

When: June 14, 2017

Time: 9 a.m. – 4 p.m.

Where: BPA Rates Hearing Room, 1201 Lloyd Blvd., Suite 200, Portland, OR

WebEx: join the meeting

(b) (2) [redacted]

(b) (2) [redacted]

To submit comments and questions or unsubscribe, email to techforum@bpa.gov. Click here to subscribe.

Knudson,Thanh (CONTR) - CGI-7

From: Tech Forum
Sent: Tuesday, May 30, 2017 4:06 PM
To: Tech Forum
Subject: Meeting Announcement: Transmission business model, 2016 TSEP and Cluster Study, Commercial Response Alternatives for South of Allston

Bonneville Power Administration

Requested Action: Advisory of Public Meeting for Transmission Customers

---

Summary: BPA Transmission will hold a public meeting on Wednesday, June 14, 2017 to provide updates on a number of initiatives including the new Transmission business model and the 2016 TSEP. The meeting will also begin a discussion of commercial alternatives over the South of Allston flowgate.

Subject Description:

In light of the recent decision not to build the I-5 Corridor Reinforcement Project, BPA will provide overviews and roadmaps for initiatives that will drive BPA Transmission's commercial model moving forward. This meeting will cover the following:

- Transmission business model – the strategic initiative founded in BPA's decision to better leverage the pro forma Open Access Transmission Tariff (OATT) to support its commercial business. BPA Transmission executives will provide an overview and roadmap of the initial findings and decisions.
- 2016 TSR Study & Expansion Process (TSEP) and Cluster Study – BPA will provide an update on the results of the 2016 Cluster Study and an overview of next steps. More information on the current TSEP process can be found at https://www.bpa.gov/transmission/CustomerInvolvement/TSRStudyExpansionProcess/Pages/default.aspx.
- Commercial Response Alternatives for South of Allston (SOA) – as a result of the recent decision to not build the I-5 Corridor Reinforcement project, BPA will meet with customers to discuss commercial response alternatives for those transmission requests that require capacity over the SOA flowgate.

A more detailed agenda will be provided prior to the meeting.

Please visit the BPA Event Calendar for the most up-to-date calendar of events.

When: June 14, 2017

Time: 9 a.m. – 4 p.m.

Where: BPA Rates Hearing Room, 1201 Lloyd Blvd., Suite 200, Portland, OR

WebEx: join the meeting

(b) (2)

(b) (2) [redacted]

To submit comments and questions or unsubscribe, email to techforum@bpa.gov. Click here to subscribe.

From: Wilson,Scott K (BPA) - PSW-6
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: FW: A couple of Cowlitz Questions
Date: Thursday, June 01, 2017 2:50:00 PM

Thanks to Jason for getting the details around the questions that came up with Cowlitz. Feel free to share.
--Scott

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 10:54 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

1.) DER Demonstration info

Distributed Energy Resource Agreement No. 17PM-13385. The term of the demonstration is June 1, 2017 through September 30, 2017, Monday through Friday,
from 1300 to 2000 hours Pacific Prevailing Time, excluding NERC holidays.

Here is a list of the participants, with their DER information and Committed Load Reduction amounts redacted.

DER	Metering Point No.(*)	Type	DER Committed Load Reduction (kW)
CPUD-01 Cowlitz PUD – NORPAC facility	####	Load Reduction	27,880
FCPUD-01 Ferry County PUD	####	Demand Voltage Reduction	**[REDACTED]**
COR-01 City of Richland	####	Demand Voltage Reduction	**[REDACTED]**
EWEB-01 Eugene Water & Electric Board	####	Distributed Energy Resource	**[REDACTED]**
CRPUD-01 Columbia River PUD	####	Demand Voltage Reduction	**[REDACTED]**
CMF-01 City of Milton Freewater	###	Demand Voltage Reduction	**[REDACTED]**

CMF-02 City of Milton Freewater	###	Residential Load	**[REDACTED]**
Total Committed Load Reduction (kW)			**36,100**

2.) Modified TOCA for OMP vs BP-16 TOCA

All generators operating at the time of an Oversupply Event receive a pro-rata allocation of OMP charges. Preference customers are allocated their portion of the oversupply charged attributed to Power Services FCRPS generation based on TOCAs, not their actual load or service provided by PS during the oversupply event .

In the BP-16 rate case for FY17 the sum of TOCAs is less than 100%, so BPA Transmission scaled the preference customer TOCAs upward, including DSIs Port Townsend and Alcoa, to change the sum from 98.03302% to 100%. For Cowlitz this is an increase of 0.32% from 7.77022% to 7.79496%.

The Transmission OMP Modified TOCAs are fixed in the rates case final proposal and are not subject to any adjustment.

If Transmission did not scale the TOCAs to sum to 100% Transmission would under collect the oversupply charges from the preference customer's pro-rata share of FCRPS generation.

Customers with their own resources will see additional separate OMP charges for any of their resources located in the BPA BAA that were generating during Oversupply Events.

Jason

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 01, 2017 9:20 AM
To: Weinstein,Jason C (BPA) - PSS-6
Subject: RE: A couple of Cowlitz Questions

Yes

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 8:32 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

Got it. Response by noon today OK?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, May 31, 2017 4:34 PM
To: Weinstein,Jason C (BPA) - PSS-6
Subject: FW: A couple of Cowlitz Questions

Could you please run these down for me. Thanks
==Scott

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Wednesday, May 31, 2017 11:16 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: A couple of Cowlitz Questions

Here are a couple of questions that came up at our last meeting that I hope you can help with.

- What do you know about a DR summer pilot in the Longview area?
- Cowlitz would like to know what a modified TOCA is? (With respect to the TOCA used to calculate OSM billing.)

Any help is most appreciated.

Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Yazzolino,Traci J (BPA) - KSCS-4
Subject: RE: Follow-Up from May 25 Mtg
Date: Friday, June 02, 2017 12:31:00 PM

Let's hold off for now. Melanie and I will check in as we get closer. At this point there is a not insignificant chance that that the meeting time could adjust.

From: Yazzolino,Traci J (BPA) - PSW-6
Sent: Friday, June 02, 2017 6:20 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Follow-Up from May 25 Mtg

Would you like me to send Melanie and Jason a "ride along" invite?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 01, 2017 4:49 PM
To: Yazzolino,Traci J (BPA) - PSW-6
Subject: FW: Follow-Up from May 25 Mtg

Looks like I need a car for the June 16th meeting at Cowlitz. 11:30 pickup should work. Thanks
--Scott

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Thursday, June 01, 2017 3:07 PM
To: Gary Huhta; Bob Essex; Tim Johnston (tjohnston@cowlitzpud.org); Ray Johnson (RJohnson@cowlitzpud.org)
Cc: Largo,Jay (BPA) - TPCV-TPP-4; Martinez,Geneva C (CONTR) - TSES-TPP-2; Wilson,Scott K (BPA) - PSW-6; Weinstein,Jason C (BPA) - PSS-6
Subject: Follow-Up from May 25 Mtg

All, please feel free to share as you see fit to Cowlitz folks. Below you will find the response to the questions about what the DER project is, that is underway, as well as the question about the modified TOCA. Questions should be directed to Scott and Jason who provided the information (thank you!).

We are still working on rescheduling the June 14 meeting to accommodate the BPA Transmission Customer meeting (announcement attached). The June 16 meeting is still on the calendar for now.

Let me know if you think of anything else.

Regards,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, June 01, 2017 10:54 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: A couple of Cowlitz Questions

1.) DER Demonstration info

Distributed Energy Resource Agreement No. 17PM-13385. The term of the demonstration is June 1, 2017 through September 30, 2017, Monday through Friday,
from 1300 to 2000 hours Pacific Prevailing Time, excluding NERC holidays.

Here is a list of the participants, with their DER information and Committed Load Reduction amounts redacted.

DER	Metering Point No.(*)	Type	DER Committed Load Reduction (kW)
CPUD-01 Cowlitz PUD – NORPAC facility	####	Load Reduction	27,880
FCPUD-01 Ferry County PUD	####	Demand Voltage Reduction	**[REDACTED]**
COR-01 City of Richland	####	Demand Voltage Reduction	**[REDACTED]**
EWEB-01 Eugene Water & Electric Board	####	Distributed Energy Resource	**[REDACTED]**
CRPUD-01 Columbia River PUD	####	Demand Voltage Reduction	**[REDACTED]**
CMF-01 City of Milton Freewater	###	Demand Voltage Reduction	**[REDACTED]**
CMF-02 City of Milton Freewater	###	Residential Load	**[REDACTED]**
Total Committed Load Reduction (kW)			**36,100**

2.) Modified TOCA for OMP vs BP-16 TOCA

All generators operating at the time of an Oversupply Event receive a pro-rata allocation of OMP charges. Preference customers are allocated their portion of the oversupply charged attributed to Power Services FCRPS generation based on TOCAs, not their actual load or service provided by PS

during the oversupply event .

In the BP-16 rate case for FY17 the sum of TOCAs is less than 100%, so BPA Transmission scaled the preference customer TOCAs upward, including DSIs Port Townsend and Alcoa, to change the sum from 98.03302% to 100%. For Cowlitz this is an increase of 0.32% from 7.77022% to 7.79496%.

The Transmission OMP Modified TOCAs are fixed in the rates case final proposal and are not subject to any adjustment.

If Transmission did not scale the TOCAs to sum to 100% Transmission would under collect the oversupply charges from the preference customer's pro-rata share of FCRPS generation.

Customers with their own resources will see additional separate OMP charges for any of their resources located in the BPA BAA that were generating during Oversupply Events.

Jason

From: Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Wednesday, May 31, 2017 11:16 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: A couple of Cowlitz Questions

Here are a couple of questions that came up at our last meeting that I hope you can help with.

- What do you know about a DR summer pilot in the Longview area?
- Cowlitz would like to know what a modified TOCA is? (With respect to the TOCA used to calculate OSM billing.)

Any help is most appreciated.

Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Baskerville,Sonya L (BPA) - DIN-WASH
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Trying to remember
Date: Monday, June 05, 2017 9:11:04 AM
Importance: High

Cool! Mums the word until you're ready.

One thing we need, though, are some brief talking points for Elliot for his meeting with Senator Cantwell on Thursday. No commitments at this point, but similar to the high-level talking points you have given Rich. If there is away to to say we are exploring options, that sentence would be useful. Also, we should include a point that the team is meeting with Cowlitz "today" (it will be today when he is speaking to her).

Can you hammer out some brief talking points by COB today? I want to make sure Elliot has a couple of days to read them and ask any questions.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:44 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Trying to remember

That is a good idea. Don't tell Rich this yet but last week I drafted a paper that proposes a true-up on the take-or-pay to their actual operations. It's a long way from being adopted but it is an approach I think we will ultimately be able to make work. It will not be what Norpac wants because it holds the concept of take-or-pay and does not let them have access to the market. But it only makes them pay for whatever level makes sense for them to operate at and avoids the situation we saw with Pend Oreille. I am calling it a Large Load True-Up. Maybe we should call it Rich's Large Load True-Up.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 8:24 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Trying to remember

Thanks. That is what I thought. Elliot will have his meeting with Senator Cantwell before that time - I just wanted to confirm that.

Also, Rich wondered whether we might be able to include in the contract terms of any "creative approach" a provision that would protect us in the event Cowlitz/NORPAC pulled a Pend Orielle on us, some sort of damages or true-up requirement. Just something to consider as you all work through whatever may be possible.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:02 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Trying to remember

Thursday afternoon. Its billed as a forecast discussion with their technical folks.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 7:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Trying to remember

What day is your meeting with Cowlitz? Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

From:	Baskerville,Sonya L (BPA) - DIN-WASH
To:	Wilson,Scott K (BPA) - PSW-6
Cc:	Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7
Subject:	RE: NORPAC Briefing Materials.
Date:	Monday, June 05, 2017 1:13:48 PM

Thanks! I will pull out talking points from this and turn the information into background document for him. Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 4:05 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: NORPAC Briefing Materials.

Hi Sonya.
Here is my attempt to pull together briefing materials based on your request below. I provide below updated information and the previous email explanation I had put together that explains how important and precedential our decisions on these issues are. Let me know if you need any more. Thanks.
--Scott

Briefing Materials for Cowlitz and the Forecast of NORPAC LOADS

Key Dates.
May 22: Met with Cowlitz and NORPAC. We heard they are struggling financially with the newsprint business and more likely to operate if BPA did not hold them to take-or-pay and gave them access to short term markets. They said they would like to forecast that they would be shut down which would relieve their need to buy from BPA but then would operate with power from the market.

June 8th: Cowlitz representatives will meet with BPA to work with BPA on the forecast they plan to submit.

June 30th. The day Cowlitz must submit their forecast of load to BPA for Fiscal Year deliveries starting October 1, 2017.

July 31. BPA publishes the forecast and related purchase obligations for all of its Slice/Block customers for public review. BPA will either use Cowlitz's forecast or by contract may substitute its own if we think the numbers are not accurate.

August: Public process on BPA's load forecast and Slice/Block net requirement values.

September 15th. BPA establishes final numbers

Expected Challenges. BPA's contract is to supply the Total Retail Load of Cowlitz. If the newsprint plant operates they are supposed to purchase the power from BPA and BPA plans The 100 MW of load in question represents around $15 million a year of net revenue to BPA. Forecasting the load has important economic ramifications to BPA, Cowlitz and NORPAC. BPA hopes to explore ideas that might create some flexibility around the forecast to create a better alignment with the loads that actually occur, recognizing that predicting the load is not easy when a consumer faces financial challenges like Norpac.

Cowlitz Flexibility. BPA only sells wholesale power to Cowlitz and is not a party to the contracts they have with their consumers. Cowlitz is free to spread the impact of BPA's rates however it sees fit amongst its consumers.

Previous Email Discussions About the Cowlitz/NORPAC Challenges:

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted]

(b) (4)
[redacted]
The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said “no”, so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 9:11 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Trying to remember
Importance: High

Cool! Mums the word until you're ready.

One thing we need, though, are some brief talking points for Elliot for his meeting with Senator Cantwell on Thursday. No commitments at this point, but similar to the high-level talking points you have given Rich. If there is away to to say we are exploring options, that sentence would be useful. Also, we should include a point that the team is meeting with Cowlitz "today" (it will be today when he is speaking to her).

Can you hammer out some brief talking points by COB today? I want to make sure Elliot has a couple of days to read them and ask any questions.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:44 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Trying to remember

That is a good idea. Don't tell Rich this yet but last week I drafted a paper that proposes a true-up on the take-or-pay to their actual operations. It's a long way from being adopted but it is an approach I think we will ultimately be able to make work. It will not be what Norpac wants because it holds the concept of take-or-pay and does not let them have access to the market. But it only makes them pay for whatever level makes sense for them to operate at and avoids the situation we saw with Pend Oreille. I am calling it a Large Load True-Up. Maybe we should call it Rich's Large Load True-Up.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 8:24 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Trying to remember

Thanks. That is what I thought. Elliot will have his meeting with Senator Cantwell before that time - I just wanted to confirm that.

Also, Rich wondered whether we might be able to include in the contract terms of any "creative approach" a provision that would protect us in the event Cowlitz/NORPAC pulled a Pend Orielle on us, some sort of damages or true-up requirement. Just something to consider as you all work through whatever may be possible.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:02 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Trying to remember

Thursday afternoon. Its billed as a forecast discussion with their technical folks.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 7:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Trying to remember

What day is your meeting with Cowlitz? Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

From:	Wilson,Scott K (BPA) - PSW-6
To:	Baskerville,Sonya L (BPA) - DIN-WASH
Cc:	Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7
Subject:	NORPAC Briefing Materials.
Date:	Monday, June 05, 2017 1:05:00 PM

Hi Sonya.
Here is my attempt to pull together briefing materials based on your request below. I provide below updated information and the previous email explanation I had put together that explains how important and precedential our decisions on these issues are. Let me know if you need any more. Thanks.
--Scott

Briefing Materials for Cowlitz and the Forecast of NORPAC LOADS

Key Dates.
May 22: Met with Cowlitz and NORPAC. We heard they are struggling financially with the newsprint business and more likely to operate if BPA did not hold them to take-or-pay and gave them access to short term markets. They said they would like to forecast that they would be shut down which would relieve their need to buy from BPA but then would operate with power from the market.

June 8th: Cowlitz representatives will meet with BPA to work with BPA on the forecast they plan to submit.

June 30th. The day Cowlitz must submit their forecast of load to BPA for Fiscal Year deliveries starting October 1, 2017.

July 31. BPA publishes the forecast and related purchase obligations for all of its Slice/Block customers for public review. BPA will either use Cowlitz's forecast or by contract may substitute its own if we think the numbers are not accurate.

August: Public process on BPA's load forecast and Slice/Block net requirement values.

September 15th. BPA establishes final numbers

Expected Challenges. BPA's contract is to supply the Total Retail Load of Cowlitz. If the newsprint plant operates they are supposed to purchase the power from BPA and BPA plans The 100 MW of load in question represents around $15 million a year of net revenue to BPA. Forecasting the load has important economic ramifications to BPA, Cowlitz and NORPAC. BPA hopes to explore ideas that might create some flexibility around the forecast to create a better alignment with the loads that actually occur, recognizing that predicting the load is not easy when a consumer faces financial challenges like Norpac.

Cowlitz Flexibility. BPA only sells wholesale power to Cowlitz and is not a party to the contracts they have with their consumers. Cowlitz is free to spread the impact of BPA's rates however it sees fit amongst its consumers.

Previous Email Discussions About the Cowlitz/NORPAC Challenges:

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have

said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said “no”, so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 9:11 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Trying to remember
Importance: High

Cool! Mums the word until you're ready.

One thing we need, though, are some brief talking points for Elliot for his meeting with Senator Cantwell on Thursday. No commitments at this point, but similar to the high-level talking points you have given Rich. If there is away to to say we are exploring options, that sentence would be useful. Also, we should include a point that the team is meeting with Cowlitz "today" (it will be today when he is speaking to her).

Can you hammer out some brief talking points by COB today? I want to make sure Elliot has a couple of days to read them and ask any questions.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:44 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Trying to remember

That is a good idea. Don’t tell Rich this yet but last week I drafted a paper that proposes a true-up on the take-or-pay to their actual operations. It’s a long way from being adopted but it is an approach I think we will ultimately be able to make work. It will not be what Norpac wants because it holds the concept of take-or-pay and does not let them have access to the market. But it only makes them pay for whatever level makes sense for them to operate at and avoids the situation we saw with Pend Oreille. I am calling it a Large Load True-Up. Maybe we should call it Rich’s Large Load True-Up.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH

Sent: Monday, June 05, 2017 8:24 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Trying to remember

Thanks. That is what I thought. Elliot will have his meeting with Senator Cantwell before that time - I just wanted to confirm that.

Also, Rich wondered whether we might be able to include in the contract terms of any "creative approach" a provision that would protect us in the event Cowlitz/NORPAC pulled a Pend Orielle on us, some sort of damages or true-up requirement. Just something to consider as you all work through whatever may be possible.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:02 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Trying to remember

Thursday afternoon. Its billed as a forecast discussion with their technical folks.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 7:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Trying to remember

What day is your meeting with Cowlitz? Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

From:	Baskerville,Sonya L (BPA) - DIN-WASH
To:	Wilson,Scott K (BPA) - PSW-6
Cc:	Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; James,Daniel M (BPA) - D-7
Subject:	RE: NORPAC Briefing Materials.
Date:	Monday, June 05, 2017 1:13:48 PM

Thanks! I will pull out talking points from this and turn the information into background document for him. Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 4:05 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: NORPAC Briefing Materials.

Hi Sonya.
Here is my attempt to pull together briefing materials based on your request below. I provide below updated information and the previous email explanation I had put together that explains how important and precedential our decisions on these issues are. Let me know if you need any more. Thanks.
--Scott

Briefing Materials for Cowlitz and the Forecast of NORPAC LOADS

Key Dates.
May 22: Met with Cowlitz and NORPAC. We heard they are struggling financially with the newsprint business and more likely to operate if BPA did not hold them to take-or-pay and gave them access to short term markets. They said they would like to forecast that they would be shut down which would relieve their need to buy from BPA but then would operate with power from the market.

June 8th: Cowlitz representatives will meet with BPA to work with BPA on the forecast they plan to submit.

June 30th. The day Cowlitz must submit their forecast of load to BPA for Fiscal Year deliveries starting October 1, 2017.

July 31. BPA publishes the forecast and related purchase obligations for all of its Slice/Block customers for public review. BPA will either use Cowlitz's forecast or by contract may substitute its own if we think the numbers are not accurate.

August: Public process on BPA's load forecast and Slice/Block net requirement values.

September 15th. BPA establishes final numbers

Expected Challenges. BPA's contract is to supply the Total Retail Load of Cowlitz. If the newsprint plant operates they are supposed to purchase the power from BPA and BPA plans The 100 MW of load in question represents around $15 million a year of net revenue to BPA. Forecasting the load has important economic ramifications to BPA, Cowlitz and NORPAC. BPA hopes to explore ideas that might create some flexibility around the forecast to create a better alignment with the loads that actually occur, recognizing that predicting the load is not easy when a consumer faces financial challenges like Norpac.

Cowlitz Flexibility. BPA only sells wholesale power to Cowlitz and is not a party to the contracts they have with their consumers. Cowlitz is free to spread the impact of BPA's rates however it sees fit amongst its consumers.

Previous Email Discussions About the Cowlitz/NORPAC Challenges:

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted]

(b) (4)
[redacted]
The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said “no”, so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 9:11 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Trying to remember
Importance: High

Cool! Mums the word until you're ready.

One thing we need, though, are some brief talking points for Elliot for his meeting with Senator Cantwell on Thursday. No commitments at this point, but similar to the high-level talking points you have given Rich. If there is away to to say we are exploring options, that sentence would be useful. Also, we should include a point that the team is meeting with Cowlitz "today" (it will be today when he is speaking to her).

Can you hammer out some brief talking points by COB today? I want to make sure Elliot has a couple of days to read them and ask any questions.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:44 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Trying to remember

That is a good idea. Don't tell Rich this yet but last week I drafted a paper that proposes a true-up on the take-or-pay to their actual operations. It's a long way from being adopted but it is an approach I think we will ultimately be able to make work. It will not be what Norpac wants because it holds the concept of take-or-pay and does not let them have access to the market. But it only makes them pay for whatever level makes sense for them to operate at and avoids the situation we saw with Pend Oreille. I am calling it a Large Load True-Up. Maybe we should call it Rich's Large Load True-Up.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 8:24 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Trying to remember

Thanks. That is what I thought. Elliot will have his meeting with Senator Cantwell before that time - I just wanted to confirm that.

Also, Rich wondered whether we might be able to include in the contract terms of any "creative approach" a provision that would protect us in the event Cowlitz/NORPAC pulled a Pend Orielle on us, some sort of damages or true-up requirement. Just something to consider as you all work through whatever may be possible.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:02 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Trying to remember

Thursday afternoon. Its billed as a forecast discussion with their technical folks.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 7:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Trying to remember

What day is your meeting with Cowlitz? Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

From: Baskerville,Sonya L (BPA) - DIN-WASH
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Trying to remember
Date: Monday, June 05, 2017 9:11:04 AM
Importance: High

Cool! Mums the word until you're ready.

One thing we need, though, are some brief talking points for Elliot for his meeting with Senator Cantwell on Thursday. No commitments at this point, but similar to the high-level talking points you have given Rich. If there is away to to say we are exploring options, that sentence would be useful. Also, we should include a point that the team is meeting with Cowlitz "today" (it will be today when he is speaking to her).

Can you hammer out some brief talking points by COB today? I want to make sure Elliot has a couple of days to read them and ask any questions.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:44 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Trying to remember

That is a good idea. Don't tell Rich this yet but last week I drafted a paper that proposes a true-up on the take-or-pay to their actual operations. It's a long way from being adopted but it is an approach I think we will ultimately be able to make work. It will not be what Norpac wants because it holds the concept of take-or-pay and does not let them have access to the market. But it only makes them pay for whatever level makes sense for them to operate at and avoids the situation we saw with Pend Oreille. I am calling it a Large Load True-Up. Maybe we should call it Rich's Large Load True-Up.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 8:24 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Trying to remember

Thanks. That is what I thought. Elliot will have his meeting with Senator Cantwell before that time - I just wanted to confirm that.

Also, Rich wondered whether we might be able to include in the contract terms of any "creative approach" a provision that would protect us in the event Cowlitz/NORPAC pulled a Pend Orielle on us, some sort of damages or true-up requirement. Just something to consider as you all work through whatever may be possible.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:02 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Trying to remember

Thursday afternoon. Its billed as a forecast discussion with their technical folks.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 7:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Trying to remember

What day is your meeting with Cowlitz? Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

From: Marker,Douglas R (BPA) - DIR-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Large End Users by congressional district 5-31.xlsx
Date: Tuesday, June 06, 2017 8:32:36 AM
Attachments: Large End Users by congressional district 6-4.xlsx

---

Dumb mistake. Kennewick is clearly in the 4th District. I've amended the table.

From: Marker,Douglas R (BPA) - DIR-7
Sent: Tuesday, June 06, 2017 8:16 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Large End Users by congressional district 5-31.xlsx

Hmm. I'll look. I used Govtrak for the business addresses we had from EE.

Or I made a dumb mistake.

Thanks for letting me know.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, June 06, 2017 7:36 AM
To: Marker,Douglas R (BPA) - DIR-7
Subject: FW: Large End Users by congressional district 5-31.xlsx

Good Morning Doug
This is for the inevitable polishing that goes on with showing initiative and putting out documents.
--Scott

From: Gilmore,Douglas R (BPA) - PSE-MEAD-GOB
Sent: Monday, June 05, 2017 5:05 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Schimmels,Nancy M (BPA) - PSE-MEAD-GOB
Subject: RE: Large End Users by congressional district 5-31.xlsx

Hi Scott,

Nancy and I took a look at this and agree that the Agrium load served by Benton PUD should be under Washington Representative Dan Newhouse's (4th District) name, not Washington Representative Jaime Herrera Beutler (3rd District).

Thanks for the opportunity to review.

Doug
509-822-4596

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 01, 2017 4:44 PM
To: ADL_PSW_ALL; ADL_PSE_ONLY
Cc: ADL_PSS_ALL

Subject: FW: Large End Users by congressional district 5-31.xlsx

Here is some interesting information about where our larger industrials are located. If you see something that meets Doug's definition of "looks weird" please let Nancy or me know. Thank You.
--Scott

From: Marker,Douglas R (BPA) - DIR-7
Sent: Thursday, June 01, 2017 4:34 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Ball,Crystal A (BPA) - DIR-7; Williams,John J (BPA) - DIR-BOISE; Reller,Mark D (BPA) - DIR-MSGL; Warner,Joshua P (BPA) - DIR-7; Thompson,Garry R (BPA) - PS-6; Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Wilson,Scott K (BPA) - PSW-6
Cc: Milan,Chris (BPA) - PEJC-6
Subject: Large End Users by congressional district 5-31.xlsx

After his last trip to DC, Elliot asked for a list of big end users in our congressional districts. Chris Milan gave me the data and I've formatted into a report by district. Next week's trip is the first use of this and I thought it turned out to be very interesting. Passing it on for your awareness, but if you see anything that looks weird, please let me know. And big thanks to Chris for pulling this together. It's nice to have had ready well in advance of this trip.

BPA Region Top 50 Industrials : Load Data

Please note that the estimated load column does not reflect metered consumption, but rather reflects estimated information from utility account plans and ESI t

No	Utility	Name	City	State	Sub-industry	Est Annual Consumption	Est Load (aMW)
Rep. Mike Simpson, Idaho 2nd							
13	Salmon River Electric Cooperative	Thompson Creek Mine	Clayton	ID	212: Mining - except oil & gas	306,600,000	35
45	City of Idaho Falls	Anheuser Busch Idaho Falls	Idaho Falls	ID	311: Other Food - food manufacturing	43,000,000	4 9
Rep. Greg Gianforte, Montana AL							
22	Flathead Electric Coop	Weyerhaeuser (formerly Plum Creek Timber)	Columbia Fa	MT	3212: Wood - Other - lumber and wood manufacturing -	131,400,000	15
Rep. Suzanne Bonamici, Oregon 1st							
8	McMinnville Water and Light	Cascade Steel Rolling Mills	McMinnville	OR	332: Fabricated metal product mfg - fabricated metal	350,400,000	40
10	Clatskanie PUD	Georgia-Pacific Corp Wauna	Clatskanie	OR	322: Kraft Pulp - paper manufacturing (kraft pulp)	326,700,000	37
24	Columbia River PUD	Dyno Nobel	Deer Island	OR	325: Chemical - chemical manufacturing	99,453,758	11
39	Forest Grove Light and Power	Viasystems	Forest Grove	OR	3344: Hi Tech - Chip Fab - semiconductor and other	52,560,000	6 0
47	Clatskanie PUD	Columbia Pacific Bio-Refinery	Clatskanie	OR	4931: Cold Storage - warehousing and storage	40,000,000	4.6
Rep. Greg Walden, Oregon 2nd							
35	Umatilla Electric	ConAgra - Boardman	Boardman	OR	31141: Frozen Food - frozen food manufacturing	60,000,000	6 8
40	Umatilla Electric	ConAgra - Hermiston	Hermiston	OR	31141: Frozen Food - frozen food manufacturing	50,000,000	5.7
43	Oregon Trail Electric Coop	Boise Elgin	Elgin	OR	3212: Wood - Panel - veneer, plywood, and engineered	45,000,000	5.1
Rep. Peter DeFazio, Oregon 4th							
7	Eugene Water and Electric Board	International Paper Springfield	Springfield	OR	322: Kraft Pulp - paper manufacturing (kraft pulp)	438,000,000	50
18	Springfield Utility Board	Swanson Mfg Group Springfield	Springfield	OR	3212: Wood - Panel - veneer, plywood, and engineered	200,604,000	23
Rep. Kurt Schrader, Oregon 5th							
5	Central Lincoln PUD	Georgia-Pacific Corp Toledo	Toledo	OR	322: Kraft Pulp - paper manufacturing (kraft pulp)	613,200,000	70
OR-5	Tillamook PUD	Tillamook Co. Creamery Association	Tillamook	OR	311: Other Food - food manufacturing	68,869,083	7 9
Rep. Suzan DelBene, Washington 1st							
17	Whatcom County PUD 1	Phillips 66 Ferndale	Ferndale	WA	324: Refinery - petroleum and coal products manufacturing	227,760,000	26
Rep. Rick Larsen, Washington 2nd							
9	Snohomish County PUD	Boeing - Everett	Everett	WA	336: Transportation, Equip - transportation equipment	330,252,000	38
Rep. Jaime Herrera Beutler, Washington 3rd							
41	Centralia City Light	Sierra Pacific Centralia	Centralia	WA	3211: Wood - Lumber - sawmills and wood	50,000,000	5.7
50	Lewis County PUD	Hardel Plywood	Chehalis	WA	3212: Wood - Panel - veneer, plywood, and engineered	35,000,000	4 0
29	Cowlitz County PUD	Steelscape	Kalama	WA	332: Fabricated metal product mfg - fabricated metal	74,460,000	8 5
44	Cowlitz County PUD	Emerald Performance Materials	Kalama	WA	325: Chemical - chemical manufacturing	44,000,000	5 0
1	Cowlitz County PUD	NORPAC	Longview	WA	322: Mechanical Pulp - paper manufacturing (mechanical	1,971,000,000	225
2	Cowlitz County PUD	KapStone (formerly Longview Fibre)	Longview	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	963,600,000	110
6	Cowlitz County PUD	Nippon Dynawave Packaging (formerly Weyerhaeuser)	Longview	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	543,120,000	62

INTERNAL USE ONLY - BUSINESS SENSITIVE

Energy Smart Industrial
BPA ENERGY EFFICIENCY

No	Utility	Name	City	State	Sub-industry	Est Annual Consumption	Est Load (aMW)
16	Cowlitz County PUD	Axiall (formerly PPG). (DSI/Special Cowlitz agreement)	Longview	WA	325: Chemical - chemical manufacturing	236,520,000	27
12	Clark Public Utilities	SEH America	Vancouver	WA	32518: Hi Tech - Silicon - other basic inorganic chemical	306,600,000	35
26	Clark Public Utilities	Linde LLC	Vancouver	WA	325: Chemical - chemical manufacturing	94,771,740	11
36	Cowlitz County PUD	Columbia River Carbonates	Woodland	WA	325: Chemical - chemical manufacturing	56,940,000	6 5
19	Grays Harbor PUD	Cosmo Specialty Fibers	Cosmopolis	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	183,960,000	21
20	Clark Public Utilities	WaferTech	Camas	WA	3344: Hi Tech - Chip Fab - semiconductor and other	156,804,000	18
Rep Dan Newhouse, Washington 4th							
42	Franklin County PUD 1	ConAgra - Connell	Connell	WA	31141: Frozen Food - frozen food manufacturing	47,000,000	5.4
34	Franklin County PUD 1	ConAgra - Pasco	Pasco	WA	31141: Frozen Food - frozen food manufacturing	64,000,000	7 3
48	Franklin County PUD 1	Pasco Processing	Pasco	WA	31141: Frozen Food - frozen food manufacturing	40,000,000	4.6
25	City of Richland	ConAgra - Richland	Richland	WA	31141: Frozen Food - frozen food manufacturing	96,000,000	11
49	City of Richland	ATI Allvac	Richland	WA	332: Fabricated metal product mfg - fabricated metal	35,040,000	4 0
33	Benton County PUD	Agrium	Kennewick	WA	325: Chemical - chemical manufacturing	66,000,000	7 5
38	Benton REA	Darigold Sunnyside	Sunnyside	WA	311: Other Food - food manufacturing	54,000,000	6 2
Rep. Cathy McMorris Rodgers, Washington 5th							
3	Pend Oreille PUD	Ponderay Newsprint Company	Usk	WA	322: Mechanical Pulp - paper manufacturing (mechanical	770,880,000	88
Rep. Derek Kilmer, Washington 6th							
11	City of Port Angeles	Nippon Paper Industries	Port Angeles	WA	322: Mechanical Pulp - paper manufacturing (mechanical	315,360,000	36
Rep. Pramila Jayapal, Washington 7th							
14	Seattle City Light	Nucor Steel	Seattle	WA	332: Fabricated metal product mfg - fabricated metal	290,000,000	33
23	Seattle City Light	Ardagh Glass (formerly Verallia/Saint-Gobain)	Seattle	WA	327: SGC - non-metallic mineral product	107,748,000	12
28	Seattle City Light	Boeing - Seattle	Seattle	WA	336: Transportation, Equip - transportation equipment	80,000,000	9.1
30	Seattle City Light	Ash Grove Cement	Seattle	WA	3273: Cement - cement and concrete product	72,000,000	8 2
37	Seattle City Light	King County Wastewater	Seattle	WA	2213: Water & Sewage	55,000,000	6 3
Rep. Adam Smith, Washington 9th							
15	Tacoma Power	WestRock (formerly Simpson Tacoma Kraft)	Tacoma	WA	322: Kraft Pulp - paper manufacturing (kraft pulp)	275,000,000	31
21	Tacoma Power	Praxair Tacoma	Tacoma	WA	325: Chemical - chemical manufacturing	133,000,000	15
32	Tacoma Power	U.S. Oil & Refining	Tacoma	WA	324: Refinery - petroleum and coal products manufacturing	66,576,000	7.6
Rep. Mark Amodei, Nevada 2nd							
4	Wells Rural Electric	Newmont Mining Corp	Elko	NV	212: Mining - except oil & gas	657,000,000	75
27	Wells Rural Electric	Praxair Carlin	Carlin	NV	325: Chemical - chemical manufacturing	90,000,000	10
Rep. Liz Cheney, Wyoming AL							
46	Lower Valley Electric Coop	Simplot Afton Smoky Canyon Mine	Afton	WY	212: Mining - except oil & gas	41,172,000	4.7

INTERNAL USE ONLY - BUSINESS SENSITIVE

Energy Smart Industrial
BPA ENERGY EFFICIENCY

BPA Region Top 50 Industrials : Load Data

Please note that the estimated load column does not reflect metered consumption, but rather reflects estimated information from utility account plans and ESI technical studies

No	Utility	Name	City	State	ZIP	Sub-industry	Est Annual Consumption (kWh/yr)	Est Load (aMW)
Rep. Mike Simpson, Idaho 2nd								
13	Salmon River	Thompson Creek	Clayton	ID	83227	212: Mining - except oil & gas	306,600,000	35
45	City of Idaho Falls	Anheuser Busch	Idaho Falls	ID	83402	311: Other Food - food manufacturing	43,000,000	4.9
Rep. Greg Gianforte, Montana AL								
22	Flathead Electric	Weyerhaeuser	Columbia Fal	MT	59912	3212: Wood - Other - lumber and wood manufacturing -	131,400,000	15
Rep. Suzanne Bonamici, Oregon 1st								
8	McMinnville Water	Cascade Steel Rolling	McMinnville	OR	97128	332: Fabricated metal product mfg - fabricated metal	350,400,000	40
10	Clatskanie PUD	Georgia-Pacific Corp	Clatskanie	OR	97016	322: Kraft Pulp - paper manufacturing (kraft pulp)	326,700,000	37
24	Columbia River	Dyno Nobel	Deer Island	OR	97054	325: Chemical - chemical manufacturing	99,453,758	11
39	Forest Grove Light and Power	Viasystems	Forest Grove	OR	97116	3344: Hi Tech - Chip Fab - semiconductor and other electronic component manufacturing	52,560,000	6.0
47	Clatskanie PUD	Columbia Pacific Bio-Refinery	Clatskanie	OR	97016	4931: Cold Storage - warehousing and storage	40,000,000	4.6
Rep. Greg Walden, Oregon 2nd								
35	Umatilla Electric	ConAgra - Boardman	Boardman	OR	97818	31141: Frozen Food - frozen food manufacturing	60,000,000	6.8
40	Umatilla Electric	ConAgra - Hermiston	Hermiston	OR	97838	31141: Frozen Food - frozen food manufacturing	50,000,000	5.7
43	Oregon Trail Electric Coop	Boise Elgin	Elgin	OR	97827	3212: Wood - Panel - veneer, plywood, and engineered wood product manufacturing	45,000,000	5.1
Rep. Peter DeFazio, Oregon 4th								
7	Eugene Water and	International Paper	Springfield	OR	97478	322: Kraft Pulp - paper manufacturing (kraft pulp)	438,000,000	50
18	Springfield Utility Board	Swanson Mfg Group Springfield	Springfield	OR	97477	3212: Wood - Panel - veneer, plywood, and engineered wood product manufacturing	200,604,000	23
Rep. Kurt Schrader, Oregon 5th								
5	Central Lincoln	Georgia-Pacific Corp	Toledo	OR	97391	322: Kraft Pulp - paper manufacturing (kraft pulp)	613,200,000	70
OR-5	Tillamook PUD	Tillamook Co.	Tillamook	OR	97141	311: Other Food - food manufacturing	68,869,083	7.9
Rep. Suzan DelBene, Washington 1st								
17	Whatcom County	Phillips 66 Ferndale	Ferndale	WA	98248	324: Refinery - petroleum and coal products	227,760,000	26
Rep. Rick Larsen, Washington 2nd								
9	Snohomish County	Boeing - Everett	Everett	WA	98203	336: Transportation, Equip - transportation equipment	330,252,000	38
Rep. Jaime Herrera Beutler, Washington 3rd								
41	Centralia City Light	Sierra Pacific	Centralia	WA	98531	3211: Wood - Lumber - sawmills and wood preservation	50,000,000	5.7
50	Lewis County PUD	Hardel Plywood	Chehalis	WA	98532	3212: Wood - Panel - veneer, plywood, and engineered	35,000,000	4.0
29	Cowlitz County	Steelscape	Kalama	WA	98625	332: Fabricated metal product mfg - fabricated metal	74,460,000	8.5
44	Cowlitz County	Emerald Performance	Kalama	WA	98635	325: Chemical - chemical manufacturing	44,000,000	5.0
1	Cowlitz County	NORPAC	Longview	WA	98632	322: Mechanical Pulp - paper manufacturing (mechanical	1,971,000,000	225
2	Cowlitz County	KapStone (formerly	Longview	WA	98632	322: Kraft Pulp - paper manufacturing (kraft pulp)	963,600,000	110
6	Cowlitz County	Nippon Dynawave	Longview	WA	98632	322: Kraft Pulp - paper manufacturing (kraft pulp)	543,120,000	62
16	Cowlitz County	Axiall (formerly PPG).	Longview	WA	98632	325: Chemical - chemical manufacturing	236,520,000	27

INTERNAL USE ONLY - BUSINESS SENSITIVE

Energy Smart Industrial
BPA ENERGY EFFICIENCY

No	Utility	Name	City	State	ZIP	Sub-industry	Est Annual Consumption (kWh/yr)	Est Load (aMW)
12	Clark Public	SEH America	Vancouver	WA	98682	32518: Hi Tech - Silicon - other basic inorganic chemical	306,600,000	35
26	Clark Public	Linde LLC	Vancouver	WA	98665	325: Chemical - chemical manufacturing	94,771,740	11
36	Cowlitz County	Columbia River	Woodland	WA	98674	325: Chemical - chemical manufacturing	56,940,000	6.5
19	Grays Harbor PUD	Cosmo Specialty	Cosmopolis	WA	98537	322: Kraft Pulp - paper manufacturing (kraft pulp)	183,960,000	21
20	Clark Public Utilities	WaferTech	Camas	WA	98607	3344: Hi Tech - Chip Fab - semiconductor and other electronic component manufacturing	156,804,000	18
Rep Dan Newhouse, Washington 4th								
42	Franklin County	ConAgra - Connell	Connell	WA	99326	31141: Frozen Food - frozen food manufacturing	47,000,000	5.4
34	Franklin County	ConAgra - Pasco	Pasco	WA	99301	31141: Frozen Food - frozen food manufacturing	64,000,000	7.3
48	Franklin County	Pasco Processing	Pasco	WA	99301	31141: Frozen Food - frozen food manufacturing	40,000,000	4.6
25	City of Richland	ConAgra - Richland	Richland	WA	99354	31141: Frozen Food - frozen food manufacturing	96,000,000	11
49	City of Richland	ATI Allvac	Richland	WA	99354	332: Fabricated metal product mfg - fabricated metal	35,040,000	4.0
33	Benton County	Agrium	Kennewick	WA	99337	325: Chemical - chemical manufacturing	66,000,000	7.5
38	Benton REA	Darigold Sunnyside	Sunnyside	WA	98944	311: Other Food - food manufacturing	54,000,000	6.2
Rep. Cathy McMorris Rodgers, Washington 5th								
3	Pend Oreille PUD	Ponderay Newsprint	Usk	WA	99180	322: Mechanical Pulp - paper manufacturing (mechanical	770,880,000	88
Rep. Derek Kilmer, Washington 6th								
11	City of Port Angeles	Nippon Paper	Port Angeles	WA	98363	322: Mechanical Pulp - paper manufacturing (mechanical	315,360,000	36
Rep. Pramila Jayapal, Washington 7th								
14	Seattle City Light	Nucor Steel	Seattle	WA	98106	332: Fabricated metal product mfg - fabricated metal	290,000,000	33
23	Seattle City Light	Ardagh Glass	Seattle	WA	98134	327: SGC - non-metallic mineral product manufacturing	107,748,000	12
28	Seattle City Light	Boeing - Seattle	Seattle	WA	98124	336: Transportation, Equip - transportation equipment	80,000,000	9.1
30	Seattle City Light	Ash Grove Cement	Seattle	WA	98134	3273: Cement - cement and concrete product	72,000,000	8.2
37	Seattle City Light	King County	Seattle	WA	98199	2213: Water & Sewage	55,000,000	6.3
Rep. Adam Smith, Washington 9th								
15	Tacoma Power	WestRock (formerly	Tacoma	WA	98421	322: Kraft Pulp - paper manufacturing (kraft pulp)	275,000,000	31
21	Tacoma Power	Praxair Tacoma	Tacoma	WA	98424	325: Chemical - chemical manufacturing	133,000,000	15
32	Tacoma Power	U.S. Oil & Refining	Tacoma	WA	98421	324: Refinery - petroleum and coal products	66,576,000	7.6
Rep. Mark Amodei, Nevada 2nd								
4	Wells Rural Electric	Newmont Mining	Elko	NV	89801	212: Mining - except oil & gas	657,000,000	75
27	Wells Rural Electric	Praxair Carlin	Carlin	NV	89822	325: Chemical - chemical manufacturing	90,000,000	10
Rep. Liz Cheney, Wyoming AL								
46	Lower Valley	Simplot Afton Smoky	Afton	WY	83110	212: Mining - except oil & gas	41,172,000	4.7

INTERNAL USE ONLY - BUSINESS SENSITIVE

Energy Smart Industrial
BPA ENERGY EFFICIENCY

From:	James,Daniel M (BPA) - D-7
To:	Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Cc:	Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject:	RE: NORPAC Briefing Materials.
Date:	Wednesday, June 07, 2017 7:51:35 AM

Thank you.

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 6/7/17 7:12 AM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: RE: NORPAC Briefing Materials.

Three ideas/asks that have come up today:

1. Whether Cowlitz's modification of their cogen plant will count as "new generatiom" for purposes of their power allocation.

2. Is there a way to consider now or in the future a change to the process for reviewing load/resource designations such that large loads that may have a desire/need to ramp down to remain in business can plug that calculus into the processes sooner.

3. Is there anything else that can be done to help NORPAC lower its costs?

More to come on Thursday!

Thanks.

Sonya Baskerville

BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 4:05 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: NORPAC Briefing Materials.

Hi Sonya.
Here is my attempt to pull together briefing materials based on your request below. I provide below updated information and the previous email explanation I had put together that explains how important and precedential our decisions on these issues are. Let me know if you need any more. Thanks.
--Scott

Briefing Materials for Cowlitz and the Forecast of NORPAC LOADS

Key Dates.
May 22: Met with Cowlitz and NORPAC. We heard they are struggling financially with the newsprint business and more likely to operate if BPA did not hold them to take-or-pay and gave them access to short term markets. They said they would like to forecast that they would be shut down which would relieve their need to buy from BPA but then would operate with power from the market.

June 8th: Cowlitz representatives will meet with BPA to work with BPA on the forecast they plan to submit.

June 30th. The day Cowlitz must submit their forecast of load to BPA for Fiscal Year deliveries starting October 1, 2017.

July 31. BPA publishes the forecast and related purchase obligations for all of its Slice/Block customers for public review. BPA will either use Cowlitz's forecast or by contract may substitute its own if we think the numbers are not accurate.

August: Public process on BPA's load forecast and Slice/Block net requirement values.

September 15th. BPA establishes final numbers

Expected Challenges. BPA's contract is to supply the Total Retail Load of Cowlitz. If the newsprint plant operates they are supposed to purchase the power from BPA and BPA plans The 100 MW of load in question represents around $15 million a year of net revenue to BPA. Forecasting the load has important economic ramifications to BPA, Cowlitz and NORPAC. BPA hopes to explore ideas that might create some flexibility around the forecast to create a

better alignment with the loads that actually occur, recognizing that predicting the load is not easy when a consumer faces financial challenges like Norpac.

Cowlitz Flexibility. BPA only sells wholesale power to Cowlitz and is not a party to the contracts they have with their consumers. Cowlitz is free to spread the impact of BPA's rates however it sees fit amongst its consumers.

Previous Email Discussions About the Cowlitz/NORPAC Challenges:

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the

change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 9:11 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Trying to remember
Importance: High

Cool! Mums the word until you're ready.

One thing we need, though, are some brief talking points for Elliot for his meeting with Senator Cantwell on Thursday. No commitments at this point, but similar to the high-level talking points you have given Rich. If there is away to to say we are exploring options, that sentence would be useful. Also, we should include a point that the team is meeting with Cowlitz "today" (it will be today when he is speaking to her).

Can you hammer out some brief talking points by COB today? I want to make sure Elliot has a couple of days to read them and ask any questions.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:44 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Trying to remember

That is a good idea. Don't tell Rich this yet but last week I drafted a paper that proposes a true-up on the take-or-pay to their actual operations. It's a long way from being adopted but it is an approach I think we will ultimately be able to make work. It will not be what Norpac wants because it holds the concept of take-or-pay and does not let them have access to the market. But it only

makes them pay for whatever level makes sense for them to operate at and avoids the situation we saw with Pend Oreille. I am calling it a Large Load True-Up. Maybe we should call it Rich's Large Load True-Up.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 8:24 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Trying to remember

Thanks. That is what I thought. Elliot will have his meeting with Senator Cantwell before that time - I just wanted to confirm that.

Also, Rich wondered whether we might be able to include in the contract terms of any "creative approach" a provision that would protect us in the event Cowlitz/NORPAC pulled a Pend Orielle on us, some sort of damages or true-up requirement. Just something to consider as you all work through whatever may be possible.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:02 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Trying to remember

Thursday afternoon. Its billed as a forecast discussion with their technical folks.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 7:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Trying to remember

What day is your meeting with Cowlitz? Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

From:	James,Daniel M (BPA) - D-7
To:	Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Cc:	Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject:	RE: NORPAC Briefing Materials.
Date:	Wednesday, June 07, 2017 7:51:35 AM

Thank you.

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 6/7/17 7:12 AM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: RE: NORPAC Briefing Materials.

Three ideas/asks that have come up today:

1. Whether Cowlitz's modification of their cogen plant will count as "new generatiom" for purposes of their power allocation.

2. Is there a way to consider now or in the future a change to the process for reviewing load/resource designations such that large loads that may have a desire/need to ramp down to remain in business can plug that calculus into the processes sooner.

3. Is there anything else that can be done to help NORPAC lower its costs?

More to come on Thursday!

Thanks.

Sonya Baskerville

BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 4:05 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: NORPAC Briefing Materials.

Hi Sonya.
Here is my attempt to pull together briefing materials based on your request below. I provide below updated information and the previous email explanation I had put together that explains how important and precedential our decisions on these issues are. Let me know if you need any more. Thanks.
--Scott

Briefing Materials for Cowlitz and the Forecast of NORPAC LOADS

Key Dates.
May 22: Met with Cowlitz and NORPAC. We heard they are struggling financially with the newsprint business and more likely to operate if BPA did not hold them to take-or-pay and gave them access to short term markets. They said they would like to forecast that they would be shut down which would relieve their need to buy from BPA but then would operate with power from the market.

June 8th: Cowlitz representatives will meet with BPA to work with BPA on the forecast they plan to submit.

June 30th. The day Cowlitz must submit their forecast of load to BPA for Fiscal Year deliveries starting October 1, 2017.

July 31. BPA publishes the forecast and related purchase obligations for all of its Slice/Block customers for public review. BPA will either use Cowlitz's forecast or by contract may substitute its own if we think the numbers are not accurate.

August: Public process on BPA's load forecast and Slice/Block net requirement values.

September 15th. BPA establishes final numbers

Expected Challenges. BPA's contract is to supply the Total Retail Load of Cowlitz. If the newsprint plant operates they are supposed to purchase the power from BPA and BPA plans The 100 MW of load in question represents around $15 million a year of net revenue to BPA. Forecasting the load has important economic ramifications to BPA, Cowlitz and NORPAC. BPA hopes to explore ideas that might create some flexibility around the forecast to create a

better alignment with the loads that actually occur, recognizing that predicting the load is not easy when a consumer faces financial challenges like Norpac.

Cowlitz Flexibility. BPA only sells wholesale power to Cowlitz and is not a party to the contracts they have with their consumers. Cowlitz is free to spread the impact of BPA's rates however it sees fit amongst its consumers.

Previous Email Discussions About the Cowlitz/NORPAC Challenges:

After our discussion I went back to the premeeting note I had sent out. The key thing that wasn't covered earlier is that NORPAC and Cowlitz were clear that they plan to reduce the NORPAC load from 209 aMW to 85 aMW for the upcoming net requirement process. Slice and Block products are sold on a planned basis so the forecast sets the amount of take-or-pay load each year. These amounts are set via a contractually established process over the summer and finalized in September. If we agree to the forecast change we lose the PF sale represented by the load.

We will need to look over the details of what they put into their forecast and I suspect there will be the need for some strong scrutiny and probably pushback on what is provided. What was put on the screen in today's conversation showed more creativity than I would be comfortable with.

Have a nice weekend. See you to talk more about this next week.

--Scott

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 5/16/17 2:36 PM (GMT-08:00)
To: "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Furrer,Robin R (BPA) - P-6" <rrfurrer@bpa.gov>
Subject: RE: Elliot- Sen. Cantwell, Cowlitz Norpac and reduce load request

The request to reduce load on BPA goes directly at the take-or-pay financial underpinning of the RD Contracts. (b) (4) [redacted] The contracts and Tiered Rate Methodology do not allow this because any gain for them is a direct cost to BPA and the rest of our customers.

Under the RD Contract if they took unilateral action the take-or-pay provisions of the contract would kick in for amounts they removed and we would bill Cowlitz as if they continued to take the power because they have no rights to reduce their BPA take. The take-or-pay would continue through 2028 as long as the load is there.

If they wanted a special deal to reduce the load on BPA it would be a change to the Tiered Rate Methodology which takes a supermajority vote of the rest of the customers to allow the

change and I cannot imagine a world where most customers would be okay losing this kind of money.

This reminds me of times past with the aluminum industries and I suspect there will be an attempt to play the jobs angle and some try to make us feel like our actions are the lynchpin on whether the jobs can continue to be there. But just like aluminum paper is a really tough business and the global market for the commodity is their real driver. Also know that we have said no to similar requests in the last year with more than 200 MW of BPA paper related load and consistently said "no", so this is a lot bigger than NORPAC and our financial health requires that this door stay firmly shut.

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 9:11 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Trying to remember
Importance: High

Cool! Mums the word until you're ready.

One thing we need, though, are some brief talking points for Elliot for his meeting with Senator Cantwell on Thursday. No commitments at this point, but similar to the high-level talking points you have given Rich. If there is away to to say we are exploring options, that sentence would be useful. Also, we should include a point that the team is meeting with Cowlitz "today" (it will be today when he is speaking to her).

Can you hammer out some brief talking points by COB today? I want to make sure Elliot has a couple of days to read them and ask any questions.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:44 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Trying to remember

That is a good idea. Don't tell Rich this yet but last week I drafted a paper that proposes a true-up on the take-or-pay to their actual operations. It's a long way from being adopted but it is an approach I think we will ultimately be able to make work. It will not be what Norpac wants because it holds the concept of take-or-pay and does not let them have access to the market. But it only

makes them pay for whatever level makes sense for them to operate at and avoids the situation we saw with Pend Oreille. I am calling it a Large Load True-Up. Maybe we should call it Rich's Large Load True-Up.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 8:24 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Trying to remember

Thanks. That is what I thought. Elliot will have his meeting with Senator Cantwell before that time - I just wanted to confirm that.

Also, Rich wondered whether we might be able to include in the contract terms of any "creative approach" a provision that would protect us in the event Cowlitz/NORPAC pulled a Pend Orielle on us, some sort of damages or true-up requirement. Just something to consider as you all work through whatever may be possible.

Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/5/17 11:02 AM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: RE: Trying to remember

Thursday afternoon. Its billed as a forecast discussion with their technical folks.
--Scott

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, June 05, 2017 7:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Trying to remember

What day is your meeting with Cowlitz? Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

From: Mainzer,Elliot E (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: NORPAC
Date: Thursday, June 08, 2017 6:16:53 AM

Hi Scott, I meet with Senator Cantwell this afternoon. Please leave me a voice mail with the very latest on your discussions with NORPAC and Cowlitz.

Thx!

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC
Date: Thursday, June 08, 2017 3:35:10 PM

Thank you Scott. GT

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 8, 2017 8:01 AM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: RE: NORPAC

Good Morning Elliot.
Good luck with Cantwell today. We meet with Cowlitz to talk about the forecast from 1:00-2:00 this afternoon Pacific time so we will likely not have anything new in time for your meeting. I expect they will come in with the forecast that the newsprint line will be off which is not likely to be a forecast we could accept due to the $15 million in losses and the fact they would operate anyway with market power. Internally we are exploring ways of making the forecast for the plant tie better to what actually happens during the year which should help provide better certainty for the company and still protect take-or-pay for what they actually use. I will let you know what we hear from them.

To the question on net requirements below, we sell power to Slice/Block customers based on a forecast of what their loads are going to be. In order to have the best information possible and avoid an outdated forecast we do it just before the beginning of each Fiscal Year. So for Slice/Block we have certainty for sales on a yearly basis. For load following our sales adjust to whatever the loads are throughout the year. This allows both to be as close as possible to the customers net requirement, their statutorily defined right to power. The concept we are thinking about for adjustment to Cowlitz's contract would make the NORPAC load treatment much more like load following. Good Luck.
--Scott

From: Thompson,Garry R (BPA) - PS-6
Sent: Thursday, June 08, 2017 6:28 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: Q

Scott, can you answer ElliOTS question?

Sent from my Verizon 4G LTE smartphone

-------- Original message --------

From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 6/8/17 6:04 AM (GMT-08:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: Q

Garry, why is is that we finalize our Slice/block load forecasts after we have established final rates?

From: Mainzer,Elliot E (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC
Date: Thursday, June 08, 2017 8:12:52 AM

Thanks!

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/8/17 08:00 (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: RE: NORPAC

Good Morning Elliot.
Good luck with Cantwell today. We meet with Cowlitz to talk about the forecast from 1:00-2:00 this afternoon Pacific time so we will likely not have anything new in time for your meeting. I expect they will come in with the forecast that the newsprint line will be off which is not likely to be a forecast we could accept due to the $15 million in losses and the fact they would operate anyway with market power. Internally we are exploring ways of making the forecast for the plant tie better to what actually happens during the year which should help provide better certainty for the company and still protect take-or-pay for what they actually use. I will let you know what we hear from them.

To the question on net requirements below, we sell power to Slice/Block customers based on a forecast of what their loads are going to be. In order to have the best information possible and avoid an outdated forecast we do it just before the beginning of each Fiscal Year. So for Slice/Block we have certainty for sales on a yearly basis. For load following our sales adjust to whatever the loads are throughout the year. This allows both to be as close as possible to the customers net requirement, their statutorily defined right to power. The concept we are thinking about for adjustment to Cowlitz's contract would make the NORPAC load treatment much more like load following. Good Luck.
--Scott

From: Thompson,Garry R (BPA) - PS-6
Sent: Thursday, June 08, 2017 6:28 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: Q

Scott, can you answer ElliOTS question?

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 6/8/17 6:04 AM (GMT-08:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: Q

Garry, why is is that we finalize our Slice/block load forecasts after we have established final rates?

From: Mainzer,Elliot E (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: NORPAC
Date: Thursday, June 08, 2017 6:16:53 AM

Hi Scott, I meet with Senator Cantwell this afternoon. Please leave me a voice mail with the very latest on your discussions with NORPAC and Cowlitz.

Thx!

From: Boardman,Sandy (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: Automatic reply: NORPAC
Date: Thursday, June 08, 2017 8:00:40 AM

I am currently out of the office and will return on Monday, July 10th. If you need immediate assistance, please contact the Front Office at x5102. Otherwise I will respond to your e-mail when I return.

Sandy

From:	Wilson,Scott K (BPA) - PSW-6
To:	Ralston,Mark D (BPA) - PEJB-6
Subject:	RE: BPA Bilateral NDA 2017.doc
Date:	Thursday, June 08, 2017 12:28:00 PM
Attachments:	image001.png

Thanks Mark

From: Ralston,Mark D (BPA) - PEJB-6
Sent: Thursday, June 08, 2017 8:31 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: BPA Bilateral NDA 2017.doc

Hi Scott,

I'm just getting back in the office after some time away and haven't had a chance to review this thoroughly, but wanted to pass it along FYI.

Mark

From: Doug Swier [mailto:dswier@cowlitzpud.org]
Sent: Wednesday, June 07, 2017 1:48 PM
To: Milan,Chris (BPA) - PEJC-6
Cc: Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA; Amundson,Todd M (BPA) - PEJD-6; Gary Huhta; Stacie Pederson; Ralston,Mark D (BPA) - PEJB-6
Subject: [EXTERNAL] RE: BPA Bilateral NDA 2017.doc

Hi Chris,
Attached is a mostly-completed NDA Agreement. This is essentially a copy of the 'template' NDA Agreement you sent me in your 5/18/17 email (below) which has been populated with information specific to Cowlitz PUD, and has also had a few minor typos corrected. The comments in the right-hand margin identify the edits we've made.

This has been reviewed by Gary Huhta and Stacie Pederson (our Contract Specialist), and we would like to move forward on getting an NDA completed and signed by our General Manager and then by BPA. In order to do so, we'll need three missing pieces of information from BPA:

1. What number should we use for the "Contract Reference No."? (see top of pages 1 and 13).

2. Since Richard Genece is no longer with BPA, who would be signing this on behalf of BPA? (see page 12).

3. Could you please provide a PDF copy of the most-current NDA (with signatures) between BPA and Cascade Energy? We will need to insert/attach this as 'Appendix B' as stated at the bottom of Paragraph 1 (page 3 of attached).

Thanks for your help on this!

Doug

Doug Swier, P.E.
Energy Efficiency Engineer
Cowlitz PUD - *Energy Efficiency Services*
dswier@cowlitzpud.org
360-501-9544

From: Milan,Chris (BPA) - PEJD-6 [mailto:cbmilan@bpa.gov]
Sent: Thursday, May 18, 2017 10:37 AM
To: Doug Swier <dswier@cowlitzpud.org>
Cc: Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA <jlwood@bpa.gov>; Amundson,Todd M (BPA) - PEJD-6 <tmamundson@bpa.gov>
Subject: RE: BPA Bilateral NDA 2017.doc

Hi Doug,

I received confirmation from our legal staff yesterday that the attached NDA template is acceptable. I have attached the template and also the OnePage overview of the NDA process that ESI has utilized with our utilities that request an NDA. I know that I had sent this overview document in a previous email but wanted to make sure you have this as a reference.

Please let us know if we can provide any further assistance.

Thanks,
Chris

Chris Milan
Acting Industrial Sector Lead
Energy Smart Industrial
Bonneville Power Administration
905 N.E. 11th Ave.
Portland, OR 97232
503-230-3611
www.EnergySmartIndustrial.com

From: Doug Swier [mailto:dswier@cowlitzpud.org]
Sent: Monday, May 01, 2017 5:20 PM
To: Milan,Chris (BPA) - PEJD-6
Cc: Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA; Amundson,Todd M (BPA) - PEJD-6
Subject: Re: BPA Bilateral NDA 2017.doc

Hi Chris,
I hope all is well with you, too. Thanks for your email. Reading between the lines, I assume

this means that BPA intends to forgo signing any NDA with NORPAC (?).

Since I don't believe an NDA exists between Cowlitz PUD and BPA, it would be helpful if you could send us a (redacted) copy of an NDA agreement that BPA has with another Utility that we might use as a guide.

Thanks,

Doug Swier, P.E.
Energy Efficiency Engineer
Cowlitz PUD - *Energy Efficiency Services*
dswier@cowlitzpud.org
360-501-9544

From: Milan,Chris (BPA) - PEJD-6 [mailto:cbmilan@bpa.gov]
Sent: Monday, May 01, 2017 9:54 AM
To: Doug Swier <dswier@cowlitzpud.org>
Cc: Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA <jlwood@bpa.gov>; Amundson,Todd M (BPA) - PEJD-6 <tmamundson@bpa.gov>
Subject: FW: BPA Bilateral NDA 2017.doc

Hi Doug,

I hope all is well. I am not an expert on these NDA's by any means so I reached out to our Jennifer Wood as she worked closely with Jennifer Eskil on these NDA's to get her input.

Jennifer Wood provided the attached document as a reference. As always, please let me know how ESI can assist with this and hopefully make this as easy as possible.

Thanks,
Chris

Chris Milan
Acting Industrial Sector Lead
Energy Smart Industrial
Bonneville Power Administration
905 N.E. 11th Ave.
Portland, OR 97232
503-230-3611
www.EnergySmartIndustrial.com

From: Amundson,Todd M (BPA) - PEJD-6

Sent: Thursday, April 27, 2017 4:46 PM
To: Doug Swier (dswier@cowlitzpud.org)
Cc: Milan,Chris (BPA) - PEJD-6; Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA
Subject: FW: BPA Bilateral NDA 2017.doc
Importance: High

Hi Doug,

I'm resending this email to you with Chris Milan and Jennifer Wood in the loop, both cc'd here.

I just wanted to keep you informed of a recent development at NORPAC, and request your feedback for what you prefer as next steps. NORPAC has requested that I sign a bilateral NDA, which I can understand due to their new position as a single entity company, without the umbrella of Weyerhaeuser – Nippon, hence NORPAC is relying more and more on these type NDA's. Earlier this week I met with Mark and Michelle to discuss and gather the background information behind their request. My apologies for not forwarding this your way sooner.

Please share your thoughts and concerns with me regarding this when you can. I will, or won't, forward this onto BPA Legal, depending on what you share.

Best regards,
Todd

Todd Amundson, PEJD
ESI Energy Management Engineer
Energy Smart Industrial
Bonneville Power Administration
PO Box 3621
Portland OR 97208
d: 503-230-5491 m: 503-880-2961
www.EnergySmartIndustrial.com

From: Rusch, Michelle [mailto:michelle.rusch@norpacpaper.com]
Sent: Tuesday, April 18, 2017 12:12 PM
To: Amundson,Todd M (BPA) - PEJD-6
Cc: Bailey, Graham; Higginson, Mark
Subject: BPA Bilateral NDA 2017.doc
Importance: High

Good Afternoon Mr. Amundson,

Attached is a Bilateral Non-Disclosure Agreement for your review and signature. You can email the signed copy back to me and I will return a fully executed document for your records.

Please let me know if you have any questions.

Thank you very much!

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC
Date: Thursday, June 08, 2017 3:35:10 PM

Thank you Scott. GT

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 8, 2017 8:01 AM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: RE: NORPAC

Good Morning Elliot.
Good luck with Cantwell today. We meet with Cowlitz to talk about the forecast from 1:00-2:00 this afternoon Pacific time so we will likely not have anything new in time for your meeting. I expect they will come in with the forecast that the newsprint line will be off which is not likely to be a forecast we could accept due to the $15 million in losses and the fact they would operate anyway with market power. Internally we are exploring ways of making the forecast for the plant tie better to what actually happens during the year which should help provide better certainty for the company and still protect take-or-pay for what they actually use. I will let you know what we hear from them.

To the question on net requirements below, we sell power to Slice/Block customers based on a forecast of what their loads are going to be. In order to have the best information possible and avoid an outdated forecast we do it just before the beginning of each Fiscal Year. So for Slice/Block we have certainty for sales on a yearly basis. For load following our sales adjust to whatever the loads are throughout the year. This allows both to be as close as possible to the customers net requirement, their statutorily defined right to power. The concept we are thinking about for adjustment to Cowlitz's contract would make the NORPAC load treatment much more like load following. Good Luck.
--Scott

From: Thompson,Garry R (BPA) - PS-6
Sent: Thursday, June 08, 2017 6:28 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: Q

Scott, can you answer ElliOTS question?

Sent from my Verizon 4G LTE smartphone

-------- Original message --------

From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 6/8/17 6:04 AM (GMT-08:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: Q

Garry, why is is that we finalize our Slice/block load forecasts after we have established final rates?

From: Mainzer,Elliot E (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC
Date: Thursday, June 08, 2017 8:12:52 AM

Thanks!

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/8/17 08:00 (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: RE: NORPAC

Good Morning Elliot.
Good luck with Cantwell today. We meet with Cowlitz to talk about the forecast from 1:00-2:00 this afternoon Pacific time so we will likely not have anything new in time for your meeting. I expect they will come in with the forecast that the newsprint line will be off which is not likely to be a forecast we could accept due to the $15 million in losses and the fact they would operate anyway with market power. Internally we are exploring ways of making the forecast for the plant tie better to what actually happens during the year which should help provide better certainty for the company and still protect take-or-pay for what they actually use. I will let you know what we hear from them.

To the question on net requirements below, we sell power to Slice/Block customers based on a forecast of what their loads are going to be. In order to have the best information possible and avoid an outdated forecast we do it just before the beginning of each Fiscal Year. So for Slice/Block we have certainty for sales on a yearly basis. For load following our sales adjust to whatever the loads are throughout the year. This allows both to be as close as possible to the customers net requirement, their statutorily defined right to power. The concept we are thinking about for adjustment to Cowlitz's contract would make the NORPAC load treatment much more like load following. Good Luck.
--Scott

From: Thompson,Garry R (BPA) - PS-6
Sent: Thursday, June 08, 2017 6:28 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: Q

Scott, can you answer ElliOTS question?

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 6/8/17 6:04 AM (GMT-08:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: Q

Garry, why is is that we finalize our Slice/block load forecasts after we have established final rates?

From: Boardman,Sandy (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: Automatic reply: NORPAC
Date: Thursday, June 08, 2017 8:00:40 AM

I am currently out of the office and will return on Monday, July 10th. If you need immediate assistance, please contact the Front Office at x5102. Otherwise I will respond to your e-mail when I return.

Sandy

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC
Date: Friday, June 09, 2017 10:13:01 AM

Thanks much for looping me in on this. I've shared this with Dave and Michelle so that they are aware.

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Mainzer,Elliot E (BPA) - A-7
Sent: Friday, June 09, 2017 7:28 AM
To: Thompson,Garry R (BPA) - PS-6; Wilson,Scott K (BPA) - PSW-6
Cc: Baskerville,Sonya L (BPA) - DIN-WASH; James,Daniel M (BPA) - D-7; Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Davis,Reed C (BPA) - KSL-4; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: RE: NORPAC

Me too! I will follow up later today. Thx!

-------- Original message --------
From: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Date: 6/9/17 06:53 (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Cc: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Davis,Reed C (BPA) - KSL-4" <rcdavis@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: RE: NORPAC

Thanks Scott, I really appreciate your professionalism and creativity in working on thisissue with Cowlitz. Good job. GT

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/8/17 6:02 PM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Davis,Reed C (BPA) - KSL-4"

<rcdavis@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: RE: NORPAC

Good Evening Elliot.
The meeting with Cowlitz this afternoon went well and the tone by all was very positive. Gary Huhta their power manager and two of his staff, Bob Essex and Chris Velat were in attendance for Cowlitz and Reed Davis, Melanie Jackson and myself for BPA. After technical conversations about their loads we spent a bit of time talking about NORPAC loads specifically. They are proposing a load level of 105 aMW for Norpac in the forecast which assumes that newsprint paper line will be shut down. If the newsprint line is operational the forecast would be 180 aMW.

In the end they plan to put forward the 105 aMW forecast and we let them know we would likely substitute our forecast for theirs using the 180 aMW forecast hopefully with the potential for a mechanism that would true up to whatever the loads turned out to be. They pushed back noting that this approach maintained take-or-pay for the operational level of the plant and didn't let NORPAC gain the access to market they desired. Which is what we intended so we knew they understood. In the end they seemed to appreciate the creativity around the concept and how it accounted for the unknown operating levels of the plant. It balances the operating economics for the plant by only charging for what they use yet maintains BPA's foundational principle of take-or-pay for net requirements.

Two other ideas mentioned:
Interruptible Loads: I was clear that this is not something that makes sense for a load that runs 24/7 and has a track record of doing so for many years. This is a dead end.
Consumer Resource: In the meeting with Elliot NORPAC alluded to a 20 MW consumer owned resource they had found that they might want to apply to reduce their load. Cowlitz didn't even propose this saying that they didn't think it was allowed to be applied under the contract which I confirmed as well.

We will continue to work on the Large Load True-Up concept and work towards a decision on whether to go forward with the approach as well as constructing the implementation details.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 08, 2017 8:01 AM
To: Mainzer,Elliot E (BPA) - S-7 (eemainzer@bpa.gov)
Cc: Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; James,Daniel M (BPA) - D-7; Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7
Subject: RE: NORPAC

Good Morning Elliot.
Good luck with Cantwell today. We meet with Cowlitz to talk about the forecast from 1:00-2:00 this afternoon Pacific time so we will likely not have anything new in time for your meeting. I expect they will come in with the forecast that the newsprint line will be off which is not likely to be a forecast we could accept due to the $15 million in losses and the fact they would operate anyway with market power. Internally we are exploring ways of making the forecast for the plant tie better to what actually happens during the year which should help provide better certainty for the

company and still protect take-or-pay for what they actually use. I will let you know what we hear from them.

To the question on net requirements below, we sell power to Slice/Block customers based on a forecast of what their loads are going to be. In order to have the best information possible and avoid an outdated forecast we do it just before the beginning of each Fiscal Year. So for Slice/Block we have certainty for sales on a yearly basis. For load following our sales adjust to whatever the loads are throughout the year. This allows both to be as close as possible to the customers net requirement, their statutorily defined right to power. The concept we are thinking about for adjustment to Cowlitz's contract would make the NORPAC load treatment much more like load following. Good Luck.
--Scott

From: Thompson,Garry R (BPA) - PS-6
Sent: Thursday, June 08, 2017 6:28 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: Q

Scott, can you answer ElliOTS question?

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 6/8/17 6:04 AM (GMT-08:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: Q

Garry, why is is that we finalize our Slice/block load forecasts after we have established final rates?

From: Gary Huhta
To: Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: [EXTERNAL] RE: June 16 Mtg?
Date: Tuesday, June 13, 2017 11:54:52 AM

Okay, Scott, we should touch base on timing for a discussion re NORPAC.

Melanie, send your agenda topics over. I'll check with others here on potential topics. Then we can decide if we continue with the scheduled meeting, or cancel.
Thanks, Gary.

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Tuesday, June 13, 2017 10:30 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>
Subject: RE: June 16 Mtg?

Unfortunately I am out of the office in the afternoon on Friday. We may want to schedule a different time to talk about NORPAC.

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Tuesday, June 13, 2017 10:27 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] RE: June 16 Mtg?

Yes, I would like to keep the meeting, especially if Scott can attend to continue the NORPAC load dialogue.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Tuesday, June 13, 2017 9:13 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>
Subject: June 16 Mtg?

Still on? I can get you a draft agenda today if you like.

Thanks,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
To: Gary Huhta; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: RE: June 16 Mtg?
Date: Tuesday, June 13, 2017 10:29:00 AM

Unfortunately I am out of the office in the afternoon on Friday. We may want to schedule a different time to talk about NORPAC.

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Tuesday, June 13, 2017 10:27 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] RE: June 16 Mtg?

Yes, I would like to keep the meeting, especially if Scott can attend to continue the NORPAC load dialogue.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Tuesday, June 13, 2017 9:13 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>
Subject: June 16 Mtg?

Still on? I can get you a draft agenda today if you like.

Thanks,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6) [redacted]

From: Gary Huhta
To: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] Future Meetings
Date: Thursday, June 22, 2017 3:26:54 PM

Scott,
As follow up to my voicemail of earlier today. We request a meeting with you to review the latest developments on the load forecast. Monday or Tuesday of next week are the only open dates on our calendar prior to June 30. I have our Board meeting Tuesday afternoon so we should avoid that time. We can travel to BPA HQ if necessary, but prefer a mid-point meeting location or Longview, if your schedule allows.

Further, we need to set a date for the financial review we discussed. We are completely flexible on this end, so please let me know what works for your accountants. It sounded like your team would be available after the 4th of July.
Gary.

From:	Wilson,Scott K (BPA) - PSW-6
To:	Yazzolino,Traci J (BPA) - KSCS-4
Cc:	Miller,Anna-Lisa B (BPA) - FL-MODD; Harris,Marcus A (BPA) - FT-2
Subject:	Mtg with Cowlitz and Norpac
Date:	Thursday, June 22, 2017 4:26:14 PM

Please check Anna-Lisa, Marcus and my calendars for a 4 hour window of time that we can drive up to Longview to visit Norpac and look at their books during the 5th, 6th or 7th of July. I will need a car too once we find the time period. Once we have a couple identified I will check in with Gary Huhta and let him pick what works. Thank You.
--Scott

From: Harris,Marcus A (BPA) - FT-2
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Mtg with Cowlitz and Norpac
Date: Thursday, June 22, 2017 4:34:20 PM

6th is not good for me - hoping 5th or 7th can work

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/22/17 4:26 PM (GMT-08:00)
To: "Yazzolino,Traci J (BPA) - PSW-6" <tjyazzolino@bpa.gov>
Cc: "Miller,Anna-Lisa B (BPA) - FS-6" <abmiller@bpa.gov>, "Harris,Marcus A (BPA) - FTT-2" <maharris@bpa.gov>
Subject: Mtg with Cowlitz and Norpac

Please check Anna-Lisa, Marcus and my calendars for a 4 hour window of time that we can drive up to Longview to visit Norpac and look at their books during the 5th, 6th or 7th of July. I will need a car too once we find the time period. Once we have a couple identified I will check in with Gary Huhta and let him pick what works. Thank You.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Subject: Cowlitz Forecast
Date: Thursday, June 22, 2017 4:31:18 PM

Cowlitz has asked for another meeting about their forecast. I am not sure what Norpac is up to but I/we will find out. I am planning to drive up there because the meeting will involve Norpac AND Cowlitz folks. Is there a 30 minute time 11-1:00 next Monday that you could call in for the meeting? It would be nice to have you hear what they have to say. You are welcome to join me but I figured your schedule would work better with the call in option. Let me know what works best for you. Thanks.
-Scott

From: Harris,Marcus A (BPA) - FT-2
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Mtg with Cowlitz and Norpac
Date: Thursday, June 22, 2017 4:34:20 PM

6th is not good for me - hoping 5th or 7th can work

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/22/17 4:26 PM (GMT-08:00)
To: "Yazzolino,Traci J (BPA) - PSW-6" <tjyazzolino@bpa.gov>
Cc: "Miller,Anna-Lisa B (BPA) - FS-6" <abmiller@bpa.gov>, "Harris,Marcus A (BPA) - FTT-2" <maharris@bpa.gov>
Subject: Mtg with Cowlitz and Norpac

Please check Anna-Lisa, Marcus and my calendars for a 4 hour window of time that we can drive up to Longview to visit Norpac and look at their books during the 5th, 6th or 7th of July. I will need a car too once we find the time period. Once we have a couple identified I will check in with Gary Huhta and let him pick what works. Thank You.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: Gary Huhta
Subject: RE: [EXTERNAL] RE: See you Monday.
Date: Friday, June 23, 2017 12:35:13 PM

See you Monday

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: Gary Huhta <Ghuhta@cowlitzpud.org>
Date: 6/23/17 11:44 AM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: Bob Essex <Bessex@cowlitzpud.org>, Chris Velat <cvelat@cowlitzpud.org>
Subject: [EXTERNAL] RE: See you Monday.

Okay, we are planning for you to be here in Longview on Mon, 6/26 at 11 per the meeting invitation you received. Regarding 7/5, that meeting is still pending confirmation from NORPAC. We should be able to confirm that meeting on Monday at the latest.

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Friday, June 23, 2017 9:58 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>
Cc: Bob Essex <Bessex@cowlitzpud.org>; Chris Velat <cvelat@cowlitzpud.org>
Subject: RE: See you Monday.

Also I sent you a voice mail. Looks like we are a go to look at the Accounting stuff at Norpac on the morning of July 5th if that can work for them. We could be there 9 to noonish. Other times are pretty tough that week.
--Scott

PS: If they decide they do not need us to visit we are fine with that too but we will make it work if they want.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 23, 2017 9:41 AM
To: Gary Huhta (ghuhta@cowlitzpud.org)
Cc: bessex@cowlitzpud.org; Chris Velat (cvelat@cowlitzpud.org)
Subject: See you Monday.

I will arrive at 11:00 at your office. Still trying to get Reed but I will be there for sure. May bring Jason Weinstein who is working with me in support role.

From: Wilson,Scott K (BPA) - PSW-6
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: FW: Cowlitz
Date: Friday, June 23, 2017 11:26:53 AM

Keeping you in the loop too. You would be welcome to come along but it looks like you are out of the office.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 23, 2017 11:22 AM
To: Bleifuss,Lindsay A (BPA) - PSS-6
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: Cowlitz

Cowlitz has called me and the plant manager from Norpac is coming to talk about "something that is changing." I know this will relate directly to the forecast challenges we are currently facing. If you are available to go up with me to Cowlitz 10-1:30 on Monday it would be nice to have you along. Reed will be calling in. Thanks for considering.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Subject: RE: Cowlitz Forecast
Date: Friday, June 23, 2017 11:25:41 AM

I agree. Of course the take-or-pay gets locked in for the full year so less conspiratorially they could just be recognizing with the math at PF they need to shut down right away. It is all very difficult to decipher. The most challenging fact is that they told us they would operate at market rates if they didn't have to purchase at PF.

From: Davis,Reed C (BPA) - KSL-4
Sent: Friday, June 23, 2017 11:11 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Cowlitz Forecast

You know, one of the things that makes this all suspicious is the timing of NORPAC's notice to us of the shutdown. If they told us it was 8 months in the future or something other than lining up with the start of the net requirements period it would be less suspicious.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 23, 2017 10:56 AM
To: Davis,Reed C (BPA) - KSL-4
Subject: RE: Cowlitz Forecast

Cowlitz scheduled the meeting 11:00 to 12:00. So earlier is better. If 11:45 is the best you can do I will take it, if you can move things around to go earlier that would be all the better.

From: Davis,Reed C (BPA) - KSL-4
Sent: Friday, June 23, 2017 10:54 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Cowlitz Forecast

Call in option is the best. 12-12:30 works the best if you will still be there. I could do 11:45 to 12:15 if that is best.

Thanks for accommodating me. Please let me know what you decide.

Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, June 22, 2017 4:31 PM
To: Davis,Reed C (BPA) - KSL-4
Subject: Cowlitz Forecast

Cowlitz has asked for another meeting about their forecast. I am not sure what Norpac is up to but I/we will find out. I am planning to drive up there because the meeting will involve Norpac AND Cowlitz folks. Is there a 30 minute time 11-1:00 next Monday that you could call in for the meeting? It would be nice to have you hear what they have to say. You are welcome to join me but I figured your schedule would work better with the call in option. Let me know what works best for you.

Thanks.
-Scott

From:	Bleifuss,Lindsay A (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6
Cc:	Weinstein,Jason C (BPA) - PSS-6
Subject:	RE: Cowlitz
Date:	Friday, June 23, 2017 11:34:18 AM

Of course!

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 23, 2017 11:22 AM
To: Bleifuss,Lindsay A (BPA) - PSS-6
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: Cowlitz

Cowlitz has called me and the plant manager from Norpac is coming to talk about "something that is changing." I know this will relate directly to the forecast challenges we are currently facing. If you are available to go up with me to Cowlitz 10-1:30 on Monday it would be nice to have you along. Reed will be calling in. Thanks for considering.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: "Gary Huhta (ghuhta@cowlitzpud.org)"
Cc: "bessex@cowlitzpud.org"; "Chris Velat (cvelat@cowlitzpud.org)"
Subject: RE: See you Monday.
Date: Friday, June 23, 2017 9:58:15 AM

Also I sent you a voice mail. Looks like we are a go to look at the Accounting stuff at Norpac on the morning of July 5th if that can work for them. We could be there 9 to noonish. Other times are pretty tough that week.
--Scott

PS: If they decide they do not need us to visit we are fine with that too but we will make it work if they want.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 23, 2017 9:41 AM
To: Gary Huhta (ghuhta@cowlitzpud.org)
Cc: bessex@cowlitzpud.org; Chris Velat (cvelat@cowlitzpud.org)
Subject: See you Monday.

I will arrive at 11:00 at your office. Still trying to get Reed but I will be there for sure. May bring Jason Weinstein who is working with me in support role.

From: James,Daniel M (BPA) - D-7
To: Wilson,Scott K (BPA) - PSW-6
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-7; Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FL-MODD; Harris,Marcus A (BPA) - FT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: RE: Norpac Update
Date: Tuesday, June 27, 2017 6:35:04 AM

Thanks for keeping me in the loop and for describing the next steps.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/26/17 5:53 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Cook,Joel D (BPA) - P-6" <jdcook@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Bleifuss,Lindsay A (BPA) - PSS-6" <lableifuss@bpa.gov>, "Weinstein,Jason C (BPA) - PSS-6" <jcweinstein@bpa.gov>, "Miller,Anna-Lisa B (BPA) - FL-6" <abmiller@bpa.gov>, "Harris,Marcus A (BPA) - FTT-2" <maharris@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of

producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Update
Date: Tuesday, June 27, 2017 7:28:03 AM

Thanks Scott

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/26/17 5:53 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Cook,Joel D (BPA) - P-6" <jdcook@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Bleifuss,Lindsay A (BPA) - PSS-6" <lableifuss@bpa.gov>, "Weinstein,Jason C (BPA) - PSS-6" <jcweinstein@bpa.gov>, "Miller,Anna-Lisa B (BPA) - FL-6" <abmiller@bpa.gov>, "Harris,Marcus A (BPA) - FTT-2" <maharris@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something

like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Wilson,Scott K (BPA) - PSW-6
To:	Harris,Marcus A (BPA) - FT-2; Miller,Anna-Lisa B (BPA) - FL-MODD; Davis,Reed C (BPA) - KSL-4
Cc:	Yazzolino,Traci J (BPA) - KSCS-4; Thompson,Garry R (BPA) - PS-6; Miller,Thomas (BPA) - LP-7; Bleifuss,Lindsay A (BPA) - PSS-6
Subject:	Cancelling NORPAC/Cowlitz Trip
Date:	Tuesday, June 27, 2017 5:54:00 PM

Good Evening.

Wanted to let you all know that after some internal discussions today we decided to cancel the trip to look at the financial books NORPAC had asked that we come look at ,scheduled for July 5th.

Ultimately we decided we would not gain anything we need to know. I really appreciate your making yourself available for this mission and I know that it must come as a great disappointment since Longview is really nice this time of year.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Subject: NORPAC Load Information
Date: Wednesday, June 28, 2017 10:27:00 AM

Could you please forward me the electronic versions of the NORPAC forecasts that Robert McCullough sent you on Monday. I need them for my records. Thank You.
--Scott

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: Cancelling NORPAC/Cowlitz Trip
Date: Wednesday, June 28, 2017 3:18:47 PM

You were correct – Dan J. was not on the email. GT

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, June 27, 2017 5:55 PM
To: Harris,Marcus A (BPA) - FTL-2 <maharris@bpa.gov>; Miller,Anna-Lisa B (BPA) - FL-6 <abmiller@bpa.gov>; Davis,Reed C (BPA) - KSL-4 <rcdavis@bpa.gov>
Cc: Yazzolino,Traci J (BPA) - PSW-6 <tjyazzolino@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Bleifuss,Lindsay A (BPA) - PSS-6 <lableifuss@bpa.gov>
Subject: Cancelling NORPAC/Cowlitz Trip

Good Evening.
Wanted to let you all know that after some internal discussions today we decided to cancel the trip to look at the financial books NORPAC had asked that we come look at ,scheduled for July 5th.
Ultimately we decided we would not gain anything we need to know. I really appreciate your making yourself available for this mission and I know that it must come as a great disappointment since Longview is really nice this time of year.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-7
Subject: Minor Norpac Update
Date: Wednesday, June 28, 2017 4:16:00 PM

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Subject: NORPAC Load Information
Date: Wednesday, June 28, 2017 10:27:00 AM

Could you please forward me the electronic versions of the NORPAC forecasts that Robert McCullough sent you on Monday. I need them for my records. Thank You.
--Scott

From:	Wilson,Scott K (BPA) - PSW-6
To:	Bob Essex
Cc:	Gary Huhta
Subject:	RE: load forecast
Date:	Thursday, June 29, 2017 8:52:00 AM

We are fine with 11:59 pm or earlier.

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Thursday, June 29, 2017 6:17 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Gary Huhta
Subject: [EXTERNAL] load forecast

Scott,

I don't think the contract specifies what time on June 30th the forecast must be submitted by. I assume we have until 11:59pm to submit it via email. Can you confirm?

Thanks.

Bob

From:	Wilson,Scott K (BPA) - PSW-6
To:	James,Daniel M (BPA) - D-7; Bowers,Rebecca S (BPA) - A-7
Subject:	RE: Minor Norpac Update
Date:	Thursday, June 29, 2017 9:03:00 AM

Yes. I am available any time after 3:00.

From: James,Daniel M (BPA) - D-7
Sent: Thursday, June 29, 2017 4:37 AM
To: Wilson,Scott K (BPA) - PSW-6; Bowers,Rebecca S (BPA) - A-7
Subject: RE: Minor Norpac Update

Thanks. Can we get together this afternoon to chat about this?

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 6/28/17 4:16 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Cook,Joel D (BPA) - P-6" <jdcook@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan

In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
To: Wilson,Scott K (BPA) - PSW-6
Subject: can you call me about Norpac?
Date: Friday, June 30, 2017 3:02:49 PM

Liz's cell 360-485-2392

Thanks!

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6
Cc:	Garrett,Paul D (BPA) - PSW-6; Farleigh,Kevin S (BPA) - PSW-6; Hobson,Claire A (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject:	FW: Norpac Update
Date:	Friday, June 30, 2017 5:11:00 PM

For State Awareness. I will be back on Wednesday. Happy 4th.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - S-7 (eemainzer@bpa.gov)
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov); Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan

In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Klumpp,Elizabeth C (BPA) - DIR-WSGL
To:	Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7
Cc:	James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6; Cogswell,Peter (BPA) - DI-7
Subject:	RE: Norpac Update
Date:	Friday, June 30, 2017 5:44:11 PM

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be

worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Wilson,Scott K (BPA) - PSW-6
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update
Date: Friday, June 30, 2017 5:10:00 PM

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

(b) (4)

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Wilson,Scott K (BPA) - PSW-6
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Scott: NORPAC question
Date: Wednesday, July 05, 2017 7:49:00 AM
Attachments: image002.png

This works for me. Nice capture of where we are.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Monday, July 03, 2017 1:19 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Scott: NORPAC question
Importance: High

Scott,

Below is what I've put in an email to SW congressional leads. They are asking for confirmation on what and when they can share with NORPAC. Can they share the following with NORPAC this week? Please feel free to edit. Thanks. Liz

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and are reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Friday, June 30, 2017 6:41 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Cc: David Hodges; Hildreth, Shari
Subject: [EXTERNAL] Re: NORPAC Reschedule

Hi Liz,

Thanks again for the info. Will you please clarify what and when we can share with NORPAC? I know you shared concern about timing with me and asked us to keep the info embargoed until you had received info from a colleague. We don't want to get out ahead of you.

Thank you!

Shari

Shari Hildreth
District Director

Jaime Herrera Beutler WA03

Sent to you from my iPhone

On Jun 30, 2017, at 5:38 PM, Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov> wrote:

> David and Shari,
>
> I'm following up on my phone call with each of you this afternoon. I think I explained that the reason we didn't attend the quickly planned meeting with Norpac is that we determined it wasn't our role to be looking into the books of a customer of our utility customer. That's not where we add value.
>
> We are in regular communication with Cowlitz on this topic and have met with Norpac's plant manager and energy consultant.
>
> I do want to provide some background context. The key reason we have 20-year regional power contracts is because the last time market power prices dropped below BPA's PF rate (priority firm rate to public power utilities) was in the 1999-2000 time frame. Public utilities reduced their power purchases from BPA, went to the market, and BPA proceeded to sell its power as it was able in the market place to other buyers. Then, the market prices turned around, increased dramatically during a western drought in late 2000-2001 (with some assistance from Enron manipulations), and then public power customers returned to BPA asking for us to serve them, which we are obligated to do. After all of that, we proceeded to have a multi-year "regional dialogue." (I worked in state energy policy during this time.)
>
> My recollection of the intent of this regional dialogue was to determine as a region how we wanted to proceed. Did we want to collectively ride out swings – high and low – in the market place and stay together as a region? Did we want to have only short-term contracts and come and go as desired? We had conversations about our costs are their costs and if we can plan and manage our resources, our costs might be lower. At the end of this multi-year dialogue, we collectively landed on signing 20-year contracts, with tons of options for utilities to meet their load growth with power from somewhere other than BPA. Though, of course, they could still buy more power to meet load growth from BPA, and some do.
>
> I'm in next week if you have questions.
>
> Enjoy your weekend!!
>
> Thank you!
>
> Liz

c. (b) (6) [redacted]

From: Hodges, David (Murray) [mailto:David_Hodges@murray.senate.gov]
Sent: Friday, June 30, 2017 2:56 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Cc: Shari Hildreth (Shari.Hildreth@mail.house.gov)
Subject: [EXTERNAL] NORPAC Reschedule
Importance: High

Hey Liz,

Shari Hildreth and I took a tour of NORPAC's Longview mill today and they mentioned BPA canceled a meeting they had planned Wednesday morning to go through their energy forecast. They had a lot of folks move things around so they could make that time work and were understandably upset. From what we understand BPA hasn't tried to reschedule that meeting so are hoping you can help in getting that done since it's an urgent matter. Any help would be really appreciated.

Thanks!

David

David Hodges
Southwest Washington Director
U.S. Senator Patty Murray
360.696.7797

From: Cook,Joel D (BPA) - P-6
To: Wilson,Scott K (BPA) - PSW-6; James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update
Date: Wednesday, July 05, 2017 11:41:56 AM

Thanks for the update
Jdc

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 7/5/17 12:01 PM (GMT-07:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Klumpp,Elizabeth C (BPA) - DIR-WSGL" <ecklumpp@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Cook,Joel D (BPA) - P-6" <jdcook@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7;

Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have

added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6;

Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Wilson,Scott K (BPA) - PSW-6
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Norpac Update
Date: Wednesday, July 05, 2017 1:56:00 PM

Absolutely. We have infinitely more simple approaches we can use. One of the reasons I do not want to look to the DSI contract beyond the fact that it is not applicable is that it has a lot of different shut down options, some of which LD applies to and some that it doesn't. No need for all that complication.

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Wednesday, July 05, 2017 11:14 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Update

Just to make certain you know – Mark Miller is the wizard behind Alcoa and or Port Townsend Paper contracts.

The huge difference is they are not customers of a regional dialogue contract signatory.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM

To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that

looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH;

Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan

In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: James,Daniel M (BPA) - D-7
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Subject: Norpac exchange with Rich Glick
Date: Wednesday, July 05, 2017 6:19:11 PM

Hi, team – here is my exchange with Rich Glick this afternoon.

Scott, let's touch base on these issues tomorrow.

DJ

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 5, 2017 6:15 PM
To: 'Glick, Rich (Energy)' <Rich_Glick@energy.senate.gov>
Subject: RE: Norpac

Hi, Rich. No updates to report.

As you know we did cancel the meeting to review Norpac's financials. However, I am pushing the team to move faster on BPA's evaluation of the load forecast. We are also pursuing an answer to your question about the Intalco contract.

I'll stay on these issues and report back asap – and I'll also tell you our plan to circle back with Norpac and Cowlitz once we have that information.

DJ

From: Glick, Rich (Energy) [mailto:Rich_Glick@energy.senate.gov]
Sent: Wednesday, July 5, 2017 1:01 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Subject: [EXTERNAL] Norpac

Hi Dan,

I was wondering if you had any more to report about a potential conversation between BPA and Norpac this week?

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: Wilson,Scott K (BPA) - PSW-6
To: Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6
Subject: FW: so confusing!
Date: Wednesday, July 05, 2017 2:00:00 PM

Plus I used to work for them. They used to be affiliated with the Stayton Cannery. Not even sure if that is a going concern any more.
--Scott

From: Traetow,Emily G (BPA) - PSR-6
Sent: Wednesday, July 05, 2017 11:04 AM
To: Bleifuss,Lindsay A (BPA) - PSS-6; Wilson,Scott K (BPA) - PSW-6
Subject: so confusing!

http://www.oregonlive.com/business/index.ssf/2017/07/norpac_foods_says_it_will_lay.html#incart_river_home

Same name, lots of jobs, different company!

From: James,Daniel M (BPA) - D-7
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Subject: Norpac exchange with Rich Glick
Date: Wednesday, July 05, 2017 6:19:11 PM

Hi, team – here is my exchange with Rich Glick this afternoon.

Scott, let's touch base on these issues tomorrow.

DJ

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 5, 2017 6:15 PM
To: 'Glick, Rich (Energy)' <Rich_Glick@energy.senate.gov>
Subject: RE: Norpac

Hi, Rich. No updates to report.

As you know we did cancel the meeting to review Norpac's financials. However, I am pushing the team to move faster on BPA's evaluation of the load forecast. We are also pursuing an answer to your question about the Intalco contract.

I'll stay on these issues and report back asap – and I'll also tell you our plan to circle back with Norpac and Cowlitz once we have that information.

DJ

From: Glick, Rich (Energy) [mailto:Rich_Glick@energy.senate.gov]
Sent: Wednesday, July 5, 2017 1:01 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Subject: [EXTERNAL] Norpac

Hi Dan,

I was wondering if you had any more to report about a potential conversation between BPA and Norpac this week?

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Update
Date: Wednesday, July 05, 2017 11:13:58 AM

Just to make certain you know – Mark Miller is the wizard behind Alcoa and or Port Townsend Paper contracts.

The huge difference is they are not customers of a regional dialogue contract signatory.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz

was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce

take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Wilson,Scott K (BPA) - PSW-6
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Subject: RE: Scott: NORPAC question
Date: Wednesday, July 05, 2017 7:49:00 AM
Attachments: image002.png

This works for me. Nice capture of where we are.
--Scott

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Monday, July 03, 2017 1:19 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Scott: NORPAC question
Importance: High

Scott,

Below is what I've put in an email to SW congressional leads. They are asking for confirmation on what and when they can share with NORPAC. Can they share the following with NORPAC this week? Please feel free to edit. Thanks. Liz

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and are reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Friday, June 30, 2017 6:41 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Cc: David Hodges; Hildreth, Shari
Subject: [EXTERNAL] Re: NORPAC Reschedule

Hi Liz,

Thanks again for the info. Will you please clarify what and when we can share with NORPAC? I know you shared concern about timing with me and asked us to keep the info embargoed until you had received info from a colleague. We don't want to get out ahead of you.

Thank you!

Shari

Shari Hildreth
District Director

Jaime Herrera Beutler WA03

Sent to you from my iPhone

On Jun 30, 2017, at 5:38 PM, Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov> wrote:

> David and Shari,
>
> I'm following up on my phone call with each of you this afternoon. I think I explained that the reason we didn't attend the quickly planned meeting with Norpac is that we determined it wasn't our role to be looking into the books of a customer of our utility customer. That's not where we add value.
>
> We are in regular communication with Cowlitz on this topic and have met with Norpac's plant manager and energy consultant.
>
> I do want to provide some background context. The key reason we have 20-year regional power contracts is because the last time market power prices dropped below BPA's PF rate (priority firm rate to public power utilities) was in the 1999-2000 time frame. Public utilities reduced their power purchases from BPA, went to the market, and BPA proceeded to sell its power as it was able in the market place to other buyers. Then, the market prices turned around, increased dramatically during a western drought in late 2000-2001 (with some assistance from Enron manipulations), and then public power customers returned to BPA asking for us to serve them, which we are obligated to do. After all of that, we proceeded to have a multi-year "regional dialogue." (I worked in state energy policy during this time.)
>
> My recollection of the intent of this regional dialogue was to determine as a region how we wanted to proceed. Did we want to collectively ride out swings – high and low – in the market place and stay together as a region? Did we want to have only short-term contracts and come and go as desired? We had conversations about our costs are their costs and if we can plan and manage our resources, our costs might be lower. At the end of this multi-year dialogue, we collectively landed on signing 20-year contracts, with tons of options for utilities to meet their load growth with power from somewhere other than BPA. Though, of course, they could still buy more power to meet load growth from BPA, and some do.
>
> I'm in next week if you have questions.
>
> Enjoy your weekend!!
>
> Thank you!
>
> Liz

c. (b) (6) [redacted]

From: Hodges, David (Murray) [mailto:David_Hodges@murray.senate.gov]
Sent: Friday, June 30, 2017 2:56 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Cc: Shari Hildreth (Shari.Hildreth@mail.house.gov)
Subject: [EXTERNAL] NORPAC Reschedule
Importance: High

Hey Liz,

Shari Hildreth and I took a tour of NORPAC's Longview mill today and they mentioned BPA canceled a meeting they had planned Wednesday morning to go through their energy forecast. They had a lot of folks move things around so they could make that time work and were understandably upset. From what we understand BPA hasn't tried to reschedule that meeting so are hoping you can help in getting that done since it's an urgent matter. Any help would be really appreciated.

Thanks!

David

David Hodges
Southwest Washington Director
U.S. Senator Patty Murray
360.696.7797

From: Wilson,Scott K (BPA) - PSW-6
To: Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7; Olive,Kelly J (BPA) - PSS-6
Subject: FW: Norpac Update
Date: Thursday, July 06, 2017 2:46:49 PM

Keeping you all in the loop.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is

established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint

production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Wilson,Scott K (BPA) - PSW-6
To: Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7; Olive,Kelly J (BPA) - PSS-6
Subject: FW: Norpac Update
Date: Thursday, July 06, 2017 2:46:00 PM

Keeping you all in the loop.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is

established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint

production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Ball,Crystal A (BPA) - DIR-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Update
Date: Thursday, July 06, 2017 2:54:41 PM

Thanks for calling Bob.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next

steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Olive,Kelly J (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	FW: Liq damages. getting closer?
Date:	Thursday, July 06, 2017 3:33:41 PM
Attachments:	Liquidated damages draft cowlitz.docx

fyi

From: Olive,Kelly J (BPA) - PSS-6
Sent: Thursday, July 06, 2017 11:43 AM
To: Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6
Subject: Liq damages. getting closer?

I'm off tomorrow, so wanted to take another stab and get reactions/edits today.

kelly olive
contract technical lead
bpa, pss-6
p.o. box 3621
portland, or 97208
phone: 503.230.4735

From:	Wilson,Scott K (BPA) - PSW-6
To:	Bleifuss,Lindsay A (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6; Davis,Reed C (BPA) - KSL-4; Weinstein,Jason C (BPA) - PSS-6
Subject:	FW: Load forecast confidential
Date:	Thursday, July 06, 2017 3:06:00 PM
Attachments:	image001.png

I called up Bob on the forecast and he said that NORPAC gave them a perfectly flat forecast. That of course is subject to change once we start using it for actual billing. Also it sounds like the metering is on the Norpac/Nippon side and Cowlitz gets the information a bit after-the-fact around the 7th following the month.

From: Bob Essex [mailto:Bessex@cowlitzpud.org]
Sent: Thursday, July 06, 2017 2:35 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Gary Huhta
Subject: [EXTERNAL] Load forecast confidential

Scott,
As you know, this is confidential information. Here are the numbers that fed into our load forecast submittal.

(b) (4)

[redacted]

From: Moody,David F (BPA) - PEJB-6
To: Ralston,Mark D (BPA) - PEJB-6; Wilson,Scott K (BPA) - PSW-6; Milan,Chris (BPA) - PEJC-6; Alders,Kyna L (BPA) - PEK-6
Cc: Gardner,Sheila D (BPA) - PEK-6
Subject: RE: NDA Request From Cowlitz PUD
Date: Thursday, July 06, 2017 4:58:54 PM

Interesting stuff.

I chatted briefly with Mark on this, and to the best of my knowledge BPA doesn't have any real means to turn away a project that meets our criteria for submission or make changes to the measure life even if we do have concerns over the wisdom of the investment (Kyna would know better than I certainly). That said I think our most effective path here is to rely on Scott, Mark, the ESIP, and anyone else in a position to interact with Cowlitz or NORPAC to discourage this sort of project, which really doesn't seem to make any more sense for Cowlitz than it does for us.

Sounds like NORPAC is steering away for long lived projects on their own which certainly helps.

Dave

From: Ralston,Mark D (BPA) - PEJB-6
Sent: Thursday, July 06, 2017 4:13 PM
To: Wilson,Scott K (BPA) - PSW-6; Milan,Chris (BPA) - PEJC-6; Moody,David F (BPA) - PEJB-6; Alders,Kyna L (BPA) - PEK-6
Cc: Gardner,Sheila D (BPA) - PEK-6
Subject: RE: NDA Request From Cowlitz PUD

A while back, Doug Swier at Cowlitz had indicated that, given market uncertainties, Norpac was moving away from capital projects and focusing more on O&M (SEM) projects as a way to reduce risk. It seems like that movement would also significantly reduce our risk given the much shorter measure lives for SEM projects.

I'm wondering: If Norpac did want to do additional capital projects and the projects met our program requirements, would we have any contractual basis in the existing or new ECA to say we didn't want to entertain them or treat them differently? One potential approach in the custom project process would be to assign a much shorter measure life and lower payment rate to riskier projects. For example, an industrial retrofit project with a one-year measure life would get $0.025/kWh rather than the normal $0.25/kWh per the IM. A project with a two to three year measure life would get $0.05/kWh. I'm not sure how we'd make that determination or what the communication/negotiation process with Cowlitz and Norpac would look like.

I've included Dave and Kyna on this in case they have any other thoughts.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 3:17 PM
To: Milan,Chris (BPA) - PEJC-6
Cc: Gardner,Sheila D (BPA) - PEK-6; Ralston,Mark D (BPA) - PEJB-6
Subject: RE: NDA Request From Cowlitz PUD

Hey Chris
Just thought I would take this opportunity to note that we are hearing from Cowlitz and Norpac that they plan to reduce Norpac's operating level from 180 aMW where they currently are to 80 aMW starting in October. Not sure if there is anything we should be doing specifically based on that information but it would really make me question making long term investments in EE at the plant at this time, particularly anything tied to Newsprint. Is there some additional review we take for investments in at risk loads?
--Scott

PS: Norpac is likely to believe the information I provided above is confidential but they are talking in several venues.

From: Milan,Chris (BPA) - PEJC-6
Sent: Thursday, July 06, 2017 1:32 PM
To: Thompson,Kim T (BPA) - PE-6; Wilson,Scott K (BPA) - PSW-6
Cc: Ralston,Mark D (BPA) - PEJB-6; Gardner,Sheila D (BPA) - PEK-6; Wood,Jennifer L (CONTR) - PEJC-WALLA WALLA
Subject: NDA Request From Cowlitz PUD

Kim, Scott,

I wanted to give you the heads up that the Energy Smart Industrial(ESI) program has received a request from Doug Swier, Energy Efficiency Engineer with Cowlitz PUD for a Non- Disclosure Agreement(NDA). The intent of the NDA is to ensure that industrial process and production data for their end use industrial customers can be shared with our ESI program and remain confidential. We have received similar requests from other utilities and have worked with BPA legal counsel, Hilary Browning-Craig to prepare these NDAs. We currently have NDAs in place with Benton PUD and Clark Public Utilities. I have attached the draft NDA that I will provide to Doug for his legal staff to review.

Next Steps:

- I anticipate receiving the NDA from Doug with comments within the next couple of weeks.
- I will then forward these comments, edits to Hillary Browning-Craig and the COTR for Cowlitz PUD, Sheila Gardner for their review and upon their acceptance,
- The GM for Cowlitz PUD and Kim Thompson, acting VP for EE will then sign the NDA.
- I will provide copies of the signed NDA.

I have also attached a handout that is shared with utilities and industrial end-users that inquire about confidentiality agreements and NDAs to help them understand how the ESI Program stores and shares data, etc.

I will keep you posted. Please let me know if you have any questions.

Thanks,

Chris

Chris Milan
Acting Industrial Sector Lead
Energy Smart Industrial
Bonneville Power Administration
905 N.E. 11th Ave.
Portland, OR 97232
503-230-3611
www.EnergySmartIndustrial.com

From:	Dahiya,Sumit (BPA) - KSCA-4
To:	Wilson,Scott K (BPA) - PSW-6
Cc:	Miller,Robyn M (BPA) - PSS-6; Upham,Kimberly A (BPA) - KSCA-4
Subject:	Cowlitz passed June 2017 RSO test
Date:	Friday, July 14, 2017 1:15:43 PM
Attachments:	Cowlitz WkSht June 2017 FY17.xlsm

Good Afternoon Scott,

This is to inform you that Cowlitz passed the June 2017 RSO test. I have attached the worksheet for your reference. The deadline to notify the customer is 28 July, 2017.

Thank you.

Sumit Dahiya
Contracts Administrator; KSCA-4
Phone: 503-230-4710
Fax: 503-230-3204
Bonneville Power Administration
U.S. Department of Energy

From:	Wilson,Scott K (BPA) - PSW-6
To:	"bessex@cowlitzpud.org"; "Gary Huhta (ghuhta@cowlitzpud.org)"; Chris Velat (cvelat@cowlitzpud.org)
Cc:	Mohamoud,Farah A (BPA) - PSS-6; Miller,Robyn M (BPA) - PSS-6; Upham,Kimberly A (BPA) - KSCA-4; Dahiya,Sumit (BPA) - KSCA-4
Subject:	June RSO -- PASS
Date:	Friday, July 14, 2017 1:36:00 PM
Attachments:	Cowlitz WkSht June 2017 FY17.xlsm

Happy Friday

This is your official written notice that Cowlitz passed the June RSO Test.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
To: Garrett,Paul D (BPA) - PSW-6; Hobson,Claire A (BPA) - PSW-6; Adelman,Elly (BPA) - PSS-6
Subject: FW: Norpac Update -- July 14
Date: Friday, July 14, 2017 11:47:00 AM

FYI

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7; Symonds,Mark C (BPA) - BD-3
Cc: Bowers,Rebecca S (BPA) - A-7; Miller,Thomas (BPA) - LP-7; Farleigh,Kevin S (BPA) - PSW-6
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages

approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to

be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM

To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will

be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac Update -- July 14
Date: Friday, July 14, 2017 10:29:38 AM

Thank you Scott for the good update and your professional discussion yesterday with Cowlitz and the other parties on the call! Good Job! GT

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.

--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held

by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are

still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Cook,Joel D (BPA) - P-6
To:	Wilson,Scott K (BPA) - PSW-6; James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7; Symonds,Mark C (BPA) - BD-3
Cc:	Bowers,Rebecca S (BPA) - A-7; Miller,Thomas (BPA) - LP-7; Farleigh,Kevin S (BPA) - PSW-6
Subject:	RE: Norpac Update -- July 14
Date:	Friday, July 14, 2017 3:49:56 PM

Thanks for the update Scott. I believe what we have put forth is the right approach.

Joel D. Cook
Senior Vice President | Power Services
BONNEVILLE POWER ADMINISTRATION
jdcook@bpa.gov | P 503-5230-7640 | C (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and

getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up

mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to

demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: James,Daniel M (BPA) - D-7
To: Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7
Subject: Norpac - update, 7-17-17
Date: Monday, July 17, 2017 6:45:51 PM

---

1. I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

2. Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6

<skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

1. On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

1. But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA)

- PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>

Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be

worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Thompson,Garry R (BPA) - PS-6
To:	James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Cc:	Bowers,Rebecca S (BPA) - A-7; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7
Subject:	RE: Norpac - next steps
Date:	Monday, July 17, 2017 1:32:37 PM

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2"

<mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

1. On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

1. But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room

with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with

Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and

Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

(b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	James,Daniel M (BPA) - D-7
To:	Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Cc:	Bowers,Rebecca S (BPA) - A-7; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7
Subject:	Norpac - questions to answer, 7-18-17
Date:	Tuesday, July 18, 2017 12:14:41 PM

Hi, Team.

Here are the questions from Rich Glick.

Garry, would you please shepard these through our staff (though you likely have the answers in your head) and get the answers back to me by COB today if at all possible?

As a reminder, we also need talking points for Elliot's likely call with Sen. Cantwell later this week.

DJ

------ Original message --------
From: "Glick, Rich (Energy)" <Rich_Glick@energy.senate.gov>
Date: 7/18/17 10:59 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: [EXTERNAL] RE: Questions

Thanks Dan. Sorry I didn't get back to you this morning – we had an Energy Security hearing.

I am curious about BPA's legal authority to do two things:

1. Require NORPAC/Cowlitz to compensate BPA should NORPAC in FY18 consume more power than 80 MW (or whatever the agreed-to amount is)
2. If NORPAC refuses to agree to compensate BPA for the amount of power consumed in FY18 beyond the agreed to take-or-pay amount, to raise NORPAC's take-or-pay requirement above 80 MW.

With regard to the second item, I understand BPA has to go through a process pursuant to which it determines how much NORPAC and Cowlitz are likely to consume in FY18. If BPA determines that amount for NORPAC should be 80 MW, what authority does BPA have to raise that amount because NORPAC won't agree to a true-up clause?

Please don't take these questions as a sign Senator Cantwell is taking a particular position. It is just she is going to ask us about the legality of what BPA is proposing.

I have let Travis and Angela know that Elliot wants to speak with her this week. I'm waiting to hear back from them.

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 6:45 PM (GMT-08:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

1. I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

2. Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------

From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

1. On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

1. But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying

they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to

Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public

process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac

today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Baskerville,Sonya L (BPA) - DIN-WASH
To:	Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Wilson,Scott K (BPA) - PSW-6
Subject:	RE: Norpac - next steps
Date:	Tuesday, July 18, 2017 10:27:19 PM

I think those points are covered in the talking points, particularly that we deal with Cowlitz as our customer. To add a suspender to the belt, we could add an express bullet, maybe as the 4th one, that says, "Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz."

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Date: 7/18/17 7:55 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Subject: RE: Norpac - next steps

These are good. Sonya, I cc'd you on an email to Dan James covering questions Rick Glick has asked. I am not sure if you want to attempt to addition those clarifications to Rich's questions to the talking points? GT

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Tuesday, July 18, 2017 2:46 PM
To: Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Subject: RE: Norpac - next steps

These are good. Standing by if we hear from Garry or Scott. Thanks!

Sonya Baskerville
Manager, National Relations Office
Bonneville Power Administration
1000 Independence Ave., SW, 8G-061
Washington, DC 20585
202-586-5640 (o)
(b) (6) [redacted] (c)

From: Farleigh,Kevin S (BPA) - PSW-6
Sent: Tuesday, July 18, 2017 5:39 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac - next steps

Hi Sonya,

A few thoughts below. Garry and Scott (if he's checking email) may have some as well. Thanks.

Kevin

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Tuesday, July 18, 2017 1:17 PM
To: Farleigh,Kevin S (BPA) - PSW-6; Thompson,Garry R (BPA) - PS-6
Subject: RE: Norpac - next steps
Importance: High

Thanks. Here you go with a start. I wanted to see the questions Rich had, to account for anything related that Elliot should say.

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open to door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Thanks.

Sonya Baskerville
Manager, National Relations Office
Bonneville Power Administration
1000 Independence Ave., SW, 8G-061
Washington, DC 20585
202-586-5640 (o)
(b) (6) [redacted] c)

From: Farleigh,Kevin S (BPA) - PSW-6
Sent: Monday, July 17, 2017 5:50 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH
Subject: FW: Norpac - next steps

Hi Sonya,

I'm of course happy to help with TPts. Standing by as needed. Thanks.

Kevin

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6

<ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>

Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we

creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.

--Scott

Next Steps:

July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language

Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.

September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon

I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in

early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.

--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by

our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6

Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!

Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan

In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

(b)
(5)

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(b)(5)

[redacted]

[redacted]

[redacted]

(b) (5)

(b) (5) [redacted]

[redacted]

(b) (4) [redacted]

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 18, 2017 12:15 PM
To: Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: Norpac - questions to answer, 7-18-17

Hi, Team.

Here are the questions from Rich Glick.

Garry, would you please shepard these through our staff (though you likely have the answers in your head) and get the answers back to me by COB today if at all possible?

As a reminder, we also need talking points for Elliot's likely call with Sen. Cantwell later this week.

DJ

------ Original message --------
From: "Glick, Rich (Energy)" <Rich_Glick@energy.senate.gov>
Date: 7/18/17 10:59 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: [EXTERNAL] RE: Questions

Thanks Dan. Sorry I didn't get back to you this morning – we had an Energy Security hearing.

I am curious about BPA's legal authority to do two things:

Require NORPAC/Cowlitz to compensate BPA should NORPAC in FY18 consume more power than 80 MW (or whatever the agreed-to amount is)

If NORPAC refuses to agree to compensate BPA for the amount of power consumed in FY18 beyond the agreed to take-or-pay amount, to raise NORPAC's take-or-pay requirement above 80 MW.

With regard to the second item, I understand BPA has to go through a process pursuant to which it determines how much NORPAC and Cowlitz are likely to consume in FY18. If BPA determines that amount for NORPAC should be 80 MW, what authority does BPA have to raise that amount because NORPAC won't agree to a true-up clause?

Please don't take these questions as a sign Senator Cantwell is taking a particular position. It is just she is going to ask us about the legality of what BPA is proposing.

I have let Travis and Angela know that Elliot wants to speak with her this week. I'm waiting to hear back from them.

Thanks,

Rich

Rich Glick
Democratic General Counsel

Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 6:45 PM (GMT-08:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6

Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)

To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that

actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar

trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that

looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

From: James,Daniel M (BPA) - D-7
To: Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6; Cook,Joel D (BPA) - P-6; Farleigh,Kevin S (BPA) - PSW-6; Johnson,Tim A (BPA) - LP-7; Miller,Thomas (BPA) - LP-7; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Symonds,Mark C (BPA) - BD-3; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Correspondence with Rich Glick
Date: Wednesday, July 19, 2017 8:10:07 AM

All, just for awareness.

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 19, 2017 8:06 AM
To: 'Glick, Rich (Energy)' <Rich_Glick@energy.senate.gov>
Cc: Gray, Spencer (Energy) <Spencer_Gray@energy.senate.gov>; Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>
Subject: RE: Answers

Thanks, Rich. Hi, Spencer.

Elliot is in today and tomorrow but he is out on leave Friday and all next week.

If we get to arranging a call between Elliot and Sen. Cantwell we will need to loop in Sandy Boardman – she will make it happen. She is copied here. Her direct dial is 503.230.5102.

The best way to reach me is my cell, (b) (6) [redacted]

DJ

Dan James
Deputy Administrator
BONNEVILLE POWER ADMINISTRATION
bpa.gov | P 503-230-4452

From: Glick, Rich (Energy) [mailto:Rich_Glick@energy.senate.gov]
Sent: Wednesday, July 19, 2017 7:58 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Gray, Spencer (Energy) <Spencer_Gray@energy.senate.gov>
Subject: [EXTERNAL] RE: Answers

Thanks Dan – This is helpful. We will contact Angela and Travis again today about scheduling a call with Elliot. Do you know if he is available this week?

Rich

Rich Glick
Democratic General Counsel

Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: James,Daniel M (BPA) - D-7 [mailto:dmjames@bpa.gov]
Sent: Wednesday, July 19, 2017 10:01 AM
To: Glick, Rich (Energy)
Subject: Answers

Thanks, Rich.

Here are your questions and BPAs responses. Please forgive any funky formatting. I'm doing this on my Samsung.

First, I know you know this but I should remind that NORPAC is not a customer of BPA but of Cowlitz PUD whom holds a take or pay Power Sales Contract with BPA, as do 140 other Public Customers in the Pacific NW. Under State Law, NORPAC does not have the right to purchase power from anyone else but Cowlitz PUD. Cowlitz does not have the right to reduce the power it purchases from BPA in order to go to the market. Same standard as the other 140 Public Customers in the Pacific NW holding BPA power sales contracts.

1. Require NORPAC/Cowlitz to compensate BPA should NORPAC in FY18 consume more power than 80 MW (or whatever the agreed-to amount is)

BPA's legal authority to request payment under the proposed option is its authority to settle issues and propose terms under its power sales contracting authorization in section 5(a) and section 2(f) of the Bonneville Project Act. It is BPA proposal that since the parties cannot agree upon the planned load for the NORPAC mill for the upcoming fiscal year that BPA would accept Cowlitz's lower proposed planned load number on the expressed condition that if the plant load operating in any month is actually more than the planned amount, then Cowlitz will owe BPA compensation on the difference in planned load verses operating load for which BPA has forgone making its sales. BPA's take or pay provision in its contract was fully vetted and reviewed by all interested regional parties prior to BPA's offer of its Regional Dialogue contracts and was a specific correlation to BPA's willingness to offer tiered rates under the contract. BPA's Long term Regional Dialogue Policy of July 2007 expressly stated: "Power purchases under Regional Dialogue contracts will be take or pay for the amount of Federal power that the customer is obligated to purchase from BPA whether the power is purchased at Tier 1 or Tier 2 rates. . . . Take or Pay is a cornerstone of this Policy because it provides assurance to the U.S. Treasury that BPA will be able to meet its repayment obligations. BPA offer to Cowlitz of the settlement amount would include a calculation of any amount owed by Cowlitz would be based on the difference in the mwhs (x) the difference between a price index (perhaps Mid C) and the applicable BPA PF rate for the months the load exceeds 80MW. Cowlitz has said the load will be 80 and BPA will accept that if it does not impose costs on our other customers.

2. If NORPAC refuses to agree to compensate BPA for the amount of power consumed in FY18 beyond the agreed to take-or-pay amount, to raise NORPAC's take-or-pay requirement above 80 MW.

If BPA and Cowlitz do not agree on a planned load then BPA has authority under section 5(b)(1) of the Northwest Power Act to define its planned obligation to serve load consistent with its power sales contract terms which in this case are those of section 5 of the Power sales

contract and Exhibit A which states that BPA may use its own reasonable planned load amount if BPA believes that the customer's amount is not valid. Given the variations in the load amounts that BPA has heard from both NORPAC and Cowltiz as to what the future operation of the plant load will be, BPA would be justified in relying upon its own planning number. BPA's reliance on its own planning number may be challenged in nonbinding arbitration which would examine the reasonableness of BPA's number and the result would be advisory (not binding) to the Administrator. Section 5(b) charges the Administrator with making the determinations for his net requirement load obligations under his power sales contracts with his PNW customers which the Administrator has done since 1980 for both customers' loads and customers' resources used for their loads. BPA's 5(b)/9(c) policy ROD of 2001 addressed the question of whether the BPA administrator or the customer made such a determination and concluded that the Administrator is the party with the statutory responsibility for the determination as well as for the terms of the service to be provided.

Please let me know if you need more information.

Dan

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Glick, Rich (Energy)" <Rich_Glick@energy.senate.gov>
Date: 7/18/17 10:59 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: [EXTERNAL] RE: Questions

Thanks Dan. Sorry I didn't get back to you this morning – we had an Energy Security hearing.

I am curious about BPA's legal authority to do two things:

1. Require NORPAC/Cowlitz to compensate BPA should NORPAC in FY18 consume more power than 80 MW (or whatever the agreed-to amount is)
2. If NORPAC refuses to agree to compensate BPA for the amount of power consumed in FY18 beyond the agreed to take-or-pay amount, to raise NORPAC's take-or-pay requirement above 80 MW.

With regard to the second item, I understand BPA has to go through a process pursuant to which it determines how much NORPAC and Cowlitz are likely to consume in FY18. If BPA determines that amount for NORPAC should be 80 MW, what authority does BPA have to raise that amount because NORPAC won't agree to a true-up clause?

Please don't take these questions as a sign Senator Cantwell is taking a particular position. It is just she is going to ask us about the legality of what BPA is proposing.

I have let Travis and Angela know that Elliot wants to speak with her this week. I'm waiting to hear back from them.

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: James,Daniel M (BPA) - D-7 [mailto:dmjames@bpa.gov]
Sent: Tuesday, July 18, 2017 1:16 PM
To: Glick, Rich (Energy)
Subject: Questions

Good to talk with you last night.

You had some questions on your mind - would you shoot me back an email with those?

I'm also looking for your guidance on arranging a call between Sen. Cantwell and Elliot.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

From:	Baskerville,Sonya L (BPA) - DIN-WASH
To:	James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Wilson,Scott K (BPA) - PSW-6
Cc:	Bowers,Rebecca S (BPA) - A-7; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7
Subject:	RE: Norpac - update, 7-17-17
Date:	Wednesday, July 19, 2017 7:04:43 AM

Kevin, Garry, and I drafted these talking points for Elliot's use. He can play with the phrasing for his delivery, of course. Thanks.

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is

why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

1. I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

2. Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

1. On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen.

Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

1. But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and

getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up

mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to

demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	James,Daniel M (BPA) - D-7
To:	Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject:	Fwd: NORPAC - talking points, 7-20-17
Date:	Thursday, July 20, 2017 8:03:26 AM

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela

Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear

wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.

--Scott

Next Steps:

July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language

Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.

September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon

I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.

--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!

Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back th

on the 5 if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.

--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan

In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

(b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: "Gary Huhta"
Cc: Largo,Jay (BPA) - TPCV-TPP-4; Wilson,Scott K (BPA) - PSW-6
Subject: RE: BPA/Cowlitz Agenda Items
Date: Thursday, July 20, 2017 11:56:58 AM

Will do. Thanks!

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Thursday, July 20, 2017 11:56 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Largo,Jay (BPA) - TPCV-TPP-4; Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] RE: BPA/Cowlitz Agenda Items

Okay, yes, let's keep it on the agenda for an update. Thanks.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Thursday, July 20, 2017 11:55 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>
Cc: Largo,Jay (BPA) - TPCV-TPP-4 <jrlargo@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Subject: RE: BPA/Cowlitz Agenda Items

EXTERNAL: Think Before You Click!

Transmission Business Model is the new term for Transmission of Tomorrow. Skip it for this one?

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Thursday, July 20, 2017 11:52 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Largo,Jay (BPA) - TPCV-TPP-4; Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] RE: BPA/Cowlitz Agenda Items

Melanie,
For Power: we are expecting Scott to bring a "Liquidated Damages" concept paper for discussion, and this is directly related to the NORPAC matter. I have nothing else to add.

For Tx: is your topic "Transmission Business Model" also what BPA has referred to as Transmission

of Tomorrow? If not, we would like an update.
Gary.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Thursday, July 20, 2017 10:36 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>
Cc: Largo,Jay (BPA) - TPCV-TPP-4 <jrlargo@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Subject: BPA/Cowlitz Agenda Items

EXTERNAL: Think Before You Click!

Gary, please let me know your thoughts on the agenda for Monday's meeting.

Power

- Norpac Update?

Transmission

- Transmission Business Model
- TOP and TP next steps
- Quick L0385 status update
- Cowlitz staff/role discussion
- Other?

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Farleigh,Kevin S (BPA) - PSW-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac - next steps
Date: Thursday, July 20, 2017 9:12:31 AM
Attachments: image001.png

Sounds lovely!

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 20, 2017 9:11 AM
To: Farleigh,Kevin S (BPA) - PSW-6
Subject: RE: Norpac - next steps

Yes. Not surprised on the holding pattern. Next Monday will be when it starts to get interesting since Melanie and I will be meeting with Cowlitz for our monthly check-in.

Every day at the beach was sunny and near 70. It just does not get better than that. Porter got to run on the beach every day AND go on a couple of hikes. He would like to live there all of the time. Hope all is well in your world. Thanks for covering for me.
--Scott

From: Farleigh,Kevin S (BPA) - PSW-6
Sent: Thursday, July 20, 2017 8:56 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac - next steps

I think we're in a good place at the moment. Sort of a holding pattern. Hope you're enjoying the week!

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 20, 2017 8:53 AM
To: Farleigh,Kevin S (BPA) - PSW-6
Subject: RE: Norpac - next steps

Thanks Kevin
I was checking emails and then on Tuesday my BPA phone decided it did not like my passwords anymore. Love the phone. Appreciate all of your work on the NORPAC stuff. Looks like it is in a good place. I am back in Portland but staying out of stuff for now.
--Scott

From: Farleigh,Kevin S (BPA) - PSW-6
Sent: Tuesday, July 18, 2017 2:39 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Wilson,Scott K (BPA) - PSW-6
Subject: RE: Norpac - next steps

Hi Sonya,

A few thoughts below. Garry and Scott (if he's checking email) may have some as well. Thanks.

Kevin

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Tuesday, July 18, 2017 1:17 PM
To: Farleigh,Kevin S (BPA) - PSW-6; Thompson,Garry R (BPA) - PS-6
Subject: RE: Norpac - next steps
Importance: High

Thanks. Here you go with a start. I wanted to see the questions Rich had, to account for anything related that Elliot should say.

- Thanks for taking the time to talk with me and for your interest in NORPAC.
- I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.
- At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.
- Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.
- The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.
- I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.
- The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.
- Stepping back, I am also concerned with actions that could open to door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.
- I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Thanks.

Sonya Baskerville

Manager, National Relations Office
Bonneville Power Administration
1000 Independence Ave., SW, 8G-061
Washington, DC 20585
202-586-5640 (o)
(b) (6) [redacted] (c)

From: Farleigh,Kevin S (BPA) - PSW-6
Sent: Monday, July 17, 2017 5:50 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH
Subject: FW: Norpac - next steps

Hi Sonya,

I'm of course happy to help with TPts. Standing by as needed. Thanks.

Kevin

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

1. On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

1. But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.

September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next

week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

1. I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

2. Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

   Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

3. Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7

Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will

be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; "bessex@cowlitzpud.org"; Gary Huhta (Ghuhta@cowlitzpud.org); "rjohnson@cowlitzpud.org"; Tim Johnston (tjohnston@cowlitzpud.org); "Steve Kern"; "Ron Sporseen"; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor (btaylor@cowlitzpud.org)
Subject: RE: BPA/Cowlitz Meeting, 7/24 Agenda
Date: Friday, July 21, 2017 8:59:45 AM

All, here is the draft agenda for our Monday meeting. Please chime in with any additions/edits.

Power

- Norpac Update/Liquidated damages concept paper

Transmission

- Transmission Business Model (aka Tx of Tomorrow)
- TOP and TP next steps
- Quick L0385 status update
- Cowlitz staff/role discussion
- Other?

Regards,

Melanie Jackson

Transmission Account Executive | Transmission Sales

Bonneville Power Administration
mmjackson@bpa.gov | P 360-619-6012 | C[redacted]

-----Original Appointment-----
From: Martinez,Geneva C (CONTR) - TSES-TPP-2 **On Behalf Of** Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Thursday, June 22, 2017 11:11 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; 'bessex@cowlitzpud.org'; Gary Huhta (Ghuhta@cowlitzpud.org); 'rjohnson@cowlitzpud.org'; Tim Johnston (tjohnston@cowlitzpud.org); 'Steve Kern'; 'Ron Sporseen'; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor (btaylor@cowlitzpud.org)
Subject: BPA/Cowlitz Meeting
When: Monday, July 24, 2017 1:00 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Cowlitz Office/Phone Bridg[redacted]

V23

Please note: Conference Bridges are a *shared* resource. To avoid interruptions,

please do not dial in prior to the start time of your meeting and remember to hang up on time. Please double-check your reservation time and date – if you need additional time/occurrences, please contact Voice & Video. *Do not assume* the bridge is available outside of the times/dates scheduled for you.

Caller Limit: 100

If you need a larger bridge, call 503-230-5050 or email telephone@bpa.gov at least 24 hours in advance. We will reserve a one-time AT&T bridge with the number of callers (up to 1000) that you need.

Please do not forward this bridge invite. To send this bridge information to participants, create a New Appointment or email, and copy and paste the bridge information into it.

V23 - PARTICIPANT dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) [redacted] (Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

When you are listening, please mute your line to reduce background noise on the bridge. Dial ***6** to mute or unmute your line.

V23 - HOST dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) [redacted] Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

Do not distribute the Host Code to general participants.

During the conference the Host may dial these features:

***0** CONTACT A VERIZON CONFERENCE SPECIALIST FOR ASSISTANCE

***4** MUTE / UNMUTE ALL PARTICIPANTS' LINES (except Host's line)

***5** CONFERENCE CONTINUATION – when entered by the Host, allows the call to continue even if the Host hangs up

(if the Host hangs up without activating Conference Continuation, all participants will be disconnected)

***6** MUTE / UNMUTE YOUR LINE (individual participants can mute/unmute their line anytime by pressing *6)

***7** LOCK / UNLOCK (locks your conference so no additional parties are permitted access; press *7 to unlock)

***9** ENTTRY/EXIT ANNOUNCEMENTS (host may set preference to tone, recorded name, or silent)

If one of your participants puts their line on hold and the entire group is hearing the hold music, the easiest/fastest 'fix' is to announce to all participants that you will be putting all lines on mute and each individual will need to use ***6** to unmute their line. Then use ***4** to mute the entire conference.

From: Gary Huhta
To: Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; Bob Essex; Ray Johnson; Tim Johnston; Steve Kern; Ron Sporseen; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor
Subject: [EXTERNAL] RE: BPA/Cowlitz Meeting, 7/24 Agenda
Date: Monday, July 24, 2017 7:07:44 AM

Melanie / Scott,
NORPAC is interested in hearing the discussion on the LDs concept paper. Can we put that as the #1 agenda item? Two NORPAC representatives will join us at 1:00 to participate in this portion of the agenda and then dismiss.
Thanks, Gary.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Friday, July 21, 2017 9:00 AM
To: Largo,Jay (BPA) - TPCV-TPP-4 <jrlargo@bpa.gov>; Rydell,Kendall A (BPA) - TPPA-OPP-3 <karydell@bpa.gov>; Hindi,Hamody M (BPA) - TPPA-OPP-3 <hmhindi@bpa.gov>; Bob Essex <Bessex@cowlitzpud.org>; Gary Huhta <Ghuhta@cowlitzpud.org>; Ray Johnson <Rjohnson@cowlitzpud.org>; Tim Johnston <tjohnston@cowlitzpud.org>; Steve Kern <skern@cowlitzpud.org>; Ron Sporseen <rsporseen@cowlitzpud.org>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Barbara Taylor <btaylor@cowlitzpud.org>
Subject: RE: BPA/Cowlitz Meeting, 7/24 Agenda

EXTERNAL: Think Before You Click!

All, here is the draft agenda for our Monday meeting. Please chime in with any additions/edits.

Power
Norpac Update/Liquidated damages concept paper
Transmission
Transmission Business Model (aka Tx of Tomorrow)
TOP and TP next steps
Quick L0385 status update
Cowlitz staff/role discussion
Other?

Regards,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

-----Original Appointment-----
From: Martinez,Geneva C (CONTR) - TSES-TPP-2 **On Behalf Of** Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Thursday, June 22, 2017 11:11 AM

To: Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; 'bessex@cowlitzpud.org'; Gary Huhta (Ghuhta@cowlitzpud.org); 'rjohnson@cowlitzpud.org'; Tim Johnston (tjohnston@cowlitzpud.org); 'Steve Kern'; 'Ron Sporseen'; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor (btaylor@cowlitzpud.org)
Subject: BPA/Cowlitz Meeting
When: Monday, July 24, 2017 1:00 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Cowlitz Office/Phone Bridg(b) (2) [redacted]

V23

Please note: Conference Bridges are a *shared* resource. To avoid interruptions, please do not dial in prior to the start time of your meeting and remember to hang up on time. Please double-check your reservation time and date – if you need additional time/occurrences, please contact Voice & Video. *Do not assume* the bridge is available outside of the times/dates scheduled for you.

Caller Limit: 100
If you need a larger bridge, call 503-230-5050 or email telephone@bpa.gov at least 24 hours in advance. We will reserve a one-time AT&T bridge with the number of callers (up to 1000) that you need.

Please do not forward this bridge invite. To send this bridge information to participants, create a New Appointment or email, and copy and paste the bridge information into it.

V23 - PARTICIPANT dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) [redacted] Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

When you are listening, please mute your line to reduce background noise on the bridge. Dial ***6** to mute or unmute your line.

V23 - HOST dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) [redacted] (Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

Do not distribute the Host Code to general participants.

During the conference the Host may dial these features:

***0** CONTACT A VERIZON CONFERENCE SPECIALIST FOR ASSISTANCE

***4** MUTE / UNMUTE ALL PARTICIPANTS' LINES (except Host's line)

***5** CONFERENCE CONTINUATION – when entered by the Host, allows the call to continue even if the Host hangs up
(if the Host hangs up without activating Conference Continuation, all participants will be disconnected)

***6** MUTE / UNMUTE YOUR LINE (individual participants can mute/unmute their line anytime by pressing *6)

***7** LOCK / UNLOCK (locks your conference so no additional parties are permitted access; press *7 to unlock)

***9** ENTTRY/EXIT ANNOUNCEMENTS (host may set preference to tone, recorded name, or silent)

If one of your participants puts their line on hold and the entire group is hearing the hold music, the easiest/fastest 'fix' is to announce to all participants that you will be putting all lines on mute and each individual will need to use ***6** to unmute their line. Then use ***4** to mute the entire conference.

From: Gary Huhta
To: Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; Bob Essex; Ray Johnson; Tim Johnston; Steve Kern; Ron Sporseen; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor
Subject: [EXTERNAL] RE: BPA/Cowlitz Meeting, 7/24 Agenda
Date: Monday, July 24, 2017 11:22:23 AM

For those of you participating in today's meeting in person at the PUD's Main Office, we will be in the Customer Service Conference Room.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Friday, July 21, 2017 9:00 AM
To: Largo,Jay (BPA) - TPCV-TPP-4 <jrlargo@bpa.gov>; Rydell,Kendall A (BPA) - TPPA-OPP-3 <karydell@bpa.gov>; Hindi,Hamody M (BPA) - TPPA-OPP-3 <hmhindi@bpa.gov>; Bob Essex <Bessex@cowlitzpud.org>; Gary Huhta <Ghuhta@cowlitzpud.org>; Ray Johnson <Rjohnson@cowlitzpud.org>; Tim Johnston <tjohnston@cowlitzpud.org>; Steve Kern <skern@cowlitzpud.org>; Ron Sporseen <rsporseen@cowlitzpud.org>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Barbara Taylor <btaylor@cowlitzpud.org>
Subject: RE: BPA/Cowlitz Meeting, 7/24 Agenda

EXTERNAL: Think Before You Click!

All, here is the draft agenda for our Monday meeting. Please chime in with any additions/edits.

Power
Norpac Update/Liquidated damages concept paper
Transmission
Transmission Business Model (aka Tx of Tomorrow)
TOP and TP next steps
Quick L0385 status update
Cowlitz staff/role discussion
Other?

Regards,

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

-----Original Appointment-----
From: Martinez,Geneva C (CONTR) - TSES-TPP-2 **On Behalf Of** Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Thursday, June 22, 2017 11:11 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; 'bessex@cowlitzpud.org'; Gary Huhta (Ghuhta@cowlitzpud.org); 'rjohnson@cowlitzpud.org'; Tim Johnston (tjohnston@cowlitzpud.org); 'Steve Kern'; 'Ron Sporseen'; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor (btaylor@cowlitzpud.org)

Subject: BPA/Cowlitz Meeting
When: Monday, July 24, 2017 1:00 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Cowlitz Office/Phone Bridge:(b) (2) [redacted]

V23

Please note: Conference Bridges are a *shared* resource. To avoid interruptions, please do not dial in prior to the start time of your meeting and remember to hang up on time. Please double-check your reservation time and date – if you need additional time/occurrences, please contact Voice & Video. *Do not assume* the bridge is available outside of the times/dates scheduled for you.

Caller Limit: 100
If you need a larger bridge, call 503-230-5050 or email telephone@bpa.gov at least 24 hours in advance. We will reserve a one-time AT&T bridge with the number of callers (up to 1000) that you need.

Please do not forward this bridge invite. To send this bridge information to participants, create a New Appointment or email, and copy and paste the bridge information into it.

V23 - PARTICIPANT dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) [redacted] (Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

When you are listening, please mute your line to reduce background noise on the bridge. Dial ***6** to mute or unmute your line.

V23 - HOST dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) [redacted] (Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

Do not distribute the Host Code to general participants.

During the conference the Host may dial these features:

***0** CONTACT A VERIZON CONFERENCE SPECIALIST FOR ASSISTANCE

***4** MUTE / UNMUTE ALL PARTICIPANTS' LINES (except Host's line)

***5** CONFERENCE CONTINUATION – when entered by the Host, allows the call to continue even if the Host hangs up

(if the Host hangs up without activating Conference Continuation, all participants will be disconnected)

***6** MUTE / UNMUTE YOUR LINE (individual participants can mute/unmute their line anytime by pressing *6)

***7** LOCK / UNLOCK (locks your conference so no additional parties are permitted access; press *7 to unlock)

***9** ENTTRY/EXIT ANNOUNCEMENTS (host may set preference to tone, recorded name, or silent)

If one of your participants puts their line on hold and the entire group is hearing the hold music, the easiest/fastest 'fix' is to announce to all participants that you will be putting all lines on mute and each individual will need to use ***6** to unmute their line. Then use ***4** to mute the entire conference.

From:	Davis,Reed C (BPA) - KSL-4
To:	Wilson,Scott K (BPA) - PSW-6
Cc:	Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject:	Cowlitz decision
Date:	Monday, July 24, 2017 6:29:08 PM

Scott,

I understood you were meeting with Cowlitz today. Any update you can give me so I can move forward with the forecast for the slice/block work.

Thanks,
Reed

(b)
(5)

[redacted]

(b) (5)

From: Wilson,Scott K (BPA) - PSW-6
To: Gary Huhta; Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; Bob Essex; Ray Johnson; Tim Johnston; Steve Kern; Ron Sporseen; Barbara Taylor
Subject: RE: BPA/Cowlitz Meeting, 7/24 Agenda
Date: Monday, July 24, 2017 8:08:00 AM

That should be fine.
--Scott

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Monday, July 24, 2017 7:07 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; Bob Essex; Ray Johnson; Tim Johnston; Steve Kern; Ron Sporseen; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor
Subject: [EXTERNAL] RE: BPA/Cowlitz Meeting, 7/24 Agenda

Melanie / Scott,
NORPAC is interested in hearing the discussion on the LDs concept paper. Can we put that as the #1 agenda item? Two NORPAC representatives will join us at 1:00 to participate in this portion of the agenda and then dismiss.
Thanks, Gary.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Friday, July 21, 2017 9:00 AM
To: Largo,Jay (BPA) - TPCV-TPP-4 <jrlargo@bpa.gov>; Rydell,Kendall A (BPA) - TPPA-OPP-3 <karydell@bpa.gov>; Hindi,Hamody M (BPA) - TPPA-OPP-3 <hmhindi@bpa.gov>; Bob Essex <Bessex@cowlitzpud.org>; Gary Huhta <Ghuhta@cowlitzpud.org>; Ray Johnson <Rjohnson@cowlitzpud.org>; Tim Johnston <tjohnston@cowlitzpud.org>; Steve Kern <skern@cowlitzpud.org>; Ron Sporseen <rsporseen@cowlitzpud.org>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Barbara Taylor <btaylor@cowlitzpud.org>
Subject: RE: BPA/Cowlitz Meeting, 7/24 Agenda

EXTERNAL: Think Before You Click!

All, here is the draft agenda for our Monday meeting. Please chime in with any additions/edits.

Power
Norpac Update/Liquidated damages concept paper
Transmission
Transmission Business Model (aka Tx of Tomorrow)
TOP and TP next steps
Quick L0385 status update
Cowlitz staff/role discussion
Other?

Regards,

Melanie Jackson

Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

-----Original Appointment-----
From: Martinez,Geneva C (CONTR) - TSES-TPP-2 **On Behalf Of** Jackson,Melanie M (BPA) - TSE-TPP-2
Sent: Thursday, June 22, 2017 11:11 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2; Largo,Jay (BPA) - TPCV-TPP-4; Rydell,Kendall A (BPA) - TPPA-OPP-3; Hindi,Hamody M (BPA) - TPPA-OPP-3; 'bessex@cowlitzpud.org'; Gary Huhta (Ghuhta@cowlitzpud.org); 'rjohnson@cowlitzpud.org'; Tim Johnston (tjohnston@cowlitzpud.org); 'Steve Kern'; 'Ron Sporseen'; Wilson,Scott K (BPA) - PSW-6; Barbara Taylor (btaylor@cowlitzpud.org)
Subject: BPA/Cowlitz Meeting
When: Monday, July 24, 2017 1:00 PM-2:30 PM (UTC-08:00) Pacific Time (US & Canada).
Where: Cowlitz Office/Phone Bridge: (b) (2)

V23

Please note: Conference Bridges are a *shared* resource. To avoid interruptions, please do not dial in prior to the start time of your meeting and remember to hang up on time. Please double-check your reservation time and date – if you need additional time/occurrences, please contact Voice & Video. *Do not assume* the bridge is available outside of the times/dates scheduled for you.

Caller Limit: 100
If you need a larger bridge, call 503-230-5050 or email telephone@bpa.gov at least 24 hours in advance. We will reserve a one-time AT&T bridge with the number of callers (up to 1000) that you need.

Please do not forward this bridge invite. To send this bridge information to participants, create a New Appointment or email, and copy and paste the bridge information into it.

V23 - PARTICIPANT dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) (Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

When you are listening, please mute your line to reduce background noise on the bridge. Dial to

***6**

mute or unmute your line.

V23 - HOST dialing instructions:

This conference system is provided by Verizon. If you have issues during the conference, please dial *0 to request assistance from the Verizon conference specialist.

(b) (2) [redacted] (Non-Cisco phones will need to dial a "1" first for long distance.)

If the phone you are calling from incurs long-distance charges, you may call 866-719-0284. BPA pays a higher per-minute cost for the toll-free number, so use the regular number where possible.

Do not distribute the Host Code to general participants.

During the conference the Host may dial these features:

***0** CONTACT A VERIZON CONFERENCE SPECIALIST FOR ASSISTANCE

***4** MUTE / UNMUTE ALL PARTICIPANTS' LINES (except Host's line)

***5** CONFERENCE CONTINUATION – when entered by the Host, allows the call to continue even if the Host hangs up
(if the Host hangs up without activating Conference Continuation, all participants will be disconnected)

***6** MUTE / UNMUTE YOUR LINE (individual participants can mute/unmute their line anytime by pressing *6)

***7** LOCK / UNLOCK (locks your conference so no additional parties are permitted access; press *7 to unlock)

***9** ENTTRY/EXIT ANNOUNCEMENTS (host may set preference to tone, recorded name, or silent)

If one of your participants puts their line on hold and the entire group is hearing the hold music, the easiest/fastest 'fix' is to announce to all participants that you will be putting all lines on mute and each individual will need to use ***6** to unmute their line. Then use ***4** to mute the entire conference.

From:	Wilson,Scott K (BPA) - PSW-6
To:	Mainzer,Elliot E (BPA) - A-7
Cc:	James,Daniel M (BPA) - D-7; Bowers,Rebecca S (BPA) - A-7; Boardman,Sandy (BPA) - A-7
Subject:	FW: Elliot"s Cantwell Conversation
Date:	Tuesday, July 25, 2017 8:01:00 AM

FYI

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6

<grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be

outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound

right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our

take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without

something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Cogswell,Peter (BPA) - DI-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot"s Cantwell Conversation
Date: Tuesday, July 25, 2017 9:28:32 AM

That is great to hear. Thanks for sending along, and nice work on this one. Was good to get caught up a bit yesterday.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made –

that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing

the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7;

Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!

Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by

proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: James,Daniel M (BPA) - D-7
To: Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Cc: Mainzer,Elliot E (BPA) - A-7
Subject: RE: Elliot"s Cantwell Conversation
Date: Tuesday, July 25, 2017 10:18:56 AM

Thanks, Scott. Nice job, team.

I've reached out to Rich and asked for a quick debrief. I'll let everyone know if I pick up anything more that needs to be shared.

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were

drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as

long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6

<ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>

Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough

took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying

PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM

To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Normandeau,Mike (BPA) - PSE-RONAN
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Pend Oreille PUD Net Requirement Forecast
Date: Tuesday, July 25, 2017 1:27:48 PM

Sounds like a good plan. I will chat with you regarding what I should tell the PUD when I'm in the office tomorrow.

Thanks for responding.

Mike

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:26 PM
To: Normandeau,Mike (BPA) - PSE-RONAN
Cc: Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6
Subject: RE: Pend Oreille PUD Net Requirement Forecast

At this point I think it would make sense to let them know they will want to look at the net requirements process and may want to comment. We need to be a lcareful about the specifics right now because NORPAC has not announced anything about shutting down yet but once the Net Requirements hits the street it will kind of be out there and I think it's fair game.
--Scott

From: Normandeau,Mike (BPA) - PSE-RONAN
Sent: Tuesday, July 25, 2017 12:24 PM
To: Wilson,Scott K (BPA) - PSW-6; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Traetow,Emily G (BPA) - PSR-6; Cicarelli,Andres A (BPA) - KSL-BELL-1
Cc: Moore,Lisa A (BPA) - PSSE-MEAD-GOB
Subject: Pend Oreille PUD Net Requirement Forecast
Importance: High

Good Morning,

I let Jason know that we are intending to go with (b) (4) [redacted]. Pend Oreille has acknowledged this as acceptable based on how the Newsprint has operated in this year. Thank you Andres for the work on this by the way…

Quick question/concern: With the impending Cowlitz process underway, do we need to caveat the assumption for Pend Oreille in the event they request similar treatment. My preference is to assume that the Newsprint will be running and that we will not offer the liquidated damages option to Pend Oreille unless they request it following BPA's decision. I have yet to share this with the utility since it's not decided officially yet. It may be time to share this with them.

Thoughts? I will be in HQ tomorrow and will be sure to come around and discuss this with a few of you.

Mike

Mike

From: Davis,Reed C (BPA) - KSL-4
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision
Date: Tuesday, July 25, 2017 1:38:00 PM

I'm good with that

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:31 PM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Thank You. I will probably send this out a little later in the week, likely Thursday. Steve Kern was pretty worked up so I would like to limit the amount of time he has to volley questions back and forth around it.

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 10:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes, I'm good with that.

Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 9:33 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

I think the paragraph works fine and would be comfortable sending it over to meet Steve's request. My sense is that adding the conservation information would muddle up the message on this one since most of the change is due to not using the pulping machine and buying pulp from off-site sources. Ironically the pulping machine is where we did our most significant conservation work. Are you okay with me sending the paragraph out to Cowlitz as it is (after dropping the red language of course)?

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 8:15 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

With my edits. I put some questions in red that might add a bit to the paragraph.

In our discussions with Cowlitz on load levels we discussed specific large customers and understood

that operations at the NORPAC plant had changed from how it was operated in previous years and we were shown data by Cowlitz that the full operating level for the plant are now down to 180 aMW with an operational history that appeared to back that up**. (Any idea how much of that change is due to conversation from BPA? It might be nice to add that to the comments, such as "Given the conservation work BPA has assisted NORPAC with in the past few years this load level is further supported".)** Based on current operations this is the level we would expect to see going forward. We understand that Cowlitz has been told that plant reductions may happen and they are expecting those numbers to come down in FY 2018. The future is highly dynamic and forecasting large loads is inherently difficult with numerous possible outcomes.

We are proposing an approach that recognizes the great uncertainty around future loads and allows us to accept Cowlitz's proposed forecast with liquidated damages to capture the significantly change from full to partial operation at NORPAC that could possibly happen.

Thanks,
Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 7:51 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes we met yesterday afternoon and featured discussions on liquidated damages and quite a bit of forecast discussion but in a tone I would say was more playground name calling than informational. " Our consumer who has never given us any reason to doubt their load level expectations says 80 aMW and where does BPA get information that the load could be 180 aMW." Then some spin on how the number has not wavered and implications that not just accepting the number is somehow unreasonable.

My sense is that they do understand the challenges of forecasting the drastic change but that the venue with Cowlitz and Norpac and Robert McCulough in the same room is just a formula for policy grandstanding and beating up on BPA's position. Steve Kern asked that BPA explain where the 180 aMW level came from and wanted our explanation in writing. It was actually a bit awkward because Bob Essex who worked with us and provided the numbers sat nervously across from me but it was not the time for any of us to do anything but accept that sometimes Steve gets a bit worked up.

So I do need your help with a very simple factual explanation as to why we are using the 180 aMW as our fall back proposal. Something like:
In our discussions with Cowlitz on the specific load levels we understood that operations had changed at the NORPAC plant from how it was operated in the previous years and we were shown data by Cowlitz that the full operating level for the plant was now down to 180 aMW with an operational history that appeared to back that up. Based on current operations that is the level we would expect to see going forward. We understand that Cowlitz is expecting those numbers to come down in FY 2018 and are proposing an approach that allows us to accept

Cowlitz's proposed forecast with liquidated damages that recognizes the uncertainty around changing the load so significantly from full to partial operation at NORPAC.

Please edit the paragraph above and I will send it over to Steve to meet his request for an explanation in writing. Always a fun time on this project. Thanks for your help.
--Scott

From: Davis,Reed C (BPA) - KSL-4
Sent: Monday, July 24, 2017 6:29 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: Cowlitz decision

Scott,
I understood you were meeting with Cowlitz today. Any update you can give me so I can move forward with the forecast for the slice/block work.

Thanks,
Reed

From: Johnson,Tim A (BPA) - LP-7
To: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Cowlitz decision
Date: Tuesday, July 25, 2017 2:04:58 PM

Thanks Scott.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:40 PM
To: Miller,Thomas (BPA) - LP-7
Cc: Johnson,Tim A (BPA) - LP-7; Thompson,Garry R (BPA) - PS-6
Subject: FW: Cowlitz decision

Wanted to keep you in the loop on the Cowlitz stuff. It is going to be dicey for a while. I met with Cowlitz yesterday and was surprised there were 3 NORPAC people in the room for what was my monthly check in with Cowlitz as their AE. In attendance for BPA was Melanie Jackson and Jay Largo from transmission. It felt a little weird like they might want to set up for litigation in the future. They had Ray Harrison (a long time employee) and two guys in the room I had never met that introduced themselves as plant managers but they said nothing and furiously took notes throughout the discussion. Kind of set up a red flag, particularly with Robert McCullough continuing to stir the pot. I would like to have you in any future meetings I have with them.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:31 PM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Thank You. I will probably send this out a little later in the week, likely Thursday. Steve Kern was pretty worked up so I would like to limit the amount of time he has to volley questions back and forth around it.

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 10:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes, I'm good with that.

Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 9:33 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

I think the paragraph works fine and would be comfortable sending it over to meet Steve's request. My sense is that adding the conservation information would muddle up the message on this one since most of the change is due to not using the pulping machine and buying pulp from off-site sources. Ironically the pulping machine is where we did our most significant conservation work. Are you okay with me sending the paragraph out to Cowlitz as it is (after dropping the red language of course)?

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 8:15 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

With my edits. I put some questions in red that might add a bit to the paragraph.

In our discussions with Cowlitz on load levels we discussed specific large customers and understood that operations at the NORPAC plant had changed from how it was operated in previous years and we were shown data by Cowlitz that the full operating level for the plant are now down to 180 aMW with an operational history that appeared to back that up**. (Any idea how much of that change is due to conversation from BPA? It might be nice to add that to the comments, such as "Given the conservation work BPA has assisted NORPAC with in the past few years this load level is further supported".)** Based on current operations this is the level we would expect to see going forward. We understand that Cowlitz has been told that plant reductions may happen and they are expecting those numbers to come down in FY 2018. The future is highly dynamic and forecasting large loads is inherently difficult with numerous possible outcomes.

We are proposing an approach that recognizes the great uncertainty around future loads and allows us to accept Cowlitz's proposed forecast with liquidated damages to capture the significantly change from full to partial operation at NORPAC that could possibly happen.

Thanks,
Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 7:51 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes we met yesterday afternoon and featured discussions on liquidated damages and quite a bit of forecast discussion but in a tone I would say was more playground name calling than informational. " Our consumer who has never given us any reason to doubt their load level expectations says 80 aMW and where does BPA get information that the load could be 180 aMW." Then some spin on how the number has not wavered and implications that not just accepting the number is somehow unreasonable.

My sense is that they do understand the challenges of forecasting the drastic change but that the venue with Cowlitz and Norpac and Robert McCulough in the same room is just a formula for policy grandstanding and beating up on BPA's position. Steve Kern asked that BPA explain where the 180 aMW level came from and wanted our explanation in writing. It was actually a bit awkward because Bob Essex who worked with us and provided the numbers sat nervously across from me but it was not the time for any of us to do anything but accept that sometimes Steve gets a bit worked up.

So I do need your help with a very simple factual explanation as to why we are using the 180 aMW as our fall back proposal. Something like:
In our discussions with Cowlitz on the specific load levels we understood that operations had changed at the NORPAC plant from how it was operated in the previous years and we were shown data by Cowlitz that the full operating level for the plant was now down to 180 aMW with an operational history that appeared to back that up. Based on current operations that is the level we would expect to see going forward. We understand that Cowlitz is expecting those numbers to come down in FY 2018 and are proposing an approach that allows us to accept Cowlitz's proposed forecast with liquidated damages that recognizes the uncertainty around changing the load so significantly from full to partial operation at NORPAC.

Please edit the paragraph above and I will send it over to Steve to meet his request for an explanation in writing. Always a fun time on this project. Thanks for your help.
--Scott

From: Davis,Reed C (BPA) - KSL-4
Sent: Monday, July 24, 2017 6:29 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: Cowlitz decision

Scott,
I understood you were meeting with Cowlitz today. Any update you can give me so I can move forward with the forecast for the slice/block work.

Thanks,
Reed

From:	Weinstein,Jason C (BPA) - PSS-6
To:	Miller,Thomas (BPA) - LP-7; Wilson,Scott K (BPA) - PSW-6
Cc:	Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject:	FY18 Net Requirements Transparency Process
Date:	Tuesday, July 25, 2017 2:07:10 PM
Attachments:	FY18 Net Requirements Transparency Process.docx

Tom and Scott -

Attached are talking points for AEs on the Cowlitz load forecast issue.

Please review/edit.

Once I have your input I'll work with Public Affairs.

Thanks

Jason

FY 2018 Net Requirements Transparency Process

What is the Net Requirements Transparency Process?

The Net Requirement is the amount of federal power that a Customer is entitled to purchase from BPA to serve its Total Retail Load (TRL). Consistent with the Northwest Power Act, the customer is required to serve its TRL with any Dedicated Resources shown in Exhibit A of its Contract High Water Mark (CHWM) contract. BPA conducts the Net Requirements process on a recurring annual basis for Slice/Block and Block customers, and every other year for Load Following customers. The current Net Requirements process will establish the customer's Critical Slice Output and Block Product amount for FY18 based on the customer's TRL forecast and Dedicated Resource data in accordance with Sections 3, 4, and 5, and Exhibits A and C of the Slice/Block and Block CHWM Contracts.

BPA posted the preliminary Net Requirements data on August 1, 2017 and is accepting comments about the data and the process until Aug. 14, 2017. Comments will be considered in BPA's Net Requirements calculations. BPA will publish final Total Retail Load and Dedicated Resource data no later than Sept. 30, 2017, and will describe any changes from the initially published data.

What is different about the 2017 Net Requirements Process?

Cowlitz PUD has indicated that one of its consumers intends to reduce operations from 180 annual aMW to 80 annual aMW effective October 1, 2017. BPA's review of electric use at the facility to date does not provide support the position that production at that facility will cease and that electric loads will decrease significantly from current consumption levels. BPA is concerned that the proposed forecast would significantly underestimate the load and that the facility may continue to take service and operate at current levels.

How will BPA address concerns about Cowlitz's TRL Forecast in the CHWM contract?

BPA proposes to accept Cowlitz's lower load forecast if Cowlitz accepts a special provision in Exhibit D of the CHWM Contract that imposes a charge for any load at the consumer's facility in excess of the forecast value. The final details of the charge will be provided in Net Requirements Close-Out Letter. If BPA and Cowlitz are unable to reach an agreement on the TRL forecast and the special provision then BPA will reject Cowlitz's TRL forecast and apply the BPA TRL forecast consistent with Section 1 of Exhibit A of the CHWM contract.

What is the timeframe for BPA's decision on the customers' TRL Forecast?

BPA will publish final Total Retail Load and Dedicated Resource data no later than Sept. 30, 2017, and will describe any changes from the initially published data.

How will BPA inform customers about the final decision on the Slice/Block and Block customers' Total Retail Load forecast?

BPA will respond to customer comments and describe the final decision on Cowlitz's TRL forecast in the closeout letter for the Net Requirements Transparency Process. The closeout letter will be published on the BPA.gov website in the Public Comments section.

FY 2018 Net Requirements Transparency Process

What is the Net Requirements Transparency Process?

The Net Requirement is the amount of federal power that a Customer is entitled to purchase from BPA to serve its Total Retail Load (TRL). Consistent with the Northwest Power Act, the customer is required to serve its TRL with any Dedicated Resources shown in Exhibit A of its Contract High Water Mark (CHWM) contract. BPA conducts the Net Requirements process on a recurring annual basis for Slice/Block and Block customers, and every other year for Load Following customers. The current Net Requirements process will establish the customer's Critical Slice Output and Block Product amount for FY18 based on the customer's TRL forecast and Dedicated Resource data in accordance with Sections 3, 4, and 5, and Exhibits A and C of the Slice/Block and Block CHWM Contracts.

BPA posted the preliminary Net Requirements data on August 1, 2017 and is accepting comments about the data and the process until Aug. 14, 2017. Comments will be considered in BPA's Net Requirements calculations. BPA will publish final Total Retail Load and Dedicated Resource data no later than Sept. 30, 2017, and will describe any changes from the initially published data.

What is different about the 2017 Net Requirements Process?

Cowlitz PUD has indicated that one of its consumers intends to reduce operations from 180 annual aMW to 80 annual aMW effective October 1, 2017. BPA's review of electric use at the facility to date does not provide support the position that production at that facility will cease and that electric loads will decrease significantly from current consumption levels. BPA is concerned that the proposed forecast would significantly underestimate the load and that the facility may continue to take service and operate at current levels.

How will BPA address concerns about Cowlitz's TRL Forecast in the CHWM contract?

BPA proposes to accept Cowlitz's lower load forecast if Cowlitz accepts a special provision in Exhibit D of the CHWM Contract that imposes a charge for any load at the consumer's facility in excess of the forecast value. The final details of the charge will be provided in Net Requirements Close-Out Letter. If BPA and Cowlitz are unable to reach an agreement on the TRL forecast and the special provision then BPA will reject Cowlitz's TRL forecast and apply the BPA TRL forecast consistent with Section 1 of Exhibit A of the CHWM contract.

What is the timeframe for BPA's decision on the customers' TRL Forecast?

BPA will publish final Total Retail Load and Dedicated Resource data no later than Sept. 30, 2017, and will describe any changes from the initially published data.

How will BPA inform customers about the final decision on the Slice/Block and Block customers' Total Retail Load forecast?

BPA will respond to customer comments and describe the final decision on Cowlitz's TRL forecast in the closeout letter for the Net Requirements Transparency Process. The closeout letter will be published on the BPA.gov website in the Public Comments section.

From: Wilson,Scott K (BPA) - PSW-6
To: Miller,Thomas (BPA) - LP-7
Cc: Johnson,Tim A (BPA) - LP-7; Thompson,Garry R (BPA) - PS-6
Subject: FW: Cowlitz decision
Date: Tuesday, July 25, 2017 1:39:00 PM

Wanted to keep you in the loop on the Cowlitz stuff. It is going to be dicey for a while. I met with Cowlitz yesterday and was surprised there were 3 NORPAC people in the room for what was my monthly check in with Cowlitz as their AE. In attendance for BPA was Melanie Jackson and Jay Largo from transmission. It felt a little weird like they might want to set up for litigation in the future. They had Ray Harrison (a long time employee) and two guys in the room I had never met that introduced themselves as plant managers but they said nothing and furiously took notes throughout the discussion. Kind of set up a red flag, particularly with Robert McCullough continuing to stir the pot. I would like to have you in any future meetings I have with them.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:31 PM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Thank You. I will probably send this out a little later in the week, likely Thursday. Steve Kern was pretty worked up so I would like to limit the amount of time he has to volley questions back and forth around it.

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 10:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes, I'm good with that.

Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 9:33 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

I think the paragraph works fine and would be comfortable sending it over to meet Steve's request. My sense is that adding the conservation information would muddle up the message on this one since most of the change is due to not using the pulping machine and buying pulp from off-site sources. Ironically the pulping machine is where we did our most significant conservation work. Are you okay with me sending the paragraph out to Cowlitz as it is (after dropping the red language of course)?

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 8:15 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

With my edits. I put some questions in red that might add a bit to the paragraph.

In our discussions with Cowlitz on load levels we discussed specific large customers and understood that operations at the NORPAC plant had changed from how it was operated in previous years and we were shown data by Cowlitz that the full operating level for the plant are now down to 180 aMW with an operational history that appeared to back that up**. (Any idea how much of that change is due to conversation from BPA? It might be nice to add that to the comments, such as "Given the conservation work BPA has assisted NORPAC with in the past few years this load level is further supported".)** Based on current operations this is the level we would expect to see going forward. We understand that Cowlitz has been told that plant reductions may happen and they are expecting those numbers to come down in FY 2018. The future is highly dynamic and forecasting large loads is inherently difficult with numerous possible outcomes.

We are proposing an approach that recognizes the great uncertainty around future loads and allows us to accept Cowlitz's proposed forecast with liquidated damages to capture the significantly change from full to partial operation at NORPAC that could possibly happen.

Thanks,
Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 7:51 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes we met yesterday afternoon and featured discussions on liquidated damages and quite a bit of forecast discussion but in a tone I would say was more playground name calling than informational. " Our consumer who has never given us any reason to doubt their load level expectations says 80 aMW and where does BPA get information that the load could be 180 aMW." Then some spin on how the number has not wavered and implications that not just accepting the number is somehow unreasonable.

My sense is that they do understand the challenges of forecasting the drastic change but that the venue with Cowlitz and Norpac and Robert McCulough in the same room is just a formula for policy grandstanding and beating up on BPA's position. Steve Kern asked that BPA explain where the 180 aMW level came from and wanted our explanation in writing. It was actually a bit awkward because Bob Essex who worked with us and provided the numbers sat nervously across from me but it was not the time for any of us to do anything but accept that sometimes Steve gets a bit worked up.

So I do need your help with a very simple factual explanation as to why we are using the 180 aMW as our fall back proposal. Something like:

In our discussions with Cowlitz on the specific load levels we understood that operations had changed at the NORPAC plant from how it was operated in the previous years and we were shown data by Cowlitz that the full operating level for the plant was now down to 180 aMW with an operational history that appeared to back that up. Based on current operations that is the level we would expect to see going forward. We understand that Cowlitz is expecting those numbers to come down in FY 2018 and are proposing an approach that allows us to accept Cowlitz's proposed forecast with liquidated damages that recognizes the uncertainty around changing the load so significantly from full to partial operation at NORPAC.

Please edit the paragraph above and I will send it over to Steve to meet his request for an explanation in writing. Always a fun time on this project. Thanks for your help.
--Scott

From: Davis,Reed C (BPA) - KSL-4
Sent: Monday, July 24, 2017 6:29 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: Cowlitz decision

Scott,
I understood you were meeting with Cowlitz today. Any update you can give me so I can move forward with the forecast for the slice/block work.

Thanks,
Reed

From:	Wilson,Scott K (BPA) - PSW-6
To:	Mainzer,Elliot E (BPA) - A-7
Cc:	James,Daniel M (BPA) - D-7; Bowers,Rebecca S (BPA) - A-7; Boardman,Sandy (BPA) - A-7
Subject:	FW: Elliot"s Cantwell Conversation
Date:	Tuesday, July 25, 2017 8:01:00 AM

FYI

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6

<grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be

outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound

right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our

take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without

something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Wilson,Scott K (BPA) - PSW-6
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	Liquidated damages draft cowlitz
Date:	Tuesday, July 25, 2017 3:50:18 PM
Attachments:	Liquidated damages draft cowlitz.docx

---

4. LIQUIDATED DAMAGES FOR POWER NOT TAKEN

Starting October 1, 2018 through September 30, 2019, BPA shall charge Cowlitz for liquidated damages calculated pursuant to this section 4 for each Mwh that Cowlitz's NORPAC load is in excess of 80 aMW.

Monthly Load Amounts

Cowlitz's NORPAC Load is defined as all load consumed at the NORPAC facilities as measured and billed by Cowlitz. (Need Cowlitz's help to fill in the information to make this billable and operational) For each month Cowlitz shall provide BPA the actual monthly NORPAC Load by the 10th of the following month for BPA to use in the calculation of liquidated damages. The Mwh amount for each month assuming an 80 aMW flat delivery of power is established in the chart below.

(Insert Chart A Here)

Liquidated Damages Charges

Liquidated damage charges for each Mwh vary each month and are calculated by taking the monthly average PF Tier 1 Equivalent Rate minus that month's average Load Shaping Rate. The chart below shows the specific per Mwh liquidated damage charge for each month.

(Insert Chart B Here)

Monthly Tracking

BPA will calculate amounts of liquidated damages each month by multiplying the positive or negative difference between the monthly NORPAC Load and the amount from Chart A, by the corresponding liquidated damages charge for that month in Chart B. These monthly liquidated damages amounts may be positive or negative. BPA will keep track of the total of these monthly charges on a rolling basis. If the sum of the unbilled monthly totals exceeds $2,000,000, BPA shall bill Cowlitz for an Interim Liquidated Damages charge equal to the accumulated liquidated damages amounts on Cowlitz's next monthly bill

Annual Liquidated Damage Charge.

The annual amount BPA shall charge for liquidated damages shall be the larger of $0 or the sum of all 12 monthly liquidated damages amounts. Such a calculation shall take into account any interim liquidated damages. BPA will calculate the total by November 2018 and include any charges in the bill issued to Cowlitz in November. In no circumstances will BPA pay annual liquidated damages to Cowlitz. However if Interim Liquidated Damages paid by Cowlitz exceed the Annual Liquidated Damages a BPA true-up payment would be necessary.

Limit to Liquidated Damages

Liquidated damages would not apply beyond Cowlitz's RHWM. In the unlikely event that NORPAC's annual load exceeds 80 aMW plus the headroom shown in Cowlitz's Net Requirement spreadsheet the liquidated damages amount will be reduced on a pro rata basis to accomplish this.

4. LIQUIDATED DAMAGES FOR POWER NOT TAKEN

Starting October 1, 2018 through September 30, 2019, BPA shall charge Cowlitz for liquidated damages calculated pursuant to this section 4 for each Mwh that Cowlitz's NORPAC load is in excess of 80 aMW.

Monthly Load Amounts

Cowlitz's NORPAC Load is defined as all load consumed at the NORPAC facilities as measured and billed by Cowlitz. (Need Cowlitz's help to fill in the information to make this billable and operational) For each month Cowlitz shall provide BPA the actual monthly NORPAC Load by the 10th of the following month for BPA to use in the calculation of liquidated damages. The Mwh amount for each month assuming an 80 aMW flat delivery of power is established in the chart below.

(Insert Chart A Here)

Liquidated Damages Charges

Liquidated damage charges for each Mwh vary each month and are calculated by taking the monthly average PF Tier 1 Equivalent Rate minus that month's average Load Shaping Rate. The chart below shows the specific per Mwh liquidated damage charge for each month.

(Insert Chart B Here)

Monthly Tracking

BPA will calculate amounts of liquidated damages each month by multiplying the positive or negative difference between the monthly NORPAC Load and the amount from Chart A, by the corresponding liquidated damages charge for that month in Chart B. These monthly liquidated damages amounts may be positive or negative. BPA will keep track of the total of these monthly charges on a rolling basis. If the sum of the unbilled monthly totals exceeds $2,000,000, BPA shall bill Cowlitz for an Interim Liquidated Damages charge equal to the accumulated liquidated damages amounts on Cowlitz's next monthly bill

Annual Liquidated Damage Charge.

The annual amount BPA shall charge for liquidated damages shall be the larger of $0 or the sum of all 12 monthly liquidated damages amounts. Such a calculation shall take into account any interim liquidated damages. BPA will calculate the total by November 2018 and include any charges in the bill issued to Cowlitz in November. In no circumstances will BPA pay annual liquidated damages to Cowlitz. However if Interim Liquidated Damages paid by Cowlitz exceed the Annual Liquidated Damages a BPA true-up payment would be necessary.

Limit to Liquidated Damages

Liquidated damages would not apply beyond Cowlitz's RHWM. In the unlikely event that NORPAC's annual load exceeds 80 aMW plus the headroom shown in Cowlitz's Net Requirement spreadsheet the liquidated damages amount will be reduced on a pro rata basis to accomplish this.

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision
Date: Tuesday, July 25, 2017 1:31:00 PM

Thank You. I will probably send this out a little later in the week, likely Thursday. Steve Kern was pretty worked up so I would like to limit the amount of time he has to volley questions back and forth around it.

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 10:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes, I'm good with that.

Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 9:33 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

I think the paragraph works fine and would be comfortable sending it over to meet Steve's request. My sense is that adding the conservation information would muddle up the message on this one since most of the change is due to not using the pulping machine and buying pulp from off-site sources. Ironically the pulping machine is where we did our most significant conservation work. Are you okay with me sending the paragraph out to Cowlitz as it is (after dropping the red language of course)?

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 8:15 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

With my edits. I put some questions in red that might add a bit to the paragraph.

In our discussions with Cowlitz on load levels we discussed specific large customers and understood that operations at the NORPAC plant had changed from how it was operated in previous years and we were shown data by Cowlitz that the full operating level for the plant are now down to 180 aMW with an operational history that appeared to back that up**. (Any idea how much of that change is due to conversation from BPA? It might be nice to add that to the comments, such as "Given the conservation work BPA has assisted NORPAC with in the past few years this load level is further supported".)** Based on current operations this is the level we would expect to see going forward. We understand that Cowlitz has been told that plant reductions may happen and they are expecting

those numbers to come down in FY 2018. The future is highly dynamic and forecasting large loads is inherently difficult with numerous possible outcomes.

We are proposing an approach that recognizes the great uncertainty around future loads and allows us to accept Cowlitz's proposed forecast with liquidated damages to capture the significantly change from full to partial operation at NORPAC that could possibly happen.

Thanks,
Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 7:51 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes we met yesterday afternoon and featured discussions on liquidated damages and quite a bit of forecast discussion but in a tone I would say was more playground name calling than informational. " Our consumer who has never given us any reason to doubt their load level expectations says 80 aMW and where does BPA get information that the load could be 180 aMW." Then some spin on how the number has not wavered and implications that not just accepting the number is somehow unreasonable.

My sense is that they do understand the challenges of forecasting the drastic change but that the venue with Cowlitz and Norpac and Robert McCulough in the same room is just a formula for policy grandstanding and beating up on BPA's position. Steve Kern asked that BPA explain where the 180 aMW level came from and wanted our explanation in writing. It was actually a bit awkward because Bob Essex who worked with us and provided the numbers sat nervously across from me but it was not the time for any of us to do anything but accept that sometimes Steve gets a bit worked up.

So I do need your help with a very simple factual explanation as to why we are using the 180 aMW as our fall back proposal. Something like:
In our discussions with Cowlitz on the specific load levels we understood that operations had changed at the NORPAC plant from how it was operated in the previous years and we were shown data by Cowlitz that the full operating level for the plant was now down to 180 aMW with an operational history that appeared to back that up. Based on current operations that is the level we would expect to see going forward. We understand that Cowlitz is expecting those numbers to come down in FY 2018 and are proposing an approach that allows us to accept Cowlitz's proposed forecast with liquidated damages that recognizes the uncertainty around changing the load so significantly from full to partial operation at NORPAC.

Please edit the paragraph above and I will send it over to Steve to meet his request for an explanation in writing. Always a fun time on this project. Thanks for your help.
--Scott

From: Davis,Reed C (BPA) - KSL-4
Sent: Monday, July 24, 2017 6:29 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: Cowlitz decision

Scott,
I understood you were meeting with Cowlitz today. Any update you can give me so I can move forward with the forecast for the slice/block work.

Thanks,
Reed

From: Johnson,Tim A (BPA) - LP-7
To: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Cowlitz decision
Date: Tuesday, July 25, 2017 2:04:58 PM

Thanks Scott.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:40 PM
To: Miller,Thomas (BPA) - LP-7
Cc: Johnson,Tim A (BPA) - LP-7; Thompson,Garry R (BPA) - PS-6
Subject: FW: Cowlitz decision

Wanted to keep you in the loop on the Cowlitz stuff. It is going to be dicey for a while. I met with Cowlitz yesterday and was surprised there were 3 NORPAC people in the room for what was my monthly check in with Cowlitz as their AE. In attendance for BPA was Melanie Jackson and Jay Largo from transmission. It felt a little weird like they might want to set up for litigation in the future. They had Ray Harrison (a long time employee) and two guys in the room I had never met that introduced themselves as plant managers but they said nothing and furiously took notes throughout the discussion. Kind of set up a red flag, particularly with Robert McCullough continuing to stir the pot. I would like to have you in any future meetings I have with them.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:31 PM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Thank You. I will probably send this out a little later in the week, likely Thursday. Steve Kern was pretty worked up so I would like to limit the amount of time he has to volley questions back and forth around it.

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 10:01 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes, I'm good with that.

Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 9:33 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

I think the paragraph works fine and would be comfortable sending it over to meet Steve's request. My sense is that adding the conservation information would muddle up the message on this one since most of the change is due to not using the pulping machine and buying pulp from off-site sources. Ironically the pulping machine is where we did our most significant conservation work. Are you okay with me sending the paragraph out to Cowlitz as it is (after dropping the red language of course)?

From: Davis,Reed C (BPA) - KSL-4
Sent: Tuesday, July 25, 2017 8:15 AM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

With my edits. I put some questions in red that might add a bit to the paragraph.

In our discussions with Cowlitz on load levels we discussed specific large customers and understood that operations at the NORPAC plant had changed from how it was operated in previous years and we were shown data by Cowlitz that the full operating level for the plant are now down to 180 aMW with an operational history that appeared to back that up**. (Any idea how much of that change is due to conversation from BPA? It might be nice to add that to the comments, such as "Given the conservation work BPA has assisted NORPAC with in the past few years this load level is further supported".)** Based on current operations this is the level we would expect to see going forward. We understand that Cowlitz has been told that plant reductions may happen and they are expecting those numbers to come down in FY 2018. The future is highly dynamic and forecasting large loads is inherently difficult with numerous possible outcomes.

We are proposing an approach that recognizes the great uncertainty around future loads and allows us to accept Cowlitz's proposed forecast with liquidated damages to capture the significantly change from full to partial operation at NORPAC that could possibly happen.

Thanks,
Reed

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 7:51 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: Cowlitz decision

Yes we met yesterday afternoon and featured discussions on liquidated damages and quite a bit of forecast discussion but in a tone I would say was more playground name calling than informational. " Our consumer who has never given us any reason to doubt their load level expectations says 80 aMW and where does BPA get information that the load could be 180 aMW." Then some spin on how the number has not wavered and implications that not just accepting the number is somehow unreasonable.

My sense is that they do understand the challenges of forecasting the drastic change but that the venue with Cowlitz and Norpac and Robert McCulough in the same room is just a formula for policy grandstanding and beating up on BPA's position. Steve Kern asked that BPA explain where the 180 aMW level came from and wanted our explanation in writing. It was actually a bit awkward because Bob Essex who worked with us and provided the numbers sat nervously across from me but it was not the time for any of us to do anything but accept that sometimes Steve gets a bit worked up.

So I do need your help with a very simple factual explanation as to why we are using the 180 aMW as our fall back proposal. Something like:
In our discussions with Cowlitz on the specific load levels we understood that operations had changed at the NORPAC plant from how it was operated in the previous years and we were shown data by Cowlitz that the full operating level for the plant was now down to 180 aMW with an operational history that appeared to back that up. Based on current operations that is the level we would expect to see going forward. We understand that Cowlitz is expecting those numbers to come down in FY 2018 and are proposing an approach that allows us to accept Cowlitz's proposed forecast with liquidated damages that recognizes the uncertainty around changing the load so significantly from full to partial operation at NORPAC.

Please edit the paragraph above and I will send it over to Steve to meet his request for an explanation in writing. Always a fun time on this project. Thanks for your help.
--Scott

From: Davis,Reed C (BPA) - KSL-4
Sent: Monday, July 24, 2017 6:29 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: Cowlitz decision

Scott,
I understood you were meeting with Cowlitz today. Any update you can give me so I can move forward with the forecast for the slice/block work.

Thanks,
Reed

(b)
(5)

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(b) (5)

From: Cogswell,Peter (BPA) - DI-7
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Elliot"s Cantwell Conversation
Date: Tuesday, July 25, 2017 9:28:32 AM

That is great to hear. Thanks for sending along, and nice work on this one. Was good to get caught up a bit yesterday.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made –

that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing

the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7;

Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!

Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by

proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: James,Daniel M (BPA) - D-7
To: Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Cc: Mainzer,Elliot E (BPA) - A-7
Subject: RE: Elliot"s Cantwell Conversation
Date: Tuesday, July 25, 2017 10:18:56 AM

Thanks, Scott. Nice job, team.

I've reached out to Rich and asked for a quick debrief. I'll let everyone know if I pick up anything more that needs to be shared.

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were

drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as

long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6

<ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>

Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough

took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying

PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM

To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: Normandeau,Mike (BPA) - PSE-RONAN
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Pend Oreille PUD Net Requirement Forecast
Date: Tuesday, July 25, 2017 1:27:48 PM

Sounds like a good plan. I will chat with you regarding what I should tell the PUD when I'm in the office tomorrow.

Thanks for responding.

Mike

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:26 PM
To: Normandeau,Mike (BPA) - PSE-RONAN
Cc: Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6
Subject: RE: Pend Oreille PUD Net Requirement Forecast

At this point I think it would make sense to let them know they will want to look at the net requirements process and may want to comment. We need to be a lcareful about the specifics right now because NORPAC has not announced anything about shutting down yet but once the Net Requirements hits the street it will kind of be out there and I think it's fair game.
--Scott

From: Normandeau,Mike (BPA) - PSE-RONAN
Sent: Tuesday, July 25, 2017 12:24 PM
To: Wilson,Scott K (BPA) - PSW-6; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Traetow,Emily G (BPA) - PSR-6; Cicarelli,Andres A (BPA) - KSL-BELL-1
Cc: Moore,Lisa A (BPA) - PSSE-MEAD-GOB
Subject: Pend Oreille PUD Net Requirement Forecast
Importance: High

Good Morning,

I let Jason know that we are intending to go with (b) (4) [redacted]. Pend Oreille has acknowledged this as acceptable based on how the Newsprint has operated in this year. Thank you Andres for the work on this by the way…

Quick question/concern: With the impending Cowlitz process underway, do we need to caveat the assumption for Pend Oreille in the event they request similar treatment. My preference is to assume that the Newsprint will be running and that we will not offer the liquidated damages option to Pend Oreille unless they request it following BPA's decision. I have yet to share this with the utility since it's not decided officially yet. It may be time to share this with them.

Thoughts? I will be in HQ tomorrow and will be sure to come around and discuss this with a few of you.

Mike

Mike

From: James,Daniel M (BPA) - D-7
To: Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Proposed NORPAC Update for Elliot
Date: Tuesday, July 25, 2017 6:31:15 PM

Thanks, Scott. I enjoy working with you, too.

Here are my edits and additions, in green. Did I hit the mark? Please fix anything I may have gotten wrong.

Also, did I capture Rich's "warning" correctly?

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:22 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: Proposed NORPAC Update for Elliot

Dan
Here is the summary I promised you from our conversation earlier today. Edit away and send it off to Elliot and folks as you see fit. Even though its challenging stuff I am enjoying working with you on this and appreciate the help. And do not forget to take the red text out. I just included it to make it more fun for you to read.
--Scott

Hi Elliot

I ~~W~~ want~~ed~~ to let you know about follow-on conversation that Scott Wilson and I had with Rich and Spencer this morning. This conversation occurred after your call with Senator Cantwell and after ~~They let us know that~~ Cowlitz and NORPAC ~~have both~~ reached out to Rich and Spencer to give their version of Scott's meeting yesterday with Cowlitz and NORPAC in Longview. ~~, and that in looking at the details they~~ Cowlitz and NORPAC have now begun to look at the details of the 80 aMW-liquidated damages deal we have proposed, and Cowlitz and NORPAC are ~~were~~ upset that the liquidated damages approach BPA is proposing only applies when loads are higher than 80 aMW and there are not credits to them if the actual NORPAC loads are lower.

~~They~~ Cowlitz and NORPAC had assumed ~~it~~ liquidated damages would work both ways. Yesterday was the first time we really discussed details of the mechanism and contract language so it is understandable that there could have been misunderstandings on this point.

In addition, Rich wanted to understand more around the mechanics of the contract. His primary focus was whether the contract contemplated the liquidated damages provision and we explained it could only happen if Cowlitz agreed to incorporate the provision in their BPA contract. We are characterizing this as a settlement that allows BPA to accept the 80 aMW forecast Cowlitz provided, otherwise we would use the 180 aMW BPA forecast based on the plant's full operating level.

Both Cowlitz and NORPAC seemed to have planted the idea with Rich and Spencer that if they don't go with our liquidated damages approach a retreat to the 180 aMW forecast would not be reasonable and that they would want to arbitrate. We explained we hope that doesn't happen and that the liquidated damages provision provides business certainty for Cowlitz and NORPAC because they would know exactly what their costs would be at any given operating level. Not accepting the option and trying to arbitrate would create a lot of unneeded uncertainty over a likely extended time period and could put even more jobs at risk.

As we finished up the conversation Spencer noted that Senator Cantwell understood the financial importance to BPA of protecting take-or-pay and the potential impacts to other BPA customers. He also expressed her interest in the 400 jobs represented too. Rich asked us to keep the lines of communication with Cowlitz open to keep working on the details, which we will continue to do, as we work out the details on the contract language. Rich also mentioned that, while he's not taking sides, it seems that Cowlitz and may be setting up BPA to be the fall guy in the event that they close some or all of the plant.

DJ

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 25, 2017 10:19 AM
To: Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Cc: Mainzer,Elliot E (BPA) - A-7
Subject: RE: Elliot's Cantwell Conversation

Thanks, Scott. Nice job, team.

I've reached out to Rich and asked for a quick debrief. I'll let everyone know if I pick up anything more that needs to be shared.

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>

Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>

Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal

with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about

the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM

To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM
To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From: James,Daniel M (BPA) - D-7
To: Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Proposed NORPAC Update for Elliot
Date: Wednesday, July 26, 2017 8:53:37 AM

Thanks. Great minds think alike. I'll send it and copy you. I think we need to include the larger group so everyone stays up-to-date, and in case anyone else gets calls.

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 7:20 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: RE: Proposed NORPAC Update for Elliot

This looks good. Glad you added the last sentence on setting up BPA to take the fall. I almost sent you a revision to add that concept because it continued to echo in my mind too. This is good to go. You sending it or am I.

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 25, 2017 6:31 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Proposed NORPAC Update for Elliot

Thanks, Scott. I enjoy working with you, too.

Here are my edits and additions, in green. Did I hit the mark? Please fix anything I may have gotten wrong.

Also, did I capture Rich's "warning" correctly?

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:22 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: Proposed NORPAC Update for Elliot

Dan
Here is the summary I promised you from our conversation earlier today. Edit away and send it off to Elliot and folks as you see fit. Even though its challenging stuff I am enjoying working with you on

this and appreciate the help. And do not forget to take the red text out. I just included it to make it more fun for you to read.
--Scott

Hi Elliot

I ~~W~~ want~~ed~~ to let you know about follow-on conversation that Scott Wilson and I had with Rich and Spencer this morning. This conversation occurred after your call with Senator Cantwell and after ~~They let us know that~~ Cowlitz and NORPAC ~~have both~~ reached out to Rich and Spencer to give their version of Scott's meeting yesterday with Cowlitz and NORPAC in Longview. ~~, and that in looking at the details they~~ Cowlitz and NORPAC have now begun to look at the details of the 80 aMW-liquidated damages deal we have proposed, and Cowlitz and NORPAC are ~~were~~ upset that the liquidated damages approach BPA is proposing only applies when loads are higher than 80 aMW and there are not credits to them if the actual NORPAC loads are lower.

~~They~~ Cowlitz and NORPAC had assumed ~~it~~ liquidated damages would work both ways. Yesterday was the first time we really discussed details of the mechanism and contract language so it is understandable that there could have been misunderstandings on this point.

In addition, Rich wanted to understand more around the mechanics of the contract. His primary focus was whether the contract contemplated the liquidated damages provision and we explained it could only happen if Cowlitz agreed to incorporate the provision in their BPA contract. We are characterizing this as a settlement that allows BPA to accept the 80 aMW forecast Cowlitz provided, otherwise we would use the 180 aMW BPA forecast based on the plant's full operating level.

Both Cowlitz and NORPAC seemed to have planted the idea with Rich and Spencer that if they don't go with our liquidated damages approach a retreat to the 180 aMW forecast would not be reasonable and that they would want to arbitrate. We explained we hope that doesn't happen and that the liquidated damages provision provides business certainty for Cowlitz and NORPAC because they would know exactly what their costs would be at any given operating level. Not accepting the option and trying to arbitrate would create a lot of unneeded uncertainty over a likely extended time period and could put even more jobs at risk.

As we finished up the conversation Spencer noted that Senator Cantwell understood the financial importance to BPA of protecting take-or-pay and the potential impacts to other BPA customers. He also expressed her interest in the 400 jobs represented too. Rich asked us to keep the lines of communication with Cowlitz open to keep working on the details, which we will continue to do, as we work out the details on the contract language. Rich also mentioned that, while he's not taking sides, it seems that Cowlitz and may be setting up BPA to be the fall guy in the event that they close some or all of the plant.

DJ

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 25, 2017 10:19 AM
To: Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Cc: Mainzer,Elliot E (BPA) - A-7
Subject: RE: Elliot's Cantwell Conversation

Thanks, Scott. Nice job, team.

I've reached out to Rich and asked for a quick debrief. I'll let everyone know if I pick up anything more that needs to be shared.

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were

drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as

long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6

<ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>

Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough

took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying

PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM

To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	Glick, Rich (Energy)
To:	James,Daniel M (BPA) - D-7
Cc:	Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject:	[EXTERNAL] Re: NORPAC/Cowlitz PUD
Date:	Wednesday, July 26, 2017 9:14:50 PM

Dan -- How about 530 eastern?

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 26, 2017 8:38 PM
To: Glick, Rich (Energy)
Cc: Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Cowlitz PUD

Hi, Rich. I'm sorry for the delay in getting back to you.

Can you and Spencer talk to Scott and me any time after 4:30p your time? Please reply all.

Elliot is still out on Monday, and we are trying to figure out if he would be available for a call. He is off the grid for the next two days, so it may be that we set up a tentative call with larger group (including Travis and Angela) and then adjust if need be.

We'll stand by for the timing of a call tomorrow.

DJ

From: Glick, Rich (Energy) [mailto:Rich_Glick@energy.senate.gov]
Sent: Wednesday, July 26, 2017 11:16 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Gray, Spencer (Energy) <Spencer_Gray@energy.senate.gov>
Subject: [EXTERNAL] NORPAC/Cowlitz PUD

Hi Dan,

With the understanding that Elliot is in the wilderness and likely unreachable, we were hoping to arrange for a call with him before BPA releases its proposed decision on the load forecasts on Monday? From our end, it would likely be Senator Cantwell's Chief of Staff – Travis Lumpkin, Angela, Spencer and myself.

Spencer and I would also be glad to get on the phone with you all in advance of that conversation with Elliot to better frame the conversation.

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From:	Wilson,Scott K (BPA) - PSW-6
To:	Bleifuss,Lindsay A (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc:	Olive,Kelly J (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6
Subject:	FW: Liquidated damages draft cowlitz
Date:	Wednesday, July 26, 2017 7:50:47 AM
Attachments:	Liquidated damages draft cowlitz.docx

Getting the band back together. Want both of you looking at this too. Thanks.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 3:59 PM
To: Weinstein,Jason C (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6
Subject: FW: Liquidated damages draft cowlitz

My attempt to make nearly operational liquidated damages language. Let me know what you think. I can explain what I am trying to accomplish if it's not clear. I need to get something turned around quickly on this because right I need something tangible to ground the conversations because right now the folks in Cowlitz and Norpac are spinning up the political folks and making assertions. Getting to something real will make that harder. Let's talk tomorrow on this if possible. Thanks
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 3:50 PM
To: Wilson,Scott K (BPA) - PSW-6 (skwilson@bpa.gov)
Subject: Liquidated damages draft cowlitz

4. LIQUIDATED DAMAGES FOR POWER NOT TAKEN

Starting October 1, 2018 through September 30, 2019, BPA shall charge Cowlitz for liquidated damages calculated pursuant to this section 4 for each Mwh that Cowlitz's NORPAC load is in excess of 80 aMW.

Monthly Load Amounts

Cowlitz's NORPAC Load is defined as all load consumed at the NORPAC facilities as measured and billed by Cowlitz. (Need Cowlitz's help to fill in the information to make this billable and operational) For each month Cowlitz shall provide BPA the actual monthly NORPAC Load by the 10th of the following month for BPA to use in the calculation of liquidated damages. The Mwh amount for each month assuming an 80 aMW flat delivery of power is established in the chart below.

(Insert Chart A Here)

Liquidated Damages Charges

Liquidated damage charges for each Mwh vary each month and are calculated by taking the monthly average PF Tier 1 Equivalent Rate minus that month's average Load Shaping Rate. The chart below shows the specific per Mwh liquidated damage charge for each month.

(Insert Chart B Here)

Monthly Tracking

BPA will calculate amounts of liquidated damages each month by multiplying the positive or negative difference between the monthly NORPAC Load and the amount from Chart A, by the corresponding liquidated damages charge for that month in Chart B. These monthly liquidated damages amounts may be positive or negative. BPA will keep track of the total of these monthly charges on a rolling basis. If the sum of the unbilled monthly totals exceeds $2,000,000, BPA shall bill Cowlitz for an Interim Liquidated Damages charge equal to the accumulated liquidated damages amounts on Cowlitz's next monthly bill

Annual Liquidated Damage Charge.

The annual amount BPA shall charge for liquidated damages shall be the larger of $0 or the sum of all 12 monthly liquidated damages amounts. Such a calculation shall take into account any interim liquidated damages. BPA will calculate the total by November 2018 and include any charges in the bill issued to Cowlitz in November. In no circumstances will BPA pay annual liquidated damages to Cowlitz. However if Interim Liquidated Damages paid by Cowlitz exceed the Annual Liquidated Damages a BPA true-up payment would be necessary.

Limit to Liquidated Damages

Liquidated damages would not apply beyond Cowlitz's RHWM. In the unlikely event that NORPAC's annual load exceeds 80 aMW plus the headroom shown in Cowlitz's Net Requirement spreadsheet the liquidated damages amount will be reduced on a pro rata basis to accomplish this.

4. LIQUIDATED DAMAGES FOR POWER NOT TAKEN

Starting October 1, 2018 through September 30, 2019, BPA shall charge Cowlitz for liquidated damages calculated pursuant to this section 4 for each Mwh that Cowlitz's NORPAC load is in excess of 80 aMW.

Monthly Load Amounts

Cowlitz's NORPAC Load is defined as all load consumed at the NORPAC facilities as measured and billed by Cowlitz. (Need Cowlitz's help to fill in the information to make this billable and operational) For each month Cowlitz shall provide BPA the actual monthly NORPAC Load by the 10th of the following month for BPA to use in the calculation of liquidated damages. The Mwh amount for each month assuming an 80 aMW flat delivery of power is established in the chart below.

(Insert Chart A Here)

Liquidated Damages Charges

Liquidated damage charges for each Mwh vary each month and are calculated by taking the monthly average PF Tier 1 Equivalent Rate minus that month's average Load Shaping Rate. The chart below shows the specific per Mwh liquidated damage charge for each month.

(Insert Chart B Here)

Monthly Tracking

BPA will calculate amounts of liquidated damages each month by multiplying the positive or negative difference between the monthly NORPAC Load and the amount from Chart A, by the corresponding liquidated damages charge for that month in Chart B. These monthly liquidated damages amounts may be positive or negative. BPA will keep track of the total of these monthly charges on a rolling basis. If the sum of the unbilled monthly totals exceeds $2,000,000, BPA shall bill Cowlitz for an Interim Liquidated Damages charge equal to the accumulated liquidated damages amounts on Cowlitz's next monthly bill

Annual Liquidated Damage Charge.

The annual amount BPA shall charge for liquidated damages shall be the larger of $0 or the sum of all 12 monthly liquidated damages amounts. Such a calculation shall take into account any interim liquidated damages. BPA will calculate the total by November 2018 and include any charges in the bill issued to Cowlitz in November. In no circumstances will BPA pay annual liquidated damages to Cowlitz. However if Interim Liquidated Damages paid by Cowlitz exceed the Annual Liquidated Damages a BPA true-up payment would be necessary.

Limit to Liquidated Damages

Liquidated damages would not apply beyond Cowlitz's RHWM. In the unlikely event that NORPAC's annual load exceeds 80 aMW plus the headroom shown in Cowlitz's Net Requirement spreadsheet the liquidated damages amount will be reduced on a pro rata basis to accomplish this.

From: James,Daniel M (BPA) - D-7
To: Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Proposed NORPAC Update for Elliot
Date: Wednesday, July 26, 2017 8:53:37 AM

Thanks. Great minds think alike. I'll send it and copy you. I think we need to include the larger group so everyone stays up-to-date, and in case anyone else gets calls.

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 7:20 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: RE: Proposed NORPAC Update for Elliot

This looks good. Glad you added the last sentence on setting up BPA to take the fall. I almost sent you a revision to add that concept because it continued to echo in my mind too. This is good to go. You sending it or am I.

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 25, 2017 6:31 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Proposed NORPAC Update for Elliot

Thanks, Scott. I enjoy working with you, too.

Here are my edits and additions, in green. Did I hit the mark? Please fix anything I may have gotten wrong.

Also, did I capture Rich's "warning" correctly?

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 1:22 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: Proposed NORPAC Update for Elliot

Dan
Here is the summary I promised you from our conversation earlier today. Edit away and send it off to Elliot and folks as you see fit. Even though its challenging stuff I am enjoying working with you on

this and appreciate the help. And do not forget to take the red text out. I just included it to make it more fun for you to read.
--Scott

Hi Elliot

I ~~W~~ want~~ed~~ to let you know about follow-on conversation that Scott Wilson and I had with Rich and Spencer this morning. This conversation occurred after your call with Senator Cantwell and after ~~They let us know that~~ Cowlitz and NORPAC ~~have both~~ reached out to Rich and Spencer to give their version of Scott's meeting yesterday with Cowlitz and NORPAC in Longview. ~~, and that in looking at the details they~~ Cowlitz and NORPAC have now begun to look at the details of the 80 aMW-liquidated damages deal we have proposed, and Cowlitz and NORPAC are ~~were~~ upset that the liquidated damages approach BPA is proposing only applies when loads are higher than 80 aMW and there are not credits to them if the actual NORPAC loads are lower.

~~They~~ Cowlitz and NORPAC had assumed ~~it~~ liquidated damages would work both ways. Yesterday was the first time we really discussed details of the mechanism and contract language so it is understandable that there could have been misunderstandings on this point.

In addition, Rich wanted to understand more around the mechanics of the contract. His primary focus was whether the contract contemplated the liquidated damages provision and we explained it could only happen if Cowlitz agreed to incorporate the provision in their BPA contract. We are characterizing this as a settlement that allows BPA to accept the 80 aMW forecast Cowlitz provided, otherwise we would use the 180 aMW BPA forecast based on the plant's full operating level.

Both Cowlitz and NORPAC seemed to have planted the idea with Rich and Spencer that if they don't go with our liquidated damages approach a retreat to the 180 aMW forecast would not be reasonable and that they would want to arbitrate. We explained we hope that doesn't happen and that the liquidated damages provision provides business certainty for Cowlitz and NORPAC because they would know exactly what their costs would be at any given operating level. Not accepting the option and trying to arbitrate would create a lot of unneeded uncertainty over a likely extended time period and could put even more jobs at risk.

As we finished up the conversation Spencer noted that Senator Cantwell understood the financial importance to BPA of protecting take-or-pay and the potential impacts to other BPA customers. He also expressed her interest in the 400 jobs represented too. Rich asked us to keep the lines of communication with Cowlitz open to keep working on the details, which we will continue to do, as we work out the details on the contract language. Rich also mentioned that, while he's not taking sides, it seems that Cowlitz and may be setting up BPA to be the fall guy in the event that they close some or all of the plant.

DJ

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 25, 2017 10:19 AM
To: Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Cc: Mainzer,Elliot E (BPA) - A-7
Subject: RE: Elliot's Cantwell Conversation

Thanks, Scott. Nice job, team.

I've reached out to Rich and asked for a quick debrief. I'll let everyone know if I pick up anything more that needs to be shared.

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 8:01 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Elliot's Cantwell Conversation

Good News.
I just heard from Elliot and he wanted me to pass on that the meeting with Cantwell went very well and was short, sweet, and more friendly than he had expected. He said he made it clear how important take-or-pay is to our financial well-being . He noted that she understands where we are and that we have stretched as much as we can around take-or-pay. She said she appreciates what we have been doing and didn't have any further asks at this time. He was on his way out of cell range and wanted me to pass his thanks for continuing to take care of this.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 20, 2017 8:03 AM
To: Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Farleigh,Kevin S (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7; Wilson,Scott K (BPA) - PSW-6
Subject: Fwd: NORPAC - talking points, 7-20-17

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/20/17 7:54 AM (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: NORPAC - talking points, 7-20-17

Here are talking points for your use with Sen. Cantwell - if the call happens. They were

drafted by Sonya, Garry and Kevin Farleigh. As of right now it is not scheduled, and the ball is in Rich's court.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

Talking points:

Thanks for taking the time to talk with me and for your interest in NORPAC.

I understand how important it is to preserve businesses, and related jobs, in your state. My goal is to help preserve NORPAC in the most appropriate way I can.

At the same time I also need to protect BPA's utility customers from unanticipated revenue loss that would present upward rate pressure.

Our region's energy competitiveness is built on the ability of BPA's customers, like Cowlitz, to have certainty about the full portfolio of federal power purchases and related cost. All of the contracts work together to maintain that overall cost competitiveness.

Just so it is clear, Cowlitz is BPA's customer; NORPAC is a customer of Cowlitz.

The federal power NORPAC receives is built into this overall strategy. If a part of the power Cowlitz contracted for them is removed in a manner inconsistent with the contract, that creates a financial loss to all customers since BPA would be unable to maintain those revenues through market sales at current market rates. I have to protect the interests of all of the power customers.

I believe that the plan that my staff has discussed with Cowlitz is the most appropriate way to accommodate NORPAC's needs, Cowlitz's needs as a BPA customer, and our customers' need for consistency and transparency in the way our power contracts are implemented.

The proposed plan would allow NORPAC to lower its power forecast from BPA to 80 aMW which is what they have said they need to reduce costs of the business. We will accept that as

long as Cowlitz agrees to pay liquidated damages to BPA should NORPAC begin operating at a higher level. That gives BPA customers assurance that Cowlitz has not simply been allowed to reduce its contract demand without recompense to benefit Cowlitz (and NORPAC) at the expense of BPA's other customers. As you know, BPA has a statutory obligation to recover all of its costs; I would need to account for the revenue loss associated with this scenario. That is why an established liquidated damages proposal keeps the contract whole.

Stepping back, I am also concerned with actions that could open the door to other businesses wanting similar treatment and exposing BPA to additional revenue loss.

I hope you understand the position I am in, trying to balance all of the financial elements that keep this system as fairly managed as possible in a cost effective manner.

Sonya Baskerville
BPA National Relations
202.253.7352
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 9:45 PM (GMT-05:00)
To: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>
Subject: Norpac - update, 7-17-17

I spoke to Rich Glick tonight. I offered up the idea of a call with Elliot and Sen. Cantwell, as I described below. Tomorrow Rich plans to talk to his COS Travis Lumpkin and Angela Becker-Dippmann about a possible call with Elliot later this week – stand by.

Rich will be sending me an email with a new question (prompted by Cowlitz and Norpac) regarding the Cowlitz contract and the load forecast. I will forward that to the appropriate folks as soon as I get it.

DJ

From: Thompson,Garry R (BPA) - PS-6
Sent: Monday, July 17, 2017 1:33 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6

<ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I am good with this approach. GT

From: James,Daniel M (BPA) - D-7
Sent: Monday, July 17, 2017 1:26 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I'm sorry – I left Garry off this original chain. Please also loop in Kevin since he is filling in for Scott.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 17, 2017 1:23 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac - next steps

I will get started on some short talking points. Scott, I will coordinate with you. Thanks.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/17/17 4:18 PM (GMT-05:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Farleigh,Kevin S (BPA) - PSW-6" <ksfarleigh@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>

Subject: Norpac - next steps

Hi, Scott and Sonya.

On or immediately prior to our 7/24 meeting with Cowlitz I think Elliot needs to call Sen. Cantwell to explain to her, directly without filter, why we've made the decision we've made – that is, to accept the Cowlitz forecast with liquidated damages. I spoke to Elliot about this and he agrees. I think it is better for Elliot to be proactive with her. He asked me to come up with a talking points that he can use during the call – Sonya, would you please take on the production of talking points since Scott is on leave this week?

But first, I plan to call Rich to see if he agrees with this approach given where he and Sen. Cantwell's current thinking may be given the swirl that Scott describes in his email below.

Do you both agree with these two steps? The rest of you, please feel free to comment as well.

Dan

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 14, 2017 9:44 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Klumpp,Elizabeth C (BPA) - DIR-WSGL <ecklumpp@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>
Cc: Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Farleigh,Kevin S (BPA) - PSW-6 <ksfarleigh@bpa.gov>
Subject: Norpac Update -- July 14

The Good News: Yesterday we made an internal decision to move forward with the approach that accepts the 80 aMW forecast for NORPAC as long as they agree to liquidated damages to make us whole if they end up operating at a higher level. If Cowlitz does not accept to proposal we will revert to our 180 aMW forecast, their current operating level. We will make this proposal in our standard net requirements transparency public process during the first half of August. I feel really good about where we are from a policy standpoint because we creatively retain take-or-pay for the load that actually happens and recognizes the uncertainty NORPAC is facing and the fact that they are saying they will be reducing their load.

The Challenging News: NORPAC and consequently Cowlitz is not happy. After the Power made the decision to move forward I called Cowlitz to let them know we were moving forward as we had telegraphed earlier I explained how liquidated damages would work. Cowlitz had others in the room with them, Robert McCullough, 4 folks from NORPAC(Graham Bailey, Craig Anneberg, Ray Harrison and Larry Bolton?) and Steve Kern and Gary Huhta for Cowlitz. That conversation was very challenging. Robert McCullough

took several runs at saying we were being unreasonable and should just accept the 80 MW forecast. There were references to our not coming out to look at their books which I was clear wouldn't help our decisions since we are accepting their forecast and understand their operations are in peril. He also started to try to negotiate trying to create free options to buy from the market beyond the 80 aMW level they have said they plan to operate at. His focus and getting access to market and tone certainly did not give me more confidence in believing the 80 aMW forecast. Robert started to threaten litigation and I made it clear I had to end the conversation since I was on the line without legal counsel. Cowlitz was definitely trying to be supportive of their customers views. Robert also noted he would be in contact with Cantwell and some other supporters in Oregon (unnamed). They also noted that they will "soon" be announcing in local press a plan to shut down the newsprint paper line. I suspect there will be outreach to political contacts and you all may hear from folks soon.
--Scott

Next Steps:
July 24th we meet with Cowlitz at their offices. We will discuss Norpac and work on contract language
Early August: Public Process on Net Requirements where we will share the liquidated damages approach with the Region. We will likely get comments.
September: We will make final decisions on load forecasts.

PS: I will be out of the office next week but will be checking my messages to continue to deal with this if needed.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 06, 2017 2:46 PM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Ball,Crystal A (BPA) - DIR-7
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Afternoon
I just got off of the phone with Robert McCullough. I informed him we are working towards accepting the Cowlitz forecast with liquidated damages. He was not excited about the liquidated damages provisions but understood it is better than using the 100 aMW higher forecast BPA would otherwise use. He then explained what he was thinking about when he referred to the Intalco Option with Cantwell's staff. Essentially what he would like is to negotiate a set of triggering events where Norpac would be able to operate with power from the market if circumstances moved in their direction. He mentioned a low market price trigger and a strengthening US vs Canadian dollar trigger. The idea would be that they could start up in those circumstances with power BPA sells to Cowlitz at market plus some adder like we did with Intalco.

He wanted to set up a negotiation meeting next week but I was clear that we work through Cowlitz and that until we get through our own internal decision process (and the follow-on public process) I am not in a position to even offer the liquidated approach. I told him the plan was to check in with Cowlitz after our Power Decision Team discussion next week and that I had asked Cowlitz to work to invite them. My biggest concern is that in isolation establishing circumstances where we might make market priced purchases sounds good but this continues to go right at the heart of take-or-pay. I can imagine if it can be made to work in this circumstance consultants like Robert could market their services to others to get out of buying

PF in other places too. Hold on this is likely to get interesting.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 05, 2017 11:01 AM
To: James,Daniel M (BPA) - D-7; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6; Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

Good Morning All

We are in a good space on this. While the specific timing of the net requirement public process is established by our contract I continue to be in contact with Gary Huhta at Cowlitz about our next steps as this goes forward. Our internal decision meeting is next Thursday the 13th and we seem to be moving towards the large load true-up approach. Assuming we get the internal decision next week our plan is to be working on the for the specifics of the liquidated damages. We have a face-face meeting with Cowlitz on the 24th and I expect we will be sharing specifics with them then ahead of the public process on net requirements that occurs in early August. So we plan to have some proactive work ahead of the formal process.

On the ALCOA approach, I looked over the language and the language of Section 5 is about the ability to curtail. It is a very different shorter-term contract and IP is priced higher than PF but the curtailment approach and the liquidated damages that were structured in it are very similar to what we plan to propose within the year. It's not a lot more complicated than making sure that NORPAC pays the equivalent of PF Tier 1 rates at the level they choose to operate.
--Scott

From: James,Daniel M (BPA) - D-7
Sent: Tuesday, July 04, 2017 4:17 PM
To: Klumpp,Elizabeth C (BPA) - DIR-WSGL; Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Cogswell,Peter (BPA) - DI-7; Cook,Joel D (BPA) - P-6
Cc: Bowers,Rebecca S (BPA) - A-7
Subject: RE: Norpac Update

I spoke to Rich Glick (Sen. Cantwell) late yesterday. I was returning Rich's call to Elliot.

I explained our reasoning for canceling the Wednesday meeting and our move forward plan in a way that was completely consistent with what Liz described below (highlighted). Rich accepted that reasoning. Rich thinks that the current heartburn felt by NORPAC and Cowlitz was simply the fact that we canceled the meeting: Rich and I agreed that they (NORPAC and Cowlitz) read too much into the cancellation.

Rich asked if there is a way for BPA to expedite the Next Steps process Scott highlighted below because NORPAC feels it needs to make some decisions very soon.

Now that we have received the 80 aMW forecast we have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism. Can we do it faster?

Rich brought up another issue: apparently Robert McCullough told Rich that he (Robert Mc.) thinks that something in the contract BPA had with Intalco could provide a template for something that would be of NORPAC's liking – something in Section 5(i)? Does that sound right? I told Rich that there are fundamental differences in the take-or-pay contracts held by our preference customers and the DSI contracts, and we will identify those for him (Rich).

Next Steps: I told Rich that I would run #2 and #3 to ground and get back to him by the end of this week.

DJ

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
Sent: Friday, June 30, 2017 5:44 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Cook,Joel D (BPA) - P-6 <jdcook@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: RE: Norpac Update

Scott and I have been in touch. I'm just going to add that Sen. Murray and Rep. Herrera Beutler leads in SW Washington toured Norpac today. Norpac explained that they are reducing their loads to 80 aMWs. Norpac expressed concern that BPA cancelled its participation in the Wed. meeting. I explained to the congressional staff – on the phone and in a follow-up note – that we realized that looking in the books of a customer of our customer was not our role and it's not where we have added value. I also explained that we just received the new load forecast – minutes before 5 pm on Friday – and if it indicates the 80 aMWs as we think it will then we are pursuing a path to accept this forecast if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. I explained that we do have a public process in August to review these forecasts.

The congressional staff sounded reassured by this information. Thanks to Scott for keeping me in the loop!

Liz

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, June 30, 2017 5:10 PM

To: Mainzer,Elliot E (BPA) - A-7
Cc: James,Daniel M (BPA) - D-7; Thompson,Garry R (BPA) - PS-6; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Bowers,Rebecca S (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH; Cook,Joel D (BPA) - P-6
Subject: Norpac Update

Welcome Back!!
Just an FYI as you return. While we never heard back from Cowlitz after we cancelled the meeting Tuesday, not going to the meeting to look at Norpac's books has stirred up a couple of congressional questions that I talked with Liz Klumpp about this afternoon. I will be back on the 5th if you need any more information but Dan and I talked yesterday and he is up to speed on these issues too. We are still working on a track to offer a solution that protects our take-or-pay revenue and only charges Cowlitz for the amount of power Norpac actually takes. Looking at the books of Cowlitz's customer Norpac would not change the outcome. We understand their economics are challenging already.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, June 28, 2017 4:16 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov)
Subject: Minor Norpac Update

The Next Steps I noted in my update on Norpac Monday have changed so I thought it would be worth a quick update. We have decided, on advice from Counsel not to have the meeting next week to look at Norpac's books. We notified Cowlitz of this yesterday but have not heard anything back. Didn't want you to get caught flat footed if this shows up some place.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, June 26, 2017 5:53 PM
To: James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Bowers,Rebecca S (BPA) - A-7; Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Anna-Lisa B (BPA) - FS-6; Harris,Marcus A (BPA) - FTT-2; Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Norpac Update

Hi Dan
In your acting Elliot role I am keeping you in the loop. We had a meeting with Cowlitz and Norpac today about their expected operating level in FY2018. In attendance: Norpac plant manager Graham Bailey and Robert McCullough represented Norpac; Gary Huhta and Bob Essex from Cowlitz; and me, Lindsey Bleifuss and Reed Davis for BPA. Their story has changed. They told us that economics of producing paper have eroded since they met with Elliot on May 26th and said they wanted to reduce take-or-pay so they could access cheaper power in the market. (b) (4) [redacted]

With their representation that the economics no longer work even with $20 power from the market I suggested that the large load true-up concept we are currently discussing would be an easy way to demonstrate to our other customers that the forecast is accurate and wouldn't cost them anything. They did not seem comfortable with that idea and Graham Bailey said he thought we should just accept their forecast like the contract allows. We noted that the contract allows us to substitute our own forecast and that we are trying to be flexible by proposing an approach that adjusts and only charges them PF for whatever the load turns out to be. They said they will get back to us.

It really felt to me like they had figured out how to adjust their story to fit what they thought we would need to hear to just accept it. The reality is that if we accept their forecast without something like the large load true-up they are unfettered in whether they choose to go to market or not for the year and they clearly know that. Since they now tell us they will not operate the newsprint production at PF or Market prices it seems to undercut any political arguments that jobs are in play.

Next Steps: Cowlitz will be submitting their forecast Friday at 80 aMW. On July 6th a BPA team will be going to Norpac to look at their books as Norpac as requested. We will have a month to decide whether we should substitute our own forecast and to decide whether to offer a large-load true-up mechanism.

From:	James,Daniel M (BPA) - D-7
Cc:	Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Subject:	I talked to Elliot
Date:	Wednesday, July 26, 2017 10:00:06 AM

He called a few minutes after reading this – he remains totally supportive of the direction we're headed and understands we may end up as the fall guy – and he's OK with that. Scott, he really appreciates the energy and creativity you've brought to this challenge.

DJ

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 26, 2017 9:00 AM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Wilson, Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Garry Thompson (grthompson@bpa.gov) <grthompson@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Cowlitz/NORPAC update, 7-26-17

Elliot, we want to let you know about follow-on conversation that Scott Wilson and I had with Rich and Spencer late yesterday. This conversation occurred after your call with Senator Cantwell and after Cowlitz and NORPAC reached out to Rich and Spencer to give their version of Scott's meeting Monday with Cowlitz and NORPAC in Longview. Cowlitz and NORPAC have now begun to look at the details of the 80 aMW-liquidated damages deal we have proposed, and Cowlitz and NORPAC are upset that the liquidated damages approach BPA is proposing only applies when loads are higher than 80 aMW and there are not credits to them if the actual NORPAC loads are lower.

Cowlitz and NORPAC had assumed liquidated damages would work both ways. Yesterday was the first time Scott really discussed details of the mechanism and contract language so it is understandable that there could have been misunderstandings on this point.

In addition, Rich wanted to understand more around the mechanics of the contract. His primary focus was whether the contract contemplated the liquidated damages provision and we explained it could only happen if Cowlitz agreed to incorporate the provision in their BPA contract. We are characterizing this as a settlement that allows BPA to accept the 80 aMW forecast Cowlitz provided, otherwise we would use the 180 aMW BPA forecast based on the plant's full operating level.

Both Cowlitz and NORPAC seemed to have planted the idea with Rich and Spencer that if they don't go with our liquidated damages approach a retreat to the 180 aMW forecast would not be reasonable and that they would want to arbitrate. We explained we hope that doesn't happen and that the liquidated damages provision provides business certainty for Cowlitz and NORPAC because they would know exactly what their costs would be at any given operating level. Not accepting the

option and trying to arbitrate would create a lot of unneeded uncertainty over a likely extended time period and could put even more jobs at risk.

As we finished up the conversation Spencer noted that Senator Cantwell understood the financial importance to BPA of protecting take-or-pay and the potential impacts to other BPA customers. He also expressed her interest in the 400 jobs represented too. Rich asked us to keep the lines of communication with Cowlitz open to keep working on the details, which we will continue to do as we work out the details on the contract language. Rich also mentioned that, while he's not taking sides, it seems to him that Cowlitz and NORPAC and may be setting up BPA to be the fall guy in the event that NORPAC closes some or all of the plant.

DJ

Dan James
Deputy Administrator
BONNEVILLE POWER ADMINISTRATION
bpa.gov | P 503-230-4452

From: Symonds,Mark C (BPA) - BD-3
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Follow-up on our conversation
Date: Wednesday, July 26, 2017 1:25:52 PM

Excellent. Thank you.

Mark

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 12:48 PM
To: Symonds,Mark C (BPA) - BD-3
Subject: RE: Follow-up on our conversation

Made a few changes but it was very close. I am okay with the statements below now

---

From: Symonds,Mark C (BPA) - BD-3
Sent: Wednesday, July 26, 2017 12:31 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Follow-up on our conversation

Scott,
I have confirmed our call with Shari at 2p this afternoon. Assuming the call goes according to plan, I have prepared the short summary we discussed earlier that I could use as a follow-up with Shari (and likely something similar for Murray's office as well). Please edit as you see fit.

Thank you,
Mark

--- Intended Message ---

Shari,
As we discussed this afternoon, we are pursuing a path to accept the new 80 MW load forecast from Cowlitz PUD for the NORPAC mill load if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the mill load is higher than forecasted and Cowlitz (on behalf of NORPAC) is buying power from a source other than BPA. We do have a regularly scheduled public process in early August to review these forecasts for our customers. Historically, the mill's consumption and forecast have been 180 MW and accepting their 80 MW load forecast entails a 100 MW reduction.

The take or pay provisions establish the foundation for BPA financial health ensuring that our customers purchase the full amount of BPA power available to them via their High Water Mark. If customers were to attempt to purchase power from non-BPA sources outside of their BPA contracts – BPA's costs remain the same, but our revenues fall resulting in higher rates to our remaining customers. So yes, our intent would be to enforce the take-or-pay upon the 80 MW, as well as any consumption that were to take place above 80 MW in the event Cowlitz were to purchase power on

the open market to serve mill requirements above the 80 MW forecast. These provisions recognize the uncertainty around the NORPAC operations this next year and they end up paying a PF equivalent rate for any amount over 80 aMW they choose to operate at. Please let us know if you all have any further questions.

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From:	Weinstein,Jason C (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	Net Requirements FY18 - Grays and Clatskanie
Date:	Wednesday, July 26, 2017 2:17:53 PM
Attachments:	NetRequirements_FY18_FY18vFY17_WILSON_2017.07.26.xlsx GHPD_NetRequirements_FY18_DRAFT_2017.07.26.xlsx CLSK_NetRequirements_FY18_DRAFT_2017.07.26.xlsx

---

Scott -

Here are the draft Net Requirements spreadsheets for Clatskanie and Gray's Harbor.

Please do not distribute externally until after the final BP-18 rates are posted later today.

I included a comparison file with separate tabs for each customer so you can see the changes to some of customer data, rates, and charges in FY17 v FY18.

No much change for either customer other than the composite charge increase with some partial offset due to additional load shaping credit.

I omitted Cowlitz intentionally until after the comment period.

Let me know if you have any questions.

Your message is ready to be sent with the following file or link attachments:

NetRequirements_FY18_FY18vFY17_WILSON_2017.07.26
GHPD_NetRequirements_FY18_DRAFT_2017.07.26
CLSK_NetRequirements_FY18_DRAFT_2017.07.26

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

(b) (4) [redacted]

[redacted]

[redacted]

(b) (4) [redacted]

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]		
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

(b) (4)

[redacted]

(b) (4)

(b) (4)

(b) (4)

From:	Normandeau,Mike (BPA) - PSE-RONAN
To:	Weinstein,Jason C (BPA) - PSS-6; Landon,Sean M (BPA) - PSSE-MEAD-GOB
Cc:	Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Wilson,Scott K (BPA) - PSW-6; Cicarelli,Andres A (BPA) - KSL-BELL-1
Subject:	RE: Net Requirements FY18 POPD and IDFP
Date:	Wednesday, July 26, 2017 2:58:51 PM

Thanks. I discussed the PUD's situation with Ponderay Newsprint with Scott today. The plan is to stick with the current forecast unless the PUD expresses interest in reassessing their FY 2018 load forecast based on the Cowlitz decision/process for liquidated damages. And then only if they can show a compelling reason to go with something lower. This of course assumes BPA ultimately agrees to offer the liquidated damage option for Slice/Block customers with large loads.

Mike

-----Original Message-----
From: Weinstein,Jason C (BPA) - PSS-6
Sent: Wednesday, July 26, 2017 2:45 PM
To: Normandeau,Mike (BPA) - PSE-RONAN; Landon,Sean M (BPA) - PSSE-MEAD-GOB
Subject: Net Requirements FY18 POPD and IDFP

Mike and Sean -

Here are the draft Net Requirements spreadsheets for Idaho Falls and Pend Oreille PUD.

Please do not distribute externally until after the final BP-18 rates are posted later today.

I included a comparison file with separate tabs for each customer so you can see the changes to some of customer data, rates, and charges in FY17 v FY18.

Let me know if you have any questions.

Jason

Your message is ready to be sent with the following file or link attachments:

NetRequirements_FY18_FY18vFY17_NORMANDEAU_2017.07.26
POPD_NetRequirements_FY18_DRAFT_2017.07.26
IDFP_NetRequirements_FY18_DRAFT_2017.07.26

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

From:	Bleifuss,Lindsay A (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6
Cc:	Patton,Kathryn B (BPA) - PSS-SEATTLE; Weinstein,Jason C (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6
Subject:	Liquidated damages draft Cowlitz LB edits
Date:	Wednesday, July 26, 2017 3:15:52 PM
Attachments:	Liquidated damages draft cowlitz LB edits.docx

Hi Scott,

Attached are my edits on top of Kate's. It might be more clear if we define terms up front (e.g. Interim Liquidated Damages, Annual Liquidated Damages).

Also, we will want Finance to review this process to make sure we do not run into cash flow issues.

Thanks!
Lindsay

(b) (5)

[redacted]

(b) (5)

[redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6
Cc: Patton,Kathryn B (BPA) - PSS-SEATTLE; Olive,Kelly J (BPA) - PSS-6
Subject: RE: Liquidated damages draft Cowlitz LB edits
Date: Wednesday, July 26, 2017 4:20:54 PM

I agree it could be eliminated and normally would want to but because this is potentially something that will be seen by a number of other customers and folks that will want to understand where the numbers I think we should include it as a means of transparently showing our work.

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Wednesday, July 26, 2017 4:09 PM
To: Wilson,Scott K (BPA) - PSW-6; Bleifuss,Lindsay A (BPA) - PSS-6
Cc: Patton,Kathryn B (BPA) - PSS-SEATTLE; Olive,Kelly J (BPA) - PSS-6
Subject: RE: Liquidated damages draft Cowlitz LB edits

Scott -

The text the describing LD rate as an average of PF T1 equiv rate and LS rate could be eliminated. How we make the sausage does not need to be described. Just put the rate in a table.

That's all from me

Jason

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 3:28 PM
To: Bleifuss,Lindsay A (BPA) - PSS-6
Cc: Patton,Kathryn B (BPA) - PSS-SEATTLE; Weinstein,Jason C (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6
Subject: RE: Liquidated damages draft Cowlitz LB edits

This looks good to me. Jason do you have anything to add before we send this to Kelly to magically transform it into poetic contract language?
--Scott

From: Bleifuss,Lindsay A (BPA) - PSS-6
Sent: Wednesday, July 26, 2017 3:16 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Patton,Kathryn B (BPA) - PSS-SEATTLE; Weinstein,Jason C (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6
Subject: Liquidated damages draft Cowlitz LB edits

Hi Scott,

Attached are my edits on top of Kate's. It might be more clear if we define terms up front (e.g. Interim Liquidated Damages, Annual Liquidated Damages).

Also, we will want Finance to review this process to make sure we do not run into cash flow issues.

Thanks!

Lindsay

From:	Glick, Rich (Energy)
To:	James,Daniel M (BPA) - D-7
Cc:	Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject:	[EXTERNAL] Re: NORPAC/Cowlitz PUD
Date:	Wednesday, July 26, 2017 9:14:50 PM

Dan -- How about 530 eastern?

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 26, 2017 8:38 PM
To: Glick, Rich (Energy)
Cc: Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Cowlitz PUD

Hi, Rich. I'm sorry for the delay in getting back to you.

Can you and Spencer talk to Scott and me any time after 4:30p your time? Please reply all.

Elliot is still out on Monday, and we are trying to figure out if he would be available for a call. He is off the grid for the next two days, so it may be that we set up a tentative call with larger group (including Travis and Angela) and then adjust if need be.

We'll stand by for the timing of a call tomorrow.

DJ

From: Glick, Rich (Energy) [mailto:Rich_Glick@energy.senate.gov]
Sent: Wednesday, July 26, 2017 11:16 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Gray, Spencer (Energy) <Spencer_Gray@energy.senate.gov>
Subject: [EXTERNAL] NORPAC/Cowlitz PUD

Hi Dan,

With the understanding that Elliot is in the wilderness and likely unreachable, we were hoping to arrange for a call with him before BPA releases its proposed decision on the load forecasts on Monday? From our end, it would likely be Senator Cantwell's Chief of Staff – Travis Lumpkin, Angela, Spencer and myself.

Spencer and I would also be glad to get on the phone with you all in advance of that conversation with Elliot to better frame the conversation.

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: Wilson,Scott K (BPA) - PSW-6
To: skern@cowlitzpud.org; Gary Huhta (ghuhta@cowlitzpud.org); Ron Sporseen (rsporseen@cowlitzpud.org); bessex@cowlitzpud.org; Chris Velat (cvelat@cowlitzpud.org)
Cc: Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: BPA Publishes Final Rates
Date: Wednesday, July 26, 2017 12:55:00 PM
Attachments: BPA BP-18 Press Release.docx

Good Afternoon.
I wanted to let you know we have sent out a press release announcing our final rates. I have attached that press release. We plan to post the BP-18 Final Record of Decision for power and transmission rates at around 3:30. The average wholesale power rate will increase 5.4 percent while the average transmission rate will decrease by 0.7 percent. You will find this Final ROD is very similar to what was published in the Draft ROD last month with small changes to the Montana Intertie and spill surcharge. Staff also committed to adopt the error correction guidelines. I have attached the final power and transmission rates averages and changes from BP-16 but as you know individual impacts will vary based on your specific product and purchase shape. On the good news front, Elliot notes in the preface to the ROD that we are not expecting a CRAC for FY 2018. We will be posting specifics around that on Friday for the upcoming QBR.

This has been a huge collaborative Regional effort and BPA appreciates the work and efforts that gotten us here. Thank You.
---Scott

BP-18 Final Power Rates	**Rate ($/MWh)**	**Change from BP-16 (%)**
Priority Firm Tier 1 Average Net Cost of Power		
Overall	35.57	5.4
Slice – firm only	41.79	2.8
Slice – firm and non-firm	33.74	5.5
Non-Slice	36.14	5.2
PF Tier 2 Rates (see chart below)		
PF Exchange	61.86	5.3
New Resource Firm (NR)	78.95	7.0
Industrial Firm (IP)	43.51	3.8
Firm Power and Surplus Products and Services (FPS)	Negotiated	

	PF Tier 2 Rates (mills/kWh)		**Change from BP-16 (%)**
Short-Term	27.20	24.97	-15.5
Load Growth	47.68	45.42	-1.8
Vintage Rate 1-2014	51.40	53.02	11.3
Vintage Rate 1-2016	46.50	48.02	12.8

Product	Unit of Measure	Current Rate (BP-16)	BP-18 Final Rate	Change from BP-16 (%)
Formula Power Transmission.1	($/kW)*	1.63	1.66	1.7
FPT.3 -- First year	($/kW)*	1.59	1.59	0.0
FPT.3 -- Second year	($/kW)*	1.63	1.63	0.0
Integration of Resources (IR)	($/kW)*	1.79	1.79	0.2
Point-to-Point (PTP)	($/kW)*	1.49	1.47	-1.2
Network Integration (NT)	($/kW)*	1.74	1.73	-0.5
Southern Intertie (IS)	($/kW)*	1.23	1.04	-15.6
Montana Intertie (IM)	($/kW)*	0.60	0.51	-14.9
Eastern Intertie (IE)	(mills/kWh)	1.48	1.46	-1.4
SCD for PTP	($/kW)*	0.30	0.32	7.0
SCD for NT	($/kW)*	0.35	0.38	7.4
Utility Delivery (UD)	($/kW)*	1.29	1.28	-0.2
Power Factor Penalty -- Lagging	($/kVar)*	0.00	0.00	0.0
Power Factor Penalty -- Leading	($/kVar)*	0.00	0.00	0.0
WECC Charge	(mills/kWh)	0.05	0.05	0.0
Peak Charge	(mills/kWh)	0.05	0.05	0.0
PTP + SCD	($/kW)*	1.79	1.79	0.2
NT + SCD	($/kW)*	2.09	2.10	0.9
IS + SCD	($/kW)*	1.53	1.36	-11.2

BPANEW

PR 09 17

BONNEVILLE POWER ADMINISTRATION
FOR IMMEDIATE RELEASE: Wednesday, July 26, 2017
CONTACT: Sarah Burczak, 503-230-3264
or 503-230-5131

BPA adopts rates to strengthen finances and adapt to a rapidly changing electricity industry

Portland, Ore. – Today the Bonneville Power Administration set rates for fiscal years 2018 and 2019 that will help support long-term rate stability and maximize the value of the regional federal power and transmission systems. BPA adopted a 5.4 percent average wholesale power rate increase and an average transmission rate decrease of 0.7 percent that will take effect Oct. 1.

"We worked very hard on behalf of our customers to manage our costs and make changes that will strengthen our finances and improve our competitive position in the rapidly changing electricity market," said BPA Administrator and Chief Executive Officer Elliot Mainzer. "However, despite aggressive cost-management actions, costs beyond our direct control continue to place significant upward pressure on our power rates. BPA will further address these cost pressures through the completion of a long-term business strategy later this year in collaboration with customers and regional partners."

The 5.4 percent increase results in an average wholesale power rate of $35.57 per megawatt-hour, an increase of 2.7 percent annually. The overall rate increase is primarily due to a lower-than-expected demand for power, a declining forecast of surplus power sales revenues due to lower market prices, and escalating costs of programs driven by legal requirements. BPA is working with

regional partners to identify new revenue streams and continued cost-containment strategies that may help mitigate these rising cost pressures.

BPA has also adopted a new Financial Reserves Policy. This policy establishes a framework for setting and managing financial reserves levels to support BPA's credit ratings, liquidity, equity between business lines and rate stability. Approximately 1 percent of the power rate increase will be used to replenish Power's financial reserves levels, while transmission's financial reserves remain stable.

Transmission rates will decrease in the next rate period by an average of 0.7 percent. This is due to cost-management efforts and savings from debt-management actions. Looking forward, BPA is working to address the significant impact of long-term capital costs and develop a sustainable investment strategy for pending transmission system capital needs.

BPA created a spill surcharge to recover the costs associated with increased spill that is anticipated as a result of a ruling issued this past spring by the U.S. District Court for the District of Oregon. The court indicated that it will order increased spill at eight Federal Columbia River Power System dams on the lower Columbia and Snake rivers for the 2018 spring fish passage season. The surcharge will be in addition to the new power rates and will be implemented once sufficient information becomes available regarding planned annual spill levels. As part of the surcharge calculation, Bonneville is committed to working with its regional partners to find program cost savings, including in our Environment, Fish and Wildlife spending, to help offset the costs of increased spill.

The new rates also include investments to modernize core utility operating systems that will enable BPA to maximize the efficiency of grid operations and provide the option to participate in emerging markets.

"This rate case is ultimately about investing in our future and continuing to deliver value to our customers and the broader region for many years to come," said Mainzer.

BPA is a nonprofit federal wholesale utility that receives no congressional appropriations and must recover its costs through its rates. The new rates will affect local retail utilities differently depending on the amount of power and type of services they purchase from BPA. Local utilities ultimately determine the impact of BPA's rates on individual businesses and residents.

About BPA

The Bonneville Power Administration, headquartered in Portland, Oregon, is a nonprofit federal power marketer that sells wholesale electricity from 31 federal dams and one nuclear plant to 142 electric utilities, serving millions of consumers and businesses in Washington, Oregon, Idaho, western Montana and parts of California, Nevada, Utah and Wyoming. BPA delivers power via more than 15,000 circuit miles of lines and 260 substations to 511 transmission customers. In all, BPA markets about a third of the electricity consumed in the

Northwest and operates three-quarters of the region's high-voltage transmission grid. BPA also funds one of the largest fish and wildlife programs in the world, and, with its partners, pursues cost-effective energy savings and operational solutions that help maintain affordable, reliable and carbon-free electric power for the Northwest. www.bpa.gov

From:	James,Daniel M (BPA) - D-7
To:	Mainzer,Elliot E (BPA) - A-7
Cc:	Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Subject:	Cowlitz/NORPAC update, 7-26-17
Date:	Wednesday, July 26, 2017 9:00:10 AM

Elliot, we want to let you know about follow-on conversation that Scott Wilson and I had with Rich and Spencer late yesterday. This conversation occurred after your call with Senator Cantwell and after Cowlitz and NORPAC reached out to Rich and Spencer to give their version of Scott's meeting Monday with Cowlitz and NORPAC in Longview. Cowlitz and NORPAC have now begun to look at the details of the 80 aMW-liquidated damages deal we have proposed, and Cowlitz and NORPAC are upset that the liquidated damages approach BPA is proposing only applies when loads are higher than 80 aMW and there are not credits to them if the actual NORPAC loads are lower.

Cowlitz and NORPAC had assumed liquidated damages would work both ways. Yesterday was the first time Scott really discussed details of the mechanism and contract language so it is understandable that there could have been misunderstandings on this point.

In addition, Rich wanted to understand more around the mechanics of the contract. His primary focus was whether the contract contemplated the liquidated damages provision and we explained it could only happen if Cowlitz agreed to incorporate the provision in their BPA contract. We are characterizing this as a settlement that allows BPA to accept the 80 aMW forecast Cowlitz provided, otherwise we would use the 180 aMW BPA forecast based on the plant's full operating level.

Both Cowlitz and NORPAC seemed to have planted the idea with Rich and Spencer that if they don't go with our liquidated damages approach a retreat to the 180 aMW forecast would not be reasonable and that they would want to arbitrate. We explained we hope that doesn't happen and that the liquidated damages provision provides business certainty for Cowlitz and NORPAC because they would know exactly what their costs would be at any given operating level. Not accepting the option and trying to arbitrate would create a lot of unneeded uncertainty over a likely extended time period and could put even more jobs at risk.

As we finished up the conversation Spencer noted that Senator Cantwell understood the financial importance to BPA of protecting take-or-pay and the potential impacts to other BPA customers. He also expressed her interest in the 400 jobs represented too. Rich asked us to keep the lines of communication with Cowlitz open to keep working on the details, which we will continue to do as we work out the details on the contract language. Rich also mentioned that, while he's not taking sides, it seems to him that Cowlitz and NORPAC and may be setting up BPA to be the fall guy in the event that NORPAC closes some or all of the plant.

DJ

Dan James

Deputy Administrator
BONNEVILLE POWER ADMINISTRATION
bpa.gov | P 503-230-4452

From:	James,Daniel M (BPA) - D-7
To:	Symonds,Mark C (BPA) - BD-3
Cc:	Cogswell,Peter (BPA) - DI-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Ball,Crystal A (BPA) - DIR-7
Subject:	RE: NORPAC/Per Congresswoman Herrera Beutler
Date:	Wednesday, July 26, 2017 10:58:53 PM

Thanks, Mark. I'm copying the team here for everyone's awareness.

Did Shari ask you for a written response?

Given the growing intensity of this issue, I'd like to chat with you and the team before we go deeper into a back-and-forth with another congressional office.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Date: 7/26/17 5:19 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler

Dan,
FYI - Shari Hildreth, District Director for Congresswoman Herrera Beutler asks directly, if there "is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?"

Unless we hear otherwise, Scott and I are planning to work with Tom Miller to craft an appropriate response. We believe the simple answer is: no, there have been two concepts discussed – 180 MW and 80 MW with liquidated damages. The lower forecast and LDs strives to provide flexibility to Cowlitz PUD and NORPAC, while also protecting BPA's financial health for the benefit of all our customers. There will be a public process on this matter starting in August.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Wednesday, July 26, 2017 4:45 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] RE: NORPAC/Per Congresswoman Herrera Beutler

Hi Mark,

Thanks very much again for taking the time to do a call today.

There is one more thing that I neglected to raise when we spoke. When we (the 3 delegation offices) met with NORPAC, the company said that if they aren't able to have a year to purchase any power they might need above the 80MW on the open market, rather than being required to purchase the additional power under Tier 1 rates, then there is a major risk of whether they will even be operating a year from now. They also noted in the meeting we had that they need a year with lower power rates in order to use the savings to retool to a different product stream to get back on their feet economically. Given the chance of a possible complete closure, is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?

Thank you again,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3 [mailto:mcsymonds@bpa.gov]
Sent: Wednesday, July 26, 2017 10:29 AM
To: Hildreth, Shari
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Shari,
Appreciate the online introduction and look forward to working closely with you. I was traveling in Olympia yesterday and missed your note. My apologies.

Things have continued to move forward since Liz's last note and I would like to set-up a call with Scott Wilson – BPA's Account Executive for Cowlitz PUD – and myself to review the Congresswoman's understandings, questions and provide you all with the latest update. Do you

have an opportunity to do this or would you prefer another approach?

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."
From previous conversations and based on info from the Senate Committee (through Dena Horton),

we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The “take or pay” provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: James,Daniel M (BPA) - D-7
Cc: Wilson,Scott K (BPA) - PSW-6; Cogswell,Peter (BPA) - DI-7
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler
Date: Wednesday, July 26, 2017 2:59:41 PM

Dan,
Scott and I spoke with Shari Hildreth from Congresswoman Herrera Beutler's office this afternoon at the Congresswoman's request. Scott thoroughly described the situation, the history and how our offer is good for the mill, Cowlitz and our other customers. She understood and the discussion went well. In the course of the conversation, she also relayed that the Congresswoman suggested that she didn't think we could get anything better. Shari was going to contact Cowlitz after we were done on the call. After recapping our offer a second time, she thought we would get positive feedback from Cowlitz. If things do not turn out well with Cowlitz, she said she would let me know.

Please let us know if you have any questions.

Thank you,
Mark

From: Symonds,Mark C (BPA) - BD-3
Sent: Wednesday, July 26, 2017 10:50 AM
To: James,Daniel M (BPA) - D-7
Cc: Wilson,Scott K (BPA) - PSW-6; Cogswell,Peter (BPA) - DI-7
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Dan-
We wanted to alert you to this inquiry from Herrera Beutler's office re: NorPac. Scott and I are coordinating on the response and looking to set-up a call with Shari Hildreth (her District Director). If you would like to be involved, please let us know, as Shari mentioned specifically the possibility of contacting you directly at the Congresswoman's request (which I have highlighted in her note below).

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)

(b) (6) [redacted] (cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Symonds,Mark C (BPA) - BD-3
Sent: Wednesday, July 26, 2017 10:18 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Are you able to help me out with this one? I will be calling momentarily.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.

- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: James,Daniel M (BPA) - D-7
Cc: Wilson,Scott K (BPA) - PSW-6; Cogswell,Peter (BPA) - DI-7
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler
Date: Wednesday, July 26, 2017 2:59:41 PM

Dan,
Scott and I spoke with Shari Hildreth from Congresswoman Herrera Beutler's office this afternoon at the Congresswoman's request. Scott thoroughly described the situation, the history and how our offer is good for the mill, Cowlitz and our other customers. She understood and the discussion went well. In the course of the conversation, she also relayed that the Congresswoman suggested that she didn't think we could get anything better. Shari was going to contact Cowlitz after we were done on the call. After recapping our offer a second time, she thought we would get positive feedback from Cowlitz. If things do not turn out well with Cowlitz, she said she would let me know.

Please let us know if you have any questions.

Thank you,
Mark

From: Symonds,Mark C (BPA) - BD-3
Sent: Wednesday, July 26, 2017 10:50 AM
To: James,Daniel M (BPA) - D-7
Cc: Wilson,Scott K (BPA) - PSW-6; Cogswell,Peter (BPA) - DI-7
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Dan-
We wanted to alert you to this inquiry from Herrera Beutler's office re: NorPac. Scott and I are coordinating on the response and looking to set-up a call with Shari Hildreth (her District Director). If you would like to be involved, please let us know, as Shari mentioned specifically the possibility of contacting you directly at the Congresswoman's request (which I have highlighted in her note below).

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)

(b) (6) [redacted] (cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Symonds,Mark C (BPA) - BD-3
Sent: Wednesday, July 26, 2017 10:18 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Are you able to help me out with this one? I will be calling momentarily.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.

- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: Miller,Thomas (BPA) - LP-7
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Date: Wednesday, July 26, 2017 5:11:44 PM

Tom,
Scott and I have reviewed this ask re: NORPAC from Congresswoman Herrera Beutler's office and would appreciate your assistance in crafting an appropriate response.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Wednesday, July 26, 2017 4:45 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] RE: NORPAC/Per Congresswoman Herrera Beutler

Hi Mark,

Thanks very much again for taking the time to do a call today.

There is one more thing that I neglected to raise when we spoke. When we (the 3 delegation offices) met with NORPAC, the company said that if they aren't able to have a year to purchase any power they might need above the 80MW on the open market, rather than being required to purchase the additional power under Tier 1 rates, then there is a major risk of whether they will even be operating a year from now. They also noted in the meeting we had that they need a year with lower power rates in order to use the savings to retool to a different product stream to get back on their feet economically. Given the chance of a possible complete closure, is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?

Thank you again,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3 [mailto:mcsymonds@bpa.gov]
Sent: Wednesday, July 26, 2017 10:29 AM
To: Hildreth, Shari
Cc: Wilson,Scott K (BPA) - PSW-6

Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Shari,
Appreciate the online introduction and look forward to working closely with you. I was traveling in Olympia yesterday and missed your note. My apologies.

Things have continued to move forward since Liz's last note and I would like to set-up a call with Scott Wilson – BPA's Account Executive for Cowlitz PUD – and myself to review the Congresswoman's understandings, questions and provide you all with the latest update. Do you have an opportunity to do this or would you prefer another approach?

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] (cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz

previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From:	Symonds,Mark C (BPA) - BD-3
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	FW: NORPAC/Per Congresswoman Herrera Beutler
Date:	Wednesday, July 26, 2017 4:53:37 PM

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Wednesday, July 26, 2017 4:45 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] RE: NORPAC/Per Congresswoman Herrera Beutler

Hi Mark,

Thanks very much again for taking the time to do a call today.

There is one more thing that I neglected to raise when we spoke. When we (the 3 delegation offices) met with NORPAC, the company said that if they aren't able to have a year to purchase any power they might need above the 80MW on the open market, rather than being required to purchase the additional power under Tier 1 rates, then there is a major risk of whether they will even be operating a year from now. They also noted in the meeting we had that they need a year with lower power rates in order to use the savings to retool to a different product stream to get back on their feet economically. Given the chance of a possible complete closure, is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?

Thank you again,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3 [mailto:mcsymonds@bpa.gov]
Sent: Wednesday, July 26, 2017 10:29 AM
To: Hildreth, Shari
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Shari,
Appreciate the online introduction and look forward to working closely with you. I was traveling in Olympia yesterday and missed your note. My apologies.

Things have continued to move forward since Liz's last note and I would like to set-up a call with

Scott Wilson – BPA's Account Executive for Cowlitz PUD – and myself to review the Congresswoman's understandings, questions and provide you all with the latest update. Do you have an opportunity to do this or would you prefer another approach?

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] (cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other

than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: James,Daniel M (BPA) - D-7
Cc: Wilson,Scott K (BPA) - PSW-6; Cogswell,Peter (BPA) - DI-7
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Date: Wednesday, July 26, 2017 10:50:00 AM
Importance: High

Dan-
We wanted to alert you to this inquiry from Herrera Beutler's office re: NorPac. Scott and I are coordinating on the response and looking to set-up a call with Shari Hildreth (her District Director). If you would like to be involved, please let us know, as Shari mentioned specifically the possibility of contacting you directly at the Congresswoman's request (which I have highlighted in her note below).

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] (cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Symonds,Mark C (BPA) - BD-3
Sent: Wednesday, July 26, 2017 10:18 AM
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Are you able to help me out with this one? I will be calling momentarily.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari

Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Date: Wednesday, July 26, 2017 10:18:25 AM
Importance: High

Are you able to help me out with this one? I will be calling momentarily.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: James,Daniel M (BPA) - D-7
Cc: Cogswell,Peter (BPA) - DI-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler
Date: Wednesday, July 26, 2017 5:19:39 PM

Dan,
FYI - Shari Hildreth, District Director for Congresswoman Herrera Beutler asks directly, if there "is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?"

Unless we hear otherwise, Scott and I are planning to work with Tom Miller to craft an appropriate response. We believe the simple answer is: no, there have been two concepts discussed – 180 MW and 80 MW with liquidated damages. The lower forecast and LDs strives to provide flexibility to Cowlitz PUD and NORPAC, while also protecting BPA's financial health for the benefit of all our customers. There will be a public process on this matter starting in August.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Wednesday, July 26, 2017 4:45 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] RE: NORPAC/Per Congresswoman Herrera Beutler

Hi Mark,

Thanks very much again for taking the time to do a call today.

There is one more thing that I neglected to raise when we spoke. When we (the 3 delegation offices) met with NORPAC, the company said that if they aren't able to have a year to purchase any power they might need above the 80MW on the open market, rather than being required to purchase the additional power under Tier 1 rates, then there is a major risk of whether they will even be operating a year from now. They also noted in the meeting we had that they need a year with lower power rates in order to use the savings to retool to a different product stream to get back on their feet economically. Given the chance of a possible complete closure, is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?

Thank you again,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3 [mailto:mcsymonds@bpa.gov]
Sent: Wednesday, July 26, 2017 10:29 AM
To: Hildreth, Shari
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Shari,
Appreciate the online introduction and look forward to working closely with you. I was traveling in Olympia yesterday and missed your note. My apologies.

Things have continued to move forward since Liz's last note and I would like to set-up a call with Scott Wilson – BPA's Account Executive for Cowlitz PUD – and myself to review the Congresswoman's understandings, questions and provide you all with the latest update. Do you have an opportunity to do this or would you prefer another approach?

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several

years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: Fwd: [EXTERNAL] Re: NORPAC/Per Congresswoman Herrera Beutler
Date: Wednesday, July 26, 2017 9:47:36 PM

Scott / Tom:
Some further clarification from Shari. See below.

Mark

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>
Date: 7/26/17 8:08 PM (GMT-08:00)
To: "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Subject: [EXTERNAL] Re: NORPAC/Per Congresswoman Herrera Beutler

Hi Mark,

Yes, that was my question. Just as an FYI, I asked it because someone approached me about the concept.

Shari

Shari Hildreth
District Director
Jaime Herrera Beutler WA03

Sent to you from my iPhone

On Jul 26, 2017, at 5:37 PM, Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov> wrote:

> Shari,
> You bet. Glad to hear you appreciated the call.
>
> Regarding your question, I am not clear what you are asking. Are you asking if the agency would accept the 80 MW forecast for one year without applying liquidated damages to any power consumed and used by the mill greater than 80 MW? Am I understanding your question correctly? Your clarification would be appreciated.
>
> Thank you,
> Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Wednesday, July 26, 2017 4:45 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] RE: NORPAC/Per Congresswoman Herrera Beutler

Hi Mark,

Thanks very much again for taking the time to do a call today.

There is one more thing that I neglected to raise when we spoke. When we (the 3 delegation offices) met with NORPAC, the company said that if they aren't able to have a year to purchase any power they might need above the 80MW on the open market, rather than being required to purchase the additional power under Tier 1 rates, then there is a major risk of whether they will even be operating a year from now. They also noted in the meeting we had that they need a year with lower power rates in order to use the savings to retool to a different product stream to get back on their feet economically. Given the chance of a possible complete closure, is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?

Thank you again,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3 [mailto:mcsymonds@bpa.gov]
Sent: Wednesday, July 26, 2017 10:29 AM
To: Hildreth, Shari
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Shari,
Appreciate the online introduction and look forward to working closely with you. I was traveling in Olympia yesterday and missed your note. My apologies.

Things have continued to move forward since Liz's last note and I would like to set-up a call with Scott Wilson – BPA's Account Executive for Cowlitz PUD – and myself to review the Congresswoman's understandings, questions and provide you all with the latest

update. Do you have an opportunity to do this or would you prefer another approach?

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] cell)
(fax)

mcsymonds@bpa.gov

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than

BPA. BPA does have a public process in August to review these forecasts."
From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From:	James,Daniel M (BPA) - D-7
Cc:	Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Symonds,Mark C (BPA) - BD-3; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Subject:	I talked to Elliot
Date:	Wednesday, July 26, 2017 10:00:06 AM

He called a few minutes after reading this – he remains totally supportive of the direction we're headed and understands we may end up as the fall guy – and he's OK with that. Scott, he really appreciates the energy and creativity you've brought to this challenge.

DJ

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 26, 2017 9:00 AM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Wilson, Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Garry Thompson (grthompson@bpa.gov) <grthompson@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: Cowlitz/NORPAC update, 7-26-17

Elliot, we want to let you know about follow-on conversation that Scott Wilson and I had with Rich and Spencer late yesterday. This conversation occurred after your call with Senator Cantwell and after Cowlitz and NORPAC reached out to Rich and Spencer to give their version of Scott's meeting Monday with Cowlitz and NORPAC in Longview. Cowlitz and NORPAC have now begun to look at the details of the 80 aMW-liquidated damages deal we have proposed, and Cowlitz and NORPAC are upset that the liquidated damages approach BPA is proposing only applies when loads are higher than 80 aMW and there are not credits to them if the actual NORPAC loads are lower.

Cowlitz and NORPAC had assumed liquidated damages would work both ways. Yesterday was the first time Scott really discussed details of the mechanism and contract language so it is understandable that there could have been misunderstandings on this point.

In addition, Rich wanted to understand more around the mechanics of the contract. His primary focus was whether the contract contemplated the liquidated damages provision and we explained it could only happen if Cowlitz agreed to incorporate the provision in their BPA contract. We are characterizing this as a settlement that allows BPA to accept the 80 aMW forecast Cowlitz provided, otherwise we would use the 180 aMW BPA forecast based on the plant's full operating level.

Both Cowlitz and NORPAC seemed to have planted the idea with Rich and Spencer that if they don't go with our liquidated damages approach a retreat to the 180 aMW forecast would not be reasonable and that they would want to arbitrate. We explained we hope that doesn't happen and that the liquidated damages provision provides business certainty for Cowlitz and NORPAC because they would know exactly what their costs would be at any given operating level. Not accepting the

option and trying to arbitrate would create a lot of unneeded uncertainty over a likely extended time period and could put even more jobs at risk.

As we finished up the conversation Spencer noted that Senator Cantwell understood the financial importance to BPA of protecting take-or-pay and the potential impacts to other BPA customers. He also expressed her interest in the 400 jobs represented too. Rich asked us to keep the lines of communication with Cowlitz open to keep working on the details, which we will continue to do as we work out the details on the contract language. Rich also mentioned that, while he's not taking sides, it seems to him that Cowlitz and NORPAC and may be setting up BPA to be the fall guy in the event that NORPAC closes some or all of the plant.

DJ

Dan James
Deputy Administrator
BONNEVILLE POWER ADMINISTRATION
bpa.gov | P 503-230-4452

From: Patton,Kathryn B (BPA) - PSS-SEATTLE
To: Wilson,Scott K (BPA) - PSW-6
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6
Subject: FW: Liquidated damages draft Cowlitz
Date: Wednesday, July 26, 2017 8:22:53 AM
Attachments: Liquidated damages draft cowlitz.docx

Good Morning,

Here are some initial thoughts on the draft language.

Kathryn Patton
Public Utilities Specialist | Power Account Services
BONNEVILLE POWER ADMINISTRATION
bpa.gov | P 206-220-6785 | C (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 7:51 AM
To: Bleifuss,Lindsay A (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc: Olive,Kelly J (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6
Subject: FW: Liquidated damages draft cowlitz

Getting the band back together. Want both of you looking at this too. Thanks.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 3:59 PM
To: Weinstein,Jason C (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6
Subject: FW: Liquidated damages draft cowlitz

My attempt to make nearly operational liquidated damages language. Let me know what you think. I can explain what I am trying to accomplish if it's not clear. I need to get something turned around quickly on this because right I need something tangible to ground the conversations because right now the folks in Cowlitz and Norpac are spinning up the political folks and making assertions. Getting to something real will make that harder. Let's talk tomorrow on this if possible. Thanks
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, July 25, 2017 3:50 PM
To: Wilson,Scott K (BPA) - PSW-6 (skwilson@bpa.gov)
Subject: Liquidated damages draft cowlitz

(b) (5)

[redacted]

From: Symonds,Mark C (BPA) - BD-3
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Follow-up on our conversation
Date: Wednesday, July 26, 2017 1:25:52 PM

Excellent. Thank you.

Mark

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 12:48 PM
To: Symonds,Mark C (BPA) - BD-3
Subject: RE: Follow-up on our conversation

Made a few changes but it was very close. I am okay with the statements below now

---

From: Symonds,Mark C (BPA) - BD-3
Sent: Wednesday, July 26, 2017 12:31 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Follow-up on our conversation

Scott,
I have confirmed our call with Shari at 2p this afternoon. Assuming the call goes according to plan, I have prepared the short summary we discussed earlier that I could use as a follow-up with Shari (and likely something similar for Murray's office as well). Please edit as you see fit.

Thank you,
Mark

--- Intended Message ---

Shari,
As we discussed this afternoon, we are pursuing a path to accept the new 80 MW load forecast from Cowlitz PUD for the NORPAC mill load if we can also have a mechanism that protects BPA's take or pay provisions in our 20-year contracts. Such a mechanism would be implemented if the mill load is higher than forecasted and Cowlitz (on behalf of NORPAC) is buying power from a source other than BPA. We do have a regularly scheduled public process in early August to review these forecasts for our customers. Historically, the mill's consumption and forecast have been 180 MW and accepting their 80 MW load forecast entails a 100 MW reduction.

The take or pay provisions establish the foundation for BPA financial health ensuring that our customers purchase the full amount of BPA power available to them via their High Water Mark. If customers were to attempt to purchase power from non-BPA sources outside of their BPA contracts – BPA's costs remain the same, but our revenues fall resulting in higher rates to our remaining customers. So yes, our intent would be to enforce the take-or-pay upon the 80 MW, as well as any consumption that were to take place above 80 MW in the event Cowlitz were to purchase power on

the open market to serve mill requirements above the 80 MW forecast. These provisions recognize the uncertainty around the NORPAC operations this next year and they end up paying a PF equivalent rate for any amount over 80 aMW they choose to operate at. Please let us know if you all have any further questions.

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] (cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Boardman,Sandy (BPA) - A-7
To: James,Daniel M (BPA) - D-7; Wilson,Scott K (BPA) - PSW-6; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Cogswell,Peter (BPA) - DI-7; Ball,Crystal A (BPA) - DIR-7
Subject: RE: Heads up
Date: Wednesday, July 26, 2017 3:18:54 PM

Got it.

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 26, 2017 12:33 PM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Jackson,Melanie M (BPA) - TSE-TPP-2 <mmjackson@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>
Subject: Heads up

Team - Scott and I will call Rich to set the stage, as he suggests.

Sandy - for your awareness. We may need to carve our time on Elliot's calendar soon after he gets back.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Glick, Rich (Energy)" <Rich_Glick@energy.senate.gov>
Date: 7/26/17 11:16 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Gray, Spencer (Energy)" <Spencer_Gray@energy.senate.gov>
Subject: [EXTERNAL] NORPAC/Cowlitz PUD

Hi Dan,

With the understanding that Elliot is in the wilderness and likely unreachable, we were hoping to arrange for a call with him before BPA releases its proposed decision on the load forecasts on Monday? From our end, it would likely be Senator Cantwell's Chief of Staff – Travis Lumpkin, Angela, Spencer and myself.

Spencer and I would also be glad to get on the phone with you all in advance of that conversation with Elliot to better frame the conversation.

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From:	Wilson,Scott K (BPA) - PSW-6
To:	Hannigan IV,Benjamin R (BPA) - A-7
Subject:	RE: Meet with Dan
Date:	Wednesday, July 26, 2017 3:35:00 PM

Yes. I will come up then.

From: Hannigan IV,Benjamin R (BPA) - A-7
Sent: Wednesday, July 26, 2017 3:35 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Meet with Dan

Can you come up at 5pm?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 3:17 PM
To: Hannigan IV,Benjamin R (BPA) - A-7 <brhannigan@bpa.gov>
Subject: RE: Meet with Dan

I am available. I could come up any time or wait until 5:00 if it makes sense.

From: Hannigan IV,Benjamin R (BPA) - A-7
Sent: Wednesday, July 26, 2017 3:07 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: Meet with Dan

Scott, Dan needs to speak with you, today, regarding NORPAC. Are you available? He's in mtgs until 5pm but I can pull him out before then if you can make it up here.

Ben

Ben Hannigan
Executive Associate Officer
Executive Office, A-7
Bonneville Power Administration
U.S. Department of Energy
503.230.5104
brhannigan@bpa.gov

From:	Normandeau,Mike (BPA) - PSE-RONAN
To:	Weinstein,Jason C (BPA) - PSS-6; Landon,Sean M (BPA) - PSSE-MEAD-GOB
Cc:	Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Wilson,Scott K (BPA) - PSW-6; Cicarelli,Andres A (BPA) - KSL-BELL-1
Subject:	RE: Net Requirements FY18 POPD and IDFP
Date:	Wednesday, July 26, 2017 2:58:51 PM

Thanks. I discussed the PUD's situation with Ponderay Newsprint with Scott today. The plan is to stick with the current forecast unless the PUD expresses interest in reassessing their FY 2018 load forecast based on the Cowlitz decision/process for liquidated damages. And then only if they can show a compelling reason to go with something lower. This of course assumes BPA ultimately agrees to offer the liquidated damage option for Slice/Block customers with large loads.

Mike

-----Original Message-----
From: Weinstein,Jason C (BPA) - PSS-6
Sent: Wednesday, July 26, 2017 2:45 PM
To: Normandeau,Mike (BPA) - PSE-RONAN; Landon,Sean M (BPA) - PSSE-MEAD-GOB
Subject: Net Requirements FY18 POPD and IDFP

Mike and Sean -

Here are the draft Net Requirements spreadsheets for Idaho Falls and Pend Oreille PUD.

Please do not distribute externally until after the final BP-18 rates are posted later today.

I included a comparison file with separate tabs for each customer so you can see the changes to some of customer data, rates, and charges in FY17 v FY18.

Let me know if you have any questions.

Jason

Your message is ready to be sent with the following file or link attachments:

NetRequirements_FY18_FY18vFY17_NORMANDEAU_2017.07.26
POPD_NetRequirements_FY18_DRAFT_2017.07.26
IDFP_NetRequirements_FY18_DRAFT_2017.07.26

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.

From:	James,Daniel M (BPA) - D-7
To:	Glick, Rich (Energy)
Cc:	Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject:	RE: NORPAC/Cowlitz PUD
Date:	Wednesday, July 26, 2017 5:38:34 PM

Hi, Rich. I'm sorry for the delay in getting back to you.

Can you and Spencer talk to Scott and me any time after 4:30p your time? Please reply all.

Elliot is still out on Monday, and we are trying to figure out if he would be available for a call. He is off the grid for the next two days, so it may be that we set up a tentative call with larger group (including Travis and Angela) and then adjust if need be.

We'll stand by for the timing of a call tomorrow.

DJ

From: Glick, Rich (Energy) [mailto:Rich_Glick@energy.senate.gov]
Sent: Wednesday, July 26, 2017 11:16 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Gray, Spencer (Energy) <Spencer_Gray@energy.senate.gov>
Subject: [EXTERNAL] NORPAC/Cowlitz PUD

Hi Dan,

With the understanding that Elliot is in the wilderness and likely unreachable, we were hoping to arrange for a call with him before BPA releases its proposed decision on the load forecasts on Monday? From our end, it would likely be Senator Cantwell's Chief of Staff – Travis Lumpkin, Angela, Spencer and myself.

Spencer and I would also be glad to get on the phone with you all in advance of that conversation with Elliot to better frame the conversation.

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: Thompson,Garry R (BPA) - PS-6
To: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: RE: Weird Call from Robert McCullough
Date: Wednesday, July 26, 2017 4:53:27 PM

I agree with Tom. Robert M has not preformed professionally on this and other NW issues. We have a great team at BPA and customer support. GT

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 7/26/17 4:45 PM (GMT-08:00)
To: "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>
Cc: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Subject: RE: Weird Call from Robert McCullough

Thanks Tom
Glad to have a great team that has our and our customer's back.
--Scott

From: Miller,Thomas (BPA) - LP-7
Sent: Wednesday, July 26, 2017 4:18 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Thompson,Garry R (BPA) - PS-6
Subject: RE: Weird Call from Robert McCullough

Ok so stop worrying because this is just a mental game Bob is playing. We will do our job and Cowlitz will try to get us to impose even more costs on all our other customers.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Wednesday, July 26, 2017 4:12 PM
To: Miller,Thomas (BPA) - LP-7
Cc: Thompson,Garry R (BPA) - PS-6
Subject: Weird Call from Robert McCullough

Just had a very brief and odd call with Robert Mcullough just before 4:00. Nothing to do about it but it really felt weird and honestly a bit threatening. It showed as coming from Wisconsin but with all of the rates things going on today I decided to pick up although I usually would have sent an unknown number to voicemail.

Here is what was said

Me: Bonneville Power Administration this is Scott

Robert: Hello. This is Scott?

Me: Yes

Robert: Hi Scott, As a courtesy I wanted to tell you that you that, as you have probably surmised, you have poked a hornets nest in regards to NORPAC and that you are in for a formidable battle. Just wanted to let you know.

Me: Okay?

Robert: Just wanted to give you a courtesy call to let you know. Now I will get back to my vacation. Goodbye

Me: Goodbye.

(b)
(5)

.

From:	Glick, Rich (Energy)
To:	James,Daniel M (BPA) - D-7
Cc:	Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject:	[EXTERNAL] RE: [EXTERNAL] Re: NORPAC/Cowlitz PUD
Date:	Thursday, July 27, 2017 5:21:45 AM

202-224-2871.

Thanks

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: James,Daniel M (BPA) - D-7 [mailto:dmjames@bpa.gov]
Sent: Thursday, July 27, 2017 1:25 AM
To: Glick, Rich (Energy)
Cc: Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject: RE: [EXTERNAL] Re: NORPAC/Cowlitz PUD

Thanks - Scott and I will call then.

What number should we call?

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------

From: "Glick, Rich (Energy)" <Rich_Glick@energy.senate.gov>
Date: 7/26/17 9:14 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Gray, Spencer (Energy)" <Spencer_Gray@energy.senate.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Subject: [EXTERNAL] Re: NORPAC/Cowlitz PUD

Dan -- How about 530 eastern?

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

From: James,Daniel M (BPA) - D-7
Sent: Wednesday, July 26, 2017 8:38 PM
To: Glick, Rich (Energy)
Cc: Baskerville,Sonya L (BPA) - DIN-WASH; Gray, Spencer (Energy); Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Cowlitz PUD

Hi, Rich. I'm sorry for the delay in getting back to you.

Can you and Spencer talk to Scott and me any time after 4:30p your time? Please reply all.

Elliot is still out on Monday, and we are trying to figure out if he would be available for a call. He is off the grid for the next two days, so it may be that we set up a tentative call with larger group (including Travis and Angela) and then adjust if need be.

We'll stand by for the timing of a call tomorrow.

DJ

From: Glick, Rich (Energy) [mailto:Rich_Glick@energy.senate.gov]
Sent: Wednesday, July 26, 2017 11:16 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Gray, Spencer (Energy) <Spencer_Gray@energy.senate.gov>
Subject: [EXTERNAL] NORPAC/Cowlitz PUD

Hi Dan,

With the understanding that Elliot is in the wilderness and likely unreachable, we were hoping to arrange for a call with him before BPA releases its proposed decision on the load forecasts on Monday? From our end, it would likely be Senator Cantwell's Chief of Staff – Travis Lumpkin, Angela, Spencer and myself.

Spencer and I would also be glad to get on the phone with you all in advance of that conversation

with Elliot to better frame the conversation.

Thanks,

Rich

Rich Glick
Democratic General Counsel
Committee on Energy and Natural Resources
United States Senate

Rich_glick@energy.senate.gov
(202) 224-2871

From: Wilson,Scott K (BPA) - PSW-6
To: Miller,Thomas (BPA) - LP-7; Olive,Kelly J (BPA) - PSS-6
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6; Weinstein,Jason C (BPA) - PSS-6
Subject: RE: Liq. Damages Draft_with TM edits
Date: Thursday, July 27, 2017 4:06:56 PM

I will mark it as such. Thank You.

From: Miller,Thomas (BPA) - LP-7
Sent: Thursday, July 27, 2017 4:05 PM
To: Wilson,Scott K (BPA) - PSW-6; Olive,Kelly J (BPA) - PSS-6
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6; Weinstein,Jason C (BPA) - PSS-6
Subject: RE: Liq. Damages Draft_with TM edits

Ok these guys are outside parties and If you do send it out , then it is no longer pre-decisional in the sense that it cannot be protected from disclosure. It may be draft only , i.e. proposed contract language and you should mark it as such.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 27, 2017 4:00 PM
To: Miller,Thomas (BPA) - LP-7; Olive,Kelly J (BPA) - PSS-6
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6; Weinstein,Jason C (BPA) - PSS-6
Subject: RE: Liq. Damages Draft_with TM edits

I plan to send the draft to Gary Huhta and Bob Essex at Cowlitz.

From: Miller,Thomas (BPA) - LP-7
Sent: Thursday, July 27, 2017 2:35 PM
To: Wilson,Scott K (BPA) - PSW-6; Olive,Kelly J (BPA) - PSS-6
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6; Weinstein,Jason C (BPA) - PSS-6
Subject: RE: Liq. Damages Draft_with TM edits

So remind me to whom you are sending this document?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 27, 2017 2:30 PM
To: Olive,Kelly J (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Traetow,Emily G (BPA) - PSR-6; Weinstein,Jason C (BPA) - PSS-6
Subject: RE: Liq. Damages Draft_with TM edits

Thanks Kelly. Before I send it out with the caveat that its predecisional and subject to change any last comments Tom?

From: Olive,Kelly J (BPA) - PSS-6
Sent: Thursday, July 27, 2017 1:55 PM
To: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: Liq. Damages Draft_with TM edits

PREDECISIONAL, INTERNAL USE ONLY

kelly olive
contract technical lead

bpa, pss-6
p.o. box 3621
portland, or 97208
phone: 503.230.4735

From:	James,Daniel M (BPA) - D-7
To:	Boardman,Sandy (BPA) - A-7; Cogswell,Peter (BPA) - DI-7; Mainzer,Elliot E (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6
Cc:	Mainzer,Elliot E (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7
Subject:	Call with Cantwell staff RE: Cowlitz & NORPAC - Monday?
Date:	Thursday, July 27, 2017 11:20:16 AM
Attachments:	image001.png

For Monday Rich Glick has requested a call with Elliot and Cantwell's senior staff - Chief of Staff Travis Lumpkin, Angela Becker-Dippmann, Spencer Gray and Rich himself.

I know Elliot us still out Monday, but can you find out if and when he may have windows of opportunity for a call with them?

Scott and I will join that call.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>
Date: 7/27/17 9:55 AM (GMT-08:00)
To: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Ball,Crystal A (BPA) - DIR-7" <caball@bpa.gov>, "Marker,Douglas R (BPA) - DIR-7" <drmarker@bpa.gov>, "Herrin,Janet C (BPA) - K-7" <jcherrin@bpa.gov>, "Jones,Sheron M (BPA) - DIN-WASH" <smjones@bpa.gov>
Cc: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>
Subject: RE: [EXTERNAL] RE: Secretary Perry's visit to NW w/Congressman Walden

Good morning all,

Spoke with Elliot this morning and he is willing and ready to attend the roundtable meeting on the 14th if he can have transportation (i.e. BPA plane?) arranged to pick him up in Redmond and bring him back following the meeting. He is in Black Butte with family and friends and would be difficult for him to take the time to drive to and back from the meeting. Can someone please confirm with me if this is possible? I am talking to him again tomorrow.

Thanks.

Sandy Boardman

Executive Officer

Bonneville Power Administration

U.S. Department of Energy

503.230.5102

sxboardman@bpa.gov

From: Cogswell,Peter (BPA) - DI-7
Sent: Tuesday, July 25, 2017 2:33 PM
To: Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Marker,Douglas R (BPA) - DIR-7 <drmarker@bpa.gov>; Herrin,Janet C (BPA) - K-7 <jcherrin@bpa.gov>; Jones,Sheron M (BPA) - DIN-WASH <smjones@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>; Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>; Bowers,Rebecca S (BPA) - A-7 <rsbowers@bpa.gov>
Subject: RE: [EXTERNAL] RE: Secretary Perry's visit to NW w/Congressman Walden

Thanks Sonya.

List of assignments looks good. Agree on close hold, but I am copying Dan, Elliot, Sandy and Rebecca. Elliot is scheduled to be on leave that week, and I know he will want to do this, so we need to get a hold on his calendar and make sure he knows it is a possibility.

Also, Crystal and I met with Janet and I think we are coordinated, she had some good advice for the memo and any talking points, etc. given her experiences on both sides of these visits. Doug can connect with Crystal on the approach. One other point, Janet reminded us that she will be back in DC at the end of next week – so there may be a coordination opportunity there as necessary – at least something to factor in.

Great work connecting with Dan.

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Tuesday, July 25, 2017 2:15 PM
To: Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>; Marker,Douglas R (BPA) - DIR-7 <drmarker@bpa.gov>; Herrin,Janet C (BPA) - K-7 <jcherrin@bpa.gov>; Jones,Sheron M (BPA) - DIN-WASH <smjones@bpa.gov>
Subject: FW: [EXTERNAL] RE: Secretary Perry's visit to NW w/Congressman Walden
Importance: High

Hey there. I met with Dan Wilmot today. The date for the McNary Dam tour and the Chairman's proposed energy roundtable are August 14 in the afternoon. The dam tour very likely around 4:00-ish (according to Riley Bushue in Walden's office) and 5:00-ish for the roundtable. Dan said those times were about right but he said he could only commit to "afternoon" at this point. Hanford is the next day.

Of course, both Dan and Riley confirmed that they would really like the Administrator to be on the tour and at the roundtable. Riley had yet to touch base with the Corps on the tour because they just set the date today, so when I hear back that he has contacted the Corps, we should touch base with the Corps to offer to help for the tour in any way we can.

We of course will have to write a briefing memo for the Secretary that includes information about our connection to the dam (including marketing, investment, etc.), what issues Walden might be expected to raise about BPA and any regional energy etc. (i.e., server farms), and any other regional energy matters that may be useful for the Secretary to be prepared for.

Dan also would like a sketch of the various folks Walden intends to invite to the roundtable, to the extent we know them. Riley said they are thinking of coops, county government folks, us, and economic development folks. I will be in touch with him once they get their list together.

Not sure whether the Chairman intends to have press at the tour or roundtable. I have a call into Riley about that.

So, I think we need to handle this similar to the way we handled the S2 visit with a close hold until we know enough to be certain of the moving pieces.

In the meantime, though, we could get started compiling the briefing memo. I assume Doug would be the document gatherer? Crystal would have inputs for the Walden energy issues, including the Prineville example and others. Todd Miller already has written good information on wholesale market issues that we could briefly through into the memo just because we want to highlight that issue everywhere. Wayne Todd would be a good contact for any BPA specific information on McNary Dam such as how much we have invested over the last 10 years or so (I think we also need the basic stats about the dam which can be pulled off of the Corps' website).

That's it for now. Any other Walden related item that I'm missing for the briefing paper outline? Everyone think those are your assignments?

Thanks!

Sonya Baskerville
Manager, National Relations Office
Bonneville Power Administration
1000 Independence Ave., SW, 8G-061
Washington, DC 20585

202-586-5640 (o)
(b) (6) [redacted] (c)

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 24, 2017 10:48 PM
To: Wilmot, Dan
Subject: RE: [EXTERNAL] RE: Secretary Perry's visit to NW w/Congressman Walden

Will do. Thanks!

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "Wilmot, Dan" <Dan.Wilmot@hq.doe.gov>
Date: 7/24/17 8:16 PM (GMT-05:00)
To: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Cc: brett.fetterly@hq.doe.gov, "McCormack, Brian" <Brian.Mccormack@hq.doe.gov>
Subject: [EXTERNAL] RE: Secretary Perry's visit to NW w/Congressman Walden

Thanks Sonya. Lets get together in the next day or two to discuss.

dan

From: Baskerville,Sonya L (BPA) - DIN-WASH [mailto:slbaskerville@bpa.gov]
Sent: Monday, July 24, 2017 7:25 PM
To: Wilmot, Dan <Dan.Wilmot@hq.doe.gov>
Cc: brett.fetterly@hq.doe.gov; McCormack, Brian <Brian.Mccormack@hq.doe.gov>
Subject: Secretary Perry's visit to NW w/Congressman Walden
Importance: High

Hello, Dan. I left a message for you also with your assistant. Chairman Walden's staff informed BPA about the Secretary's planned visit to the NW and particularly the Chairman's district. I wanted to touch base with you or whoever is coordinating the visit to assist with any involvement you wish to have from BPA.

Our understanding is that the Secretary will be touring McNary Dam. We assume you already are working with the Corps of Engineers and Major General Spellmon on that visit. BPA Administrator Elliot Mainzer would be happy to join that tour and could speak to our close relationship with the Corps for marketing, operations, and maintenance of that dam.

Also we understand that the Secretary wishes to host or participate in an energy summit while he is in the Chairman's district. BPA also may help you with any information you may need from us for that meeting. As you know, BPA provides about 35-40 percent of the power marketed in the region and owns and operates about 75-percent of the high voltage transmission in the region.

I understand that there are a couple of dates in mind for the trip, either August 8-9 or August 14-15. Consistent with the conversation you and Elliot had a couple of weeks ago, this would be a great opportunity for the Secretary to meet the Administrator.

Please let me know if there is any information or coordination you need from BPA to prepare for the visit.

Thanks!

Sonya Baskerville

BPA National Relations

202.253.7352

From:	Roghair,Wally (BPA) - PSS-6
To:	Roghair,Wally (BPA) - PSS-6; Wilson,Scott K (BPA) - PSW-6
Subject:	Conversation with Roghair,Wally (BPA) - PSS-6
Date:	Thursday, July 27, 2017 10:46:53 AM

---

war9230@bud.bpa.gov 10:28 AM:

it looks like Norpac may have dropped (shut down?) its load this morning, before 9:00

Wilson,Scott K (BPA) - PSW-6 10:29 AM:

Keep me posted. It is likely some kind of an electrical blip as nothing has been mentioned in the press about anything changing as far as their operations. Usually they would let their workers know.

Roghair,Wally (BPA) - PSS-6 10:34 AM:

I will pull the data and show you. it could be a real thing

Wilson,Scott K (BPA) - PSW-6 10:34 AM:

Thank you.

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Subject: Cowlitz Net Requirement
Date: Thursday, July 27, 2017 9:36:00 AM

Good Morning Reed
With the uncertainty around where we ultimately end up with Cowlitz we need to make an interim call on what to use for their net requirement now. My sense for now is that we should assume success in Cowlitz agreeing to add the liquidated damages charges which will allow us to use their 80 aMW forecast for NORPAC. Ultimately I think and hope that is where we will end up at the end of the public process.

So what I would like to do is use 80 aMW for purposes of calculating the net requirements we use for the upcoming transparency process but with a caveat footnote that BPA's will only end up there in the final if Cowlitz agrees to liquidated damages, otherwise the forecast would be higher by aMW.

--Scott

From:	Olive,Kelly J (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	draft cowlitz liq. clean and red
Date:	Thursday, July 27, 2017 11:55:51 AM
Attachments:	Liquidated damages draft cowlitz redline.docx Liquidated damages draft cowlitz clean 7_27_17.docx

---

Scott,

Attached are the draft edits from the 6th floor (and Kate). This is the version (clean) I'm taking to Tom for review. Note Emily's review and changes to section 4.3 in particular (monthly tracking). She changed the methodology and wasn't sure you'd be happy with it.

Again, the attached haven't yet been reviewed by Tom. Doing that now.

kelly olive
contract technical lead
bpa, pss-6
p.o. box 3621
portland, or 97208
phone: 503.230.4735

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	Jackson,Melanie M (BPA) - TSE-TPP-2
Subject:	Fwd: NORPAC letter, 7-27-17
Date:	Friday, July 28, 2017 2:44:15 PM
Attachments:	BPA.NORPAC.pdf
Importance:	High

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/28/17 9:54 AM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Jensen,Mary K (BPA) - L-7" <mkjensen@bpa.gov>, "Horton,Caren M (CONTR) - A-7" <cmhorton@bpa.gov>, "Hannigan IV,Benjamin R (BPA) - A-7" <brhannigan@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>
Subject: NORPAC letter, 7-27-17

This just landed in Elliot's inbox.

I'm adding Mary to this string only because she is shown as a cc on the letter.

Please work with Caren and Ben to find a time for us to meet today to discuss this.

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 7/28/17 9:41 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: FW: Clarified Subject - NORPAC Load Forecast

FYI

Sandy Boardman

Executive Officer

Bonneville Power Administration

U.S. Department of Energy

503.230.5102

sxboardman@bpa.gov

From: Sisson, Karen [mailto:Karen.Sisson@norpacpaper.com]
Sent: Thursday, July 27, 2017 3:19 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Anneberg, Craig <craig.anneberg@norpacpaper.com>; skern@cowlitzpud.org; ghuhta@cowlitzpud.org; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>
Subject: [EXTERNAL] Clarified Subject - NORPAC Load Forecast

Good Afternoon Mr. Mainzer,

On behalf of Craig Anneberg, attached is a copy of NORPAC's response to BPA's position regarding NORPAC's 2018 load forecast. The original will be mailed to you. Should you have any questions, please contact Mr. Anneberg directly.

Thank you.

Karen Sisson

EA/Project Coordinator
North Pacific Paper Company

Office: 360.636.6499

Mobile: (b) (6) [redacted]

karen.sisson@norpacpaper.com

Click on the link below and check out our newest line of copy paper.

ORCA
COPY PAPER
BOLD FEARLESS BRIGHT

NORPAC
QUALITY. CONSISTENCY. INNOVATION.

July 27, 2017

VIA EMAIL AND FIRST CLASS MAIL

Mr. Elliot Mainzer
Administrator
Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

Re: North Pacific Paper Company, LLC/Public Utility District No. 1 of Cowlitz County Washington/Bonneville Power Administration – Acceptance of Load Forecast

Dear Mr. Mainzer:

I write this letter on behalf of North Pacific Paper Company, LLC (NORPAC), which is currently involved in a dispute with BPA in connection with forecasting loads. Under BPA's Power Sales Agreement with Public Utility District No. 1 of Cowlitz County Washington (Cowlitz) effective October 1, 2011 (Agreement), Cowlitz provides BPA with a forecast of its total retail load for each contract year. In turn, NORPAC has its own Electric Service Agreement with Cowlitz effective October 1, 2011 (Service Agreement), which is a pass-through contract under which NORPAC provides Cowlitz with NORPAC's annual load forecast, which represents an oversize proportion of Cowlitz's annual load forecast to BPA.

NORPAC has provided Cowlitz with a forecast of 80 MW for the contract year beginning October 1, 2017, which Cowlitz has accepted as commercially reasonable under the Service Agreement. Cowlitz has used NORPAC's forecast to forecast its BPA load. BPA has until July 31, 2017, to determine whether Cowlitz's forecast is reasonable or not reasonable. Scott Wilson, Acting Manager of BPA's Western Customer Service Area, has advised Cowlitz and NORPAC that BPA intends to reject Cowlitz's load forecast, and thus NORPAC's load forecast, as not reasonable. Mr. Wilson has told Cowlitz and NORPAC that BPA instead intends to assign a 180 MW load to NORPAC when BPA renders its final decision on loads on September 15, 2017. Because the Agreement and the Service Agreement are "take or pay" contracts, BPA's actions would impose a more than $31.5 million surcharge on NORPAC for a 180 MW load that more than doubles NORPAC's actual expected load based on market pricing.

BPA has no valid basis to reject the Cowlitz or NORPAC load forecasts. NORPAC has presented to BPA a summary of the bases of its forecast and has offered to provide BPA with access to its books and records to verify the validity of the forecast. Although BPA previously agreed to such a review, it subsequently canceled the review and has not rescheduled it. BPA appears to be relying solely on NORPAC's load from the current contract year, which is a gross departure from BPA's own historical modeling methodology that it has practiced for decades. Refusing the opportunity to review NORPAC's records and then departing from BPA's long-standing modeling practices to reject NORPAC's forecast is the definition of an arbitrary and capricious action by the agency and constitutes an abuse of discretion.

NORPAC demands that BPA reconsider its arbitrary decision to reject NORPAC's forecast. At a minimum, BPA cannot make this decision without first examining NORPAC's books and records. NORPAC remains open to such an examination before July 31, 2017, so that BPA will have a basis to decide whether Cowlitz's (and NORPAC's) forecast is reasonable or not reasonable. We are confident that such an examination will lead BPA to conclude that the NORPAC forecast is reasonable, as Cowlitz has already concluded, and hence that Cowlitz's forecast is reasonable.

BPA's imposition of a 180 MW load forecast on NORPAC is economically untenable for our client, which employs approximately 400 production employees from Washington and Oregon and contributes millions to the economies of the two states through its operation of three production lines at its Longview plant. Should BPA reject the Cowlitz forecast, NORPAC intends to pursue whatever legal remedies are available to it to prevent the irreparable harm NORPAC will suffer as a result of BPA's arbitrary action.

Sincerely,

Craig Anneberg

Craig Anneberg

cc (by email): Steve Kern
Gary Huhta
Mary Jensen

039226/00005/8231678v1

From:	Wilson,Scott K (BPA) - PSW-6
To:	Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Cc:	Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject:	RE: FY18 Net Requirements Transparency Process
Date:	Thursday, July 27, 2017 11:34:00 AM
Attachments:	NR Transparency TP.docx

Attached is a new version of the talking points filled in with a number of questions that explain the concept of the proposal.

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Tuesday, July 25, 2017 2:07 PM
To: Miller,Thomas (BPA) - LP-7; Wilson,Scott K (BPA) - PSW-6
Cc: Patton,Kathryn B (BPA) - PSS-SEATTLE
Subject: FY18 Net Requirements Transparency Process

Tom and Scott -

Attached are talking points for AEs on the Cowlitz load forecast issue.

Please review/edit.

Once I have your input I'll work with Public Affairs.

Thanks

Jason

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Miller,Thomas (BPA) - LP-7
To:	Weinstein,Jason C (BPA) - PSS-6; Wilson,Scott K (BPA) - PSW-6; Davis,Reed C (BPA) - KSL-4
Cc:	Johnson,Tim A (BPA) - LP-7
Subject:	FY18 Net Requirements Transparency Process.docx
Date:	Thursday, July 27, 2017 10:05:41 AM
Attachments:	FY18 Net Requirements Transparency Process.docx

My comments.

(b) (5)

(b) (4)

(b) (4)

From:	Olive,Kelly J (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject:	Liq. Damages Draft_with TM edits
Date:	Thursday, July 27, 2017 1:54:45 PM
Attachments:	Liquidated damages draft cowlitz clean 7_27_17.docx Liquidated damages draft cowlitz redline 7_27_17.docx

---

PREDECISIONAL, INTERNAL USE ONLY

kelly olive
contract technical lead
bpa, pss-6
p.o. box 3621
portland, or 97208
phone: 503.230.4735

(b) (5)

[redacted]

(b) (5)

(b) (5)

[redacted]

(b) (5)

From:	Miller,Thomas (BPA) - LP-7
To:	Olive,Kelly J (BPA) - PSS-6; Wilson,Scott K (BPA) - PSW-6; Traetow,Emily G (BPA) - PSR-6
Subject:	Liquidated damages draft cowlitz clean 7_27_17.docx
Date:	Thursday, July 27, 2017 3:56:16 PM
Attachments:	Liquidated damages draft cowlitz clean 7_27_17.docx

---

My comments.

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

From: Miller,Thomas (BPA) - LP-7
To: Wilson,Scott K (BPA) - PSW-6; Weinstein,Jason C (BPA) - PSS-6
Subject: NR Transparency TP.docx
Date: Thursday, July 27, 2017 2:31:36 PM
Attachments: NR Transparency TP.docx

Comments on the changes made. Label this Predecisional - OUO.

(b) (5)

[redacted]

(b) (5)

[redacted]

From: Davis,Reed C (BPA) - KSL-4
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Cowlitz Net Requirement
Date: Thursday, July 27, 2017 2:55:05 PM

I have draft numbers, Do you care to see them? What can I supply you in addition to FY 2018 to assist?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 27, 2017 9:36 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Subject: Cowlitz Net Requirement

Good Morning Reed
With the uncertainty around where we ultimately end up with Cowlitz we need to make an interim call on what to use for their net requirement now. My sense for now is that we should assume success in Cowlitz agreeing to add the liquidated damages charges which will allow us to use their 80 aMW forecast for NORPAC. Ultimately I think and hope that is where we will end up at the end of the public process.

So what I would like to do is use 80 aMW for purposes of calculating the net requirements we use for the upcoming transparency process but with a caveat footnote that BPA's will only end up there in the final if Cowlitz agrees to liquidated damages, otherwise the forecast would be higher by aMW.

--Scott

(b) (5)

(b) (5)

(b) (5)

From: Wilson,Scott K (BPA) - PSW-6
To: Davis,Reed C (BPA) - KSL-4
Subject: RE: Cowlitz Net Requirement
Date: Thursday, July 27, 2017 3:57:00 PM

At this point FY2018 is what we need for now. Thank You.
--Scott

From: Davis,Reed C (BPA) - KSL-4
Sent: Thursday, July 27, 2017 2:55 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Cowlitz Net Requirement

I have draft numbers, Do you care to see them? What can I supply you in addition to FY 2018 to assist?

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, July 27, 2017 9:36 AM
To: Davis,Reed C (BPA) - KSL-4
Cc: Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Subject: Cowlitz Net Requirement

Good Morning Reed
With the uncertainty around where we ultimately end up with Cowlitz we need to make an interim call on what to use for their net requirement now. My sense for now is that we should assume success in Cowlitz agreeing to add the liquidated damages charges which will allow us to use their 80 aMW forecast for NORPAC. Ultimately I think and hope that is where we will end up at the end of the public process.

So what I would like to do is use 80 aMW for purposes of calculating the net requirements we use for the upcoming transparency process but with a caveat footnote that BPA's will only end up there in the final if Cowlitz agrees to liquidated damages, otherwise the forecast would be higher by aMW.

--Scott

From:	Symonds,Mark C (BPA) - BD-3
To:	James,Daniel M (BPA) - D-7
Cc:	Cogswell,Peter (BPA) - DI-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Ball,Crystal A (BPA) - DIR-7; Bowers,Rebecca S (BPA) - A-7; Hannigan IV,Benjamin R (BPA) - A-7
Subject:	RE: NORPAC/Per Congresswoman Herrera Beutler
Date:	Thursday, July 27, 2017 1:29:00 PM

Great. I spoke with the Front Office and a meeting request forthcoming for Dan, Scott and Mark to speak with Shari Hildreth from Congresswoman Herrera Beutler's office at 430p this afternoon.

Thank you,
Mark

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 27, 2017 12:50 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Cogswell,Peter (BPA) - DI-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Ball,Crystal A (BPA) - DIR-7; Bowers,Rebecca S (BPA) - A-7; Hannigan IV,Benjamin R (BPA) - A-7
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

I'd be happy to join.

Adding Rebecca and Ben to this string. If this pushes past today, please work with Ben. Rebecca is on leave tomorrow and next week.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Date: 7/27/17 12:26 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>

Cc: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Ball,Crystal A (BPA) - DIR-7" <caball@bpa.gov>
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Dan,
There are two reasons it may be good for you to join Scott and I in calling Shari a second time: 1) it might close off the Congresswoman's inquiry faster; and 2) you have a relationship with Shari whereas Scott and I are coming in fresh with her. That said, Scott and I are happy to have a second call with her to provide an answer to her question, but wanted to leave the option open for you to join. Let us know.

Thank you,
Mark

From: James,Daniel M (BPA) - D-7
Sent: Thursday, July 27, 2017 8:54 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Cogswell,Peter (BPA) - DI-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Ball,Crystal A (BPA) - DIR-7
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Good deal - your plan for a call with her feels just right.

Let me know if you would like me to join. I know Shari well. But it seems that you guys have this handled.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>

Date: 7/27/17 8:44 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Ball,Crystal A (BPA) - DIR-7" <caball@bpa.gov>
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Shari's latest note did not ask for a written response. Nor did she ask for one on the call with Scott and I. And in her latest note, she says she asked it because someone approached her about the concept.

Her earlier note from Tuesday which I forwarded yesterday asked for a formal position and formal verification but did not ask for a written response.

In setting up yesterday's call, I asked if the call with Scott and I would be sufficient response and at the time she had said yes.

Let us know if you have any further questions.

Thank you,
Mark

Sent from my Verizon 4G LTE smartphone
-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/26/17 10:58 PM (GMT-08:00)
To: "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Ball,Crystal A (BPA) - DIR-7" <caball@bpa.gov>
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Thanks, Mark. I'm copying the team here for everyone's awareness.

Did Shari ask you for a written response?

Given the growing intensity of this issue, I'd like to chat with you and the team before we go deeper into a back-and-forth with another congressional office.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Date: 7/26/17 5:19 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Cc: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>
Subject: FW: NORPAC/Per Congresswoman Herrera Beutler

Dan,
FYI - Shari Hildreth, District Director for Congresswoman Herrera Beutler asks directly, if there "is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?"

Unless we hear otherwise, Scott and I are planning to work with Tom Miller to craft an appropriate response. We believe the simple answer is: no, there have been two concepts discussed – 180 MW and 80 MW with liquidated damages. The lower forecast and LDs strives to provide flexibility to Cowlitz PUD and NORPAC, while also protecting BPA's financial health for the benefit of all our customers. There will be a public process on this matter starting in August.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Wednesday, July 26, 2017 4:45 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] RE: NORPAC/Per Congresswoman Herrera Beutler

Hi Mark,

Thanks very much again for taking the time to do a call today.

There is one more thing that I neglected to raise when we spoke. When we (the 3 delegation offices) met with NORPAC, the company said that if they aren't able to have a year to purchase any power they might need above the 80MW on the open market, rather than being required to purchase the additional power under Tier 1 rates, then there is a major risk of whether they will even be operating a year from now. They also noted in the meeting we had that they need a year

with lower power rates in order to use the savings to retool to a different product stream to get back on their feet economically. Given the chance of a possible complete closure, is there a chance that the agency would accept their forecast for a year without the liquidated damages clause?

Thank you again,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3 [mailto:mcsymonds@bpa.gov]
Sent: Wednesday, July 26, 2017 10:29 AM
To: Hildreth, Shari
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC/Per Congresswoman Herrera Beutler

Shari,
Appreciate the online introduction and look forward to working closely with you. I was traveling in Olympia yesterday and missed your note. My apologies.

Things have continued to move forward since Liz's last note and I would like to set-up a call with Scott Wilson – BPA's Account Executive for Cowlitz PUD – and myself to review the Congresswoman's understandings, questions and provide you all with the latest update. Do you have an opportunity to do this or would you prefer another approach?

Thank you,
Mark

Mark Symonds
Washington Liaison, *acting*

Bonneville Power Administration
905 NE 11th Avenue
Portland, OR 97232

503 230-3027 (direct)
(b) (6) [redacted] (cell)
503-230-3681 (fax)

mcsymonds@bpa.gov

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Tuesday, July 25, 2017 11:19 AM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] NORPAC/Per Congresswoman Herrera Beutler
Importance: High

Hi Mark,

We haven't had the opportunity to meet, but I know Liz well and have worked with her for several years. Thanks very much for being there to assist the Congressional offices!

I was in a meeting with the Congresswoman and the Cowlitz PUD regarding the NORPAC issue this morning, and she has asked me to speak with Dan James to get a formal verification of what forecast the BPA will be accepting for the company. There is a great deal of confusion about what is happening right now, and the Congresswoman is directly involved and is seeking clarification. Liz previously sent this email out, and we want to verify that it is the formal position of the agency:

"BPA just received the Cowlitz PUD forecast minutes before 5 pm Friday, June 30 and management is reviewing it. If it is consistent with what Cowlitz and Norpac have been saying this week to BPA leads about an 80 MW load, then BPA is pursuing a path to accept the new load forecast from Cowlitz PUD if BPA can also have a mechanism that protects BPA's take or pay provisions in its 20-year contracts. Such a mechanism would be implemented if the industrial load is higher than forecasted and the industry is buying power from a source other than BPA. BPA does have a public process in August to review these forecasts."

From previous conversations and based on info from the Senate Committee (through Dena Horton), we are understanding this to mean that the 80MW forecast will be accepted, but with the following provisions:

- The "take or pay" provision will be enforced up to the 80MW forecast.
- Any additional power that would need to be purchased will be done at the Tier 1 rates, but it can be at 1MW at a time.
- The caveat is that they cannot go to the open market to purchase the power—they must agree to purchase any additional power under Tier 1 rates.

Are we understanding this correctly? I need formal verification as soon as possible.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

(b)
(5)

(b)
(5)

[redacted]

(b) (5)

From: Weinstein Jason C (BPA) - PSS-6
To: Davis Reed C (BPA) - KSL-4; Patton Kathryn B (BPA) - PSS-SEATTLE
Cc: Wilson Scott K (BPA) - PSW-6; Miller Thomas (BPA) - LP-7
Subject: RE: TRL Forecasts for Slice/Block NR process
Date: Monday, July 31, 2017 3:43:29 PM

Reed-

Since the values we rec'd in the forecast are a summation of all of Cowlitz load it challenging for me to do anything more than compare it to the FY17 TRL forecast.

Were there other load reductions in the FY18 Cowlitz forecast? In each forecast month the load reduction FY18 –FY17 is at least close to 3x the 29 aMW reduction for NORPAC reducing operations from 209 aMW to 180 aMW.

Jason

Cowlitz County PUD						FY18	FY17 NR TRL Fx	FY18-FY17
Customer	Energy (Mwh)	HLH Energy (Mwh)	LLH Energy (Mwh)	Peak (Mw)				
Oct-17	402,681.9	229,777.3	172,904.6	622.1	744	541.2391	636.414	-95.17487903
Nov-17	411,902.8	233,077.0	178,825.8	656.7	721	571.2937	726.739	-155.4452677
Dec-17	448,427.5	247,931.8	200,495.8	692.8	744	602.7251	749.295	-146.5698656
Jan-18	446,637.3	255,946.5	190,690.8	690.0	744	600.3189	739.713	-139.3940739
Feb-18	395,988.5	231,653.0	164,335.5	677.4	672	589.2686	726.74	-137.4714449
Mar-18	424,289.3	252,395.8	171,893.5	656.3	743	571.0489	707.629	-136.5801265
Apr-18	399,281.9	226,235.7	173,046.2	637.5	720	554.5582	685.593	-131.0347528
May-18	400,126.9	228,088.5	172,038.5	618.2	744	537.805	642.908	-105.1029758
Jun-18	384,946.6	226,932.8	158,013.8	614.5	720	534.648	617.757	-83.10895278
Jul-18	384,586.8	211,781.1	172,805.7	594.1	744	516.9178	615.765	-98.84724059
Aug-18	389,432.8	229,022.1	160,410.7	601.6	744	523.4311	616.61	-93.17888441
Sep-18	367,324.8	201,141.1	166,183.8	586.4	720	510.1734	622.381	-112.2076486

From: Davis,Reed C (BPA) - KSL-4
Sent: Thursday, July 27, 2017 4:06 PM
To: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: TRL Forecasts for Slice/Block NR process

Jason & Kate

Attached is the file with the TRL forecasts for the NR process. The only change I made to the file was to Cowlitz. I followed Tom Millers advice to forecast Norpac at 180 aMW a decrease from the past operating level of 209 aMW.

Because of the sensitivity of the Cowlitz forecast, I would appreciate your review of the forecast. If you see anything you question, please let me know.

Thanks,
Reed

From: Gary Huhta
To: Wilson,Scott K (BPA) - PSW-6; Bob Essex; Chris Velat
Subject: [EXTERNAL] RE: Liquidated Damages Draft
Date: Friday, July 28, 2017 3:02:11 PM

Scott,
I don't think we need anything further in Section 4.1. We will share with BPA the same measured NORPAC load data that we use now for our monthly invoicing in order for BPA to calculate the LDs. I see no reason to add more language to Section 4.1, looks like you got it covered.
Gary.

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Friday, July 28, 2017 7:56 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>; Bob Essex <Bessex@cowlitzpud.org>; Chris Velat <cvelat@cowlitzpud.org>
Subject: Liquidated Damages Draft

EXTERNAL: Think Before You Click!

Attached is draft language for the liquidated damages approach we have been talking about in regards to the NORPAC load. It is draft and has not been through any of BPA's formal reviews but I think it's close and it's time to get it into your hands so the details are clear. You will note in the draft that we need your help describing the way the measurement works so we get that part of the language right. Thanks for your help and perseverance through this process. I'm sure we will talk soon.
--Scott

From:	Wilson,Scott K (BPA) - PSW-6
To:	Olive,Kelly J (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7; Bleifuss,Lindsay A (BPA) - PSS-6
Cc:	Symonds,Mark C (BPA) - BD-3
Subject:	FW: Liquidated Damages Draft
Date:	Friday, July 28, 2017 7:57:00 AM
Attachments:	Liquidated Damages Draft.docx

FYI

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 28, 2017 7:56 AM
To: Gary Huhta (ghuhta@cowlitzpud.org); bessex@cowlitzpud.org; Chris Velat (cvelat@cowlitzpud.org)
Subject: Liquidated Damages Draft

Attached is draft language for the liquidated damages approach we have been talking about in regards to the NORPAC load. It is draft and has not been through any of BPA's formal reviews but I think it's close and it's time to get it into your hands so the details are clear. You will note in the draft that we need your help describing the way the measurement works so we get that part of the language right. Thanks for your help and perseverance through this process. I'm sure we will talk soon.
--Scott

4. LIQUIDATED DAMAGES FOR POWER NOT TAKEN

Starting October 1, 2018 through September 30, 2019, BPA shall charge Cowlitz for liquidated damages calculated pursuant to this section 4 for each MWh that Cowlitz's NORPAC load is in excess of the amounts used to calculate their Annual Net Requirement.

4.1 Monthly Load Amounts

For purposes of this section 4, Cowlitz's NORPAC Load is defined as all load consumed at the NORPAC facilities as measured and billed by Cowlitz. (Need Cowlitz's help to fill in the information to make this billable and operational)

For each month Cowlitz shall provide BPA the actual metered monthly NORPAC Load by the 10th of the following month for BPA to use in the calculation of liquidated damages. The NORPAC Load forecast MWh amount for each month is established in the table below.

(Insert Table A Here)

4.2 Liquidated Damages Charge

The liquidated damages charges are calculated using the Load Shaping Charge True-Up Rate of $12.75/MWh, which is subject to adjustment during the Rate Period in accordance with section II.E of the BP-18 Power Rate Schedules and General Rate Schedule Provisions. If the FY 2018 Load Shaping Charge True-Up rate is adjusted, then BPA will use the adjusted Load Shaping Charge True-Up rate for all 12 monthly liquidated damages charges when calculating the annual amount.

4.3 Monthly Tracking

BPA will calculate liquidated damages charge each month by multiplying the difference between the monthly metered NORPAC Load forecast amounts from Table A for the given month by the applicable Load Shaping Charge True-Up Rate. These monthly liquidated damages charges may be positive or negative. BPA will track the total monthly charges on a rolling basis.

4.4 Annual Liquidated Damages Charge

The annual amount BPA will charge as liquidated damages shall be the greater of $0 or the sum of all 12 monthly liquidated damages amounts. BPA shall calculate the total annual liquidated damages charge and include such amount on Cowlitz's October 2018 power bill that is issued in November 2018.

4.5 Interim Liquidated Damages

If the sum of the unbilled monthly totals exceeds $2,000,000, then BPA shall bill and Cowlitz shall pay an interim liquidated damages charge equal to the accumulated liquidated damages amounts on Cowlitz's next monthly power bill.

BPA will account for any interim liquidated damages payment made during the year in calculating the total annual liquidated damages charge on the

October 2018 power bill. If the interim liquidated damages paid by Cowlitz exceed the total annual liquidated damages charge due to adjustments to the liquidated damages rate, then BPA will provide a reimbursement payment to Cowlitz in November 2018.

4.6 **Limit to Liquidated Damage Charges**

Liquidated damage charges are not applicable to Cowlitz's Above-RHWM Load. If NORPAC's annual load exceeds 80 aMW plus the unused RHWM (headroom) amount in MWhs shown in Cowlitz's Net Requirement spreadsheet, then the liquidated damages amount will be reduced for the Above High Water Mark load on a pro rata basis.

4. LIQUIDATED DAMAGES FOR POWER NOT TAKEN

Starting October 1, 2018 through September 30, 2019, BPA shall charge Cowlitz for liquidated damages calculated pursuant to this section 4 for each MWh that Cowlitz's NORPAC load is in excess of the amounts used to calculate their Annual Net Requirement.

4.1 Monthly Load Amounts

For purposes of this section 4, Cowlitz's NORPAC Load is defined as all load consumed at the NORPAC facilities as measured and billed by Cowlitz. (Need Cowlitz's help to fill in the information to make this billable and operational)

For each month Cowlitz shall provide BPA the actual metered monthly NORPAC Load by the 10th of the following month for BPA to use in the calculation of liquidated damages. The NORPAC Load forecast MWh amount for each month is established in the table below.

(Insert Table A Here)

4.2 Liquidated Damages Charge

The liquidated damages charges are calculated using the Load Shaping Charge True-Up Rate of $12.75/MWh, which is subject to adjustment during the Rate Period in accordance with section II.E of the BP-18 Power Rate Schedules and General Rate Schedule Provisions. If the FY 2018 Load Shaping Charge True-Up rate is adjusted, then BPA will use the adjusted Load Shaping Charge True-Up rate for all 12 monthly liquidated damages charges when calculating the annual amount.

4.3 Monthly Tracking

BPA will calculate liquidated damages charge each month by multiplying the difference between the monthly metered NORPAC Load forecast amounts from Table A for the given month by the applicable Load Shaping Charge True-Up Rate. These monthly liquidated damages charges may be positive or negative. BPA will track the total monthly charges on a rolling basis.

4.4 Annual Liquidated Damages Charge

The annual amount BPA will charge as liquidated damages shall be the greater of $0 or the sum of all 12 monthly liquidated damages amounts. BPA shall calculate the total annual liquidated damages charge and include such amount on Cowlitz's October 2018 power bill that is issued in November 2018.

4.5 Interim Liquidated Damages

If the sum of the unbilled monthly totals exceeds $2,000,000, then BPA shall bill and Cowlitz shall pay an interim liquidated damages charge equal to the accumulated liquidated damages amounts on Cowlitz's next monthly power bill.

BPA will account for any interim liquidated damages payment made during the year in calculating the total annual liquidated damages charge on the

October 2018 power bill. If the interim liquidated damages paid by Cowlitz exceed the total annual liquidated damages charge due to adjustments to the liquidated damages rate, then BPA will provide a reimbursement payment to Cowlitz in November 2018.

4.6 **Limit to Liquidated Damage Charges**

Liquidated damage charges are not applicable to Cowlitz's Above-RHWM Load. If NORPAC's annual load exceeds 80 aMW plus the unused RHWM (headroom) amount in MWhs shown in Cowlitz's Net Requirement spreadsheet, then the liquidated damages amount will be reduced for the Above High Water Mark load on a pro rata basis.

From:	Weinstein,Jason C (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	Net Requirements FY2017 Public Notice v2 2017.07.21.docx r._FINAL_RL_07.21.2017
Date:	Friday, July 28, 2017 9:48:34 AM
Attachments:	Net Requirements FY2017 Public Notice v2 2017.07.21.docx r._FINAL_RL_07.21.2017.docx

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	Weinstein,Jason C (BPA) - PSS-6
Subject:	Net Requirements FY2017 Public Notice v2 2017.07.21.docx r._FINAL_RL_07.21.2017
Date:	Friday, July 28, 2017 10:03:00 AM
Attachments:	Net Requirements FY2017 Public Notice v2 2017.07.21.docx r._FINAL_RL_07.21.2017.docx

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Weinstein,Jason C (BPA) - PSS-6
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	Net Requirements FY2018 Public Notice FINAL CL 2017.07.28
Date:	Friday, July 28, 2017 10:23:33 AM
Attachments:	Net Requirements FY2018 Public Notice FINAL CL 2017.07.28.docx

---

Clean version

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	James,Daniel M (BPA) - D-7
Cc:	Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7; Thompson,Garry R (BPA) - PS-6
Subject:	Net Requirement Process Announcement
Date:	Friday, July 28, 2017 10:29:00 AM
Attachments:	Net Requirements FY2018 Public Notice FINAL CL 2017.07.28.docx

---

Here you go Dan. This is the current announcement for the public process. It includes the three options as we discussed yesterday with Rich. Feel free to share to make sure it meets his needs. Thanks.
--Scott

(b) (5)

[redacted]

(b) (5)

[redacted]

From: Weinstein,Jason C (BPA) - PSS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: NR Transparency TP_FINAL_CL_2017.07.28
Date: Friday, July 28, 2017 10:48:47 AM
Attachments: NR Transparency TP_FINAL_CL_2017.07.28.docx

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	James,Daniel M (BPA) - D-7
Subject:	Net Requirements FY2018 Public Notice FINAL CL 2017.07.28
Date:	Friday, July 28, 2017 11:49:00 AM
Attachments:	Net Requirements FY2018 Public Notice FINAL CL 2017.07.28.docx

---

Here is the notice with the DRAFT watermark applied.

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Thompson,Garry R (BPA) - PS-6
To:	James,Daniel M (BPA) - D-7; Wilson,Scott K (BPA) - PSW-6
Cc:	Burger,Peter J (BPA) - LG-7; Jensen,Mary K (BPA) - L-7; Bleifuss,Lindsay A (BPA) - PSS-6
Subject:	NORPACresponse
Date:	Friday, July 28, 2017 3:51:40 PM
Attachments:	NORPACresponse.docx

Here is a cut at a first draft responding to the NOPAC letter sent to Elliot on 7/27/17. I tried to keep in simple, formal and not a dive into the weeds. We will work more on this next week in time to respond on August 1, 2017 with the Public Notice process will start. I suggest whom ever we are directing parties to respond to in the process, may be the individual who signs the letter. If it is just a web address, Elliot, Garry or Scott could sign the letter.

Garry R. Thompson
VP NW Requirements Marketing
BONNEVILLE POWER ADMINISTRATION
grthompson@bpa.gov 503.230.5175

Mr. Craig Anneberg
North Pacific Paper Company
3001 Industrial Way
PO Box 2069
Longview, WA 98362

Dear Mr. Anneberg,

I have attached the letter we have sent to our Customers and interested parties that starts a two-week Public Review process of Bonneville Power Administrations, BPA, publishing of the Slice/Block and Block customers' FY2016 and FY2017 Total Retail Load and Dedicated Resource data as specified in Section 17 of the Contract High Water Mark contracts. BPA will use this data to calculate Slice/Block and Block customers' Net Requirements for FY2018.

Included in this Public Review process are options BPA is considering concerning Public Utility District No. 1 of Cowlitz County Washington, Cowlitz, submitted forecast. BPA will consider your letter to the Administrator, dated July 27, 2017, in conjunction with other comments received during the Public Review Process.

If after reviewing the attached letter, you would like to submit additional comments, please do so for our consideration.

Thank you,

Elliot, could sign or Garry, or Scott.?

Mr. Craig Anneberg
North Pacific Paper Company
3001 Industrial Way
PO Box 2069
Longview, WA 98362

Dear Mr. Anneberg,

I have attached the letter we have sent to our Customers and interested parties that starts a two-week Public Review process of Bonneville Power Administrations, BPA, publishing of the Slice/Block and Block customers' FY2016 and FY2017 Total Retail Load and Dedicated Resource data as specified in Section 17 of the Contract High Water Mark contracts. BPA will use this data to calculate Slice/Block and Block customers' Net Requirements for FY2018.

Included in this Public Review process are options BPA is considering concerning Public Utility District No. 1 of Cowlitz County Washington, Cowlitz, submitted forecast. BPA will consider your letter to the Administrator, dated July 27, 2017, in conjunction with other comments received during the Public Review Process.

If after reviewing the attached letter, you would like to submit additional comments, please do so for our consideration.

Thank you,

Elliot, could sign or Garry, or Scott.?

From:	Wilson,Scott K (BPA) - PSW-6
To:	Olive,Kelly J (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7; Bleifuss,Lindsay A (BPA) - PSS-6
Cc:	Symonds,Mark C (BPA) - BD-3
Subject:	FW: Liquidated Damages Draft
Date:	Friday, July 28, 2017 7:57:00 AM
Attachments:	Liquidated Damages Draft.docx

FYI

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 28, 2017 7:56 AM
To: Gary Huhta (ghuhta@cowlitzpud.org); bessex@cowlitzpud.org; Chris Velat (cvelat@cowlitzpud.org)
Subject: Liquidated Damages Draft

Attached is draft language for the liquidated damages approach we have been talking about in regards to the NORPAC load. It is draft and has not been through any of BPA's formal reviews but I think it's close and it's time to get it into your hands so the details are clear. You will note in the draft that we need your help describing the way the measurement works so we get that part of the language right. Thanks for your help and perseverance through this process. I'm sure we will talk soon.
--Scott

(b) (5)

[redacted]

(b) (5)

[redacted]

From:	Thompson,Garry R (BPA) - PS-6
To:	James,Daniel M (BPA) - D-7; Wilson,Scott K (BPA) - PSW-6
Cc:	Burger,Peter J (BPA) - LG-7; Jensen,Mary K (BPA) - L-7; Bleifuss,Lindsay A (BPA) - PSS-6
Subject:	NORPACresponse
Date:	Friday, July 28, 2017 3:51:40 PM
Attachments:	NORPACresponse.docx

Here is a cut at a first draft responding to the NOPAC letter sent to Elliot on 7/27/17. I tried to keep in simple, formal and not a dive into the weeds. We will work more on this next week in time to respond on August 1, 2017 with the Public Notice process will start. I suggest whom ever we are directing parties to respond to in the process, may be the individual who signs the letter. If it is just a web address, Elliot, Garry or Scott could sign the letter.

Garry R. Thompson
VP NW Requirements Marketing
BONNEVILLE POWER ADMINISTRATION
grthompson@bpa.gov 503.230.5175

From: Weinstein,Jason C (BPA) - PSS-6
To: Wilson,Scott K (BPA) - PSW-6
Subject: NR Transparency TP_FINAL_CL_2017.07.28
Date: Friday, July 28, 2017 10:48:47 AM
Attachments: NR Transparency TP_FINAL_CL_2017.07.28.docx

(b) (5)

[redacted]

(b) (5)

[redacted]

(b) (5)

[redacted]

From: James,Daniel M (BPA) - D-7
To: Thompson,Garry R (BPA) - PS-6; Boardman,Sandy (BPA) - A-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Jensen,Mary K (BPA) - L-7; Horton,Caren M (CONTR) - A-7; Hannigan IV,Benjamin R (BPA) - A-7; Burger,Peter J (BPA) - LG-7
Subject: RE: NORPAC letter, 7-27-17
Date: Friday, July 28, 2017 12:23:43 PM

Peter is copied here. Peter, can you help?

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>
Date: 7/28/17 11:40 AM (GMT-08:00)
To: "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Jensen,Mary K (BPA) - L-7" <mkjensen@bpa.gov>, "Horton,Caren M (CONTR) - A-7" <cmhorton@bpa.gov>, "Hannigan IV,Benjamin R (BPA) - A-7" <brhannigan@bpa.gov>
Subject: RE: NORPAC letter, 7-27-17

Peter Burger is Acting I believe, please contact Peter.

Garry R. Thompson

VP NW Requirements Marketing

BONNEVILLE POWER ADMINISTRATION
grthompson@bpa.gov 503.230.5175

From: Boardman,Sandy (BPA) - A-7
Sent: Friday, July 28, 2017 10:00 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>; Horton,Caren M (CONTR) - A-7 <cmhorton@bpa.gov>; Hannigan IV,Benjamin R (BPA) - A-7 <brhannigan@bpa.gov>
Subject: RE: NORPAC letter, 7-27-17

Scheduled for 3:00p.m. today. Looks like Mary and Tom are out of the office today. Anyone else from Legal I should include?

Sandy Boardman

Executive Officer

Bonneville Power Administration

U.S. Department of Energy

503.230.5102

sxboardman@bpa.gov

From: James,Daniel M (BPA) - D-7
Sent: Friday, July 28, 2017 9:54 AM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>; Horton,Caren M (CONTR) - A-7 <cmhorton@bpa.gov>; Hannigan IV,Benjamin R (BPA) - A-7 <brhannigan@bpa.gov>; Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>
Subject: NORPAC letter, 7-27-17
Importance: High

This just landed in Elliot's inbox.

I'm adding Mary to this string only because she is shown as a cc on the letter.

Please work with Caren and Ben to find a time for us to meet today to discuss this.

Dan James, Deputy Administrator

Bonneville Power Administration

dmjames@bpa.gov

503.230.4452

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 7/28/17 9:41 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: FW: Clarified Subject - NORPAC Load Forecast

FYI

Sandy Boardman

Executive Officer

Bonneville Power Administration

U.S. Department of Energy

503.230.5102

sxboardman@bpa.gov

From: Sisson, Karen [mailto:Karen.Sisson@norpacpaper.com]
Sent: Thursday, July 27, 2017 3:19 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Anneberg, Craig <craig.anneberg@norpacpaper.com>; skern@cowlitzpud.org; ghuhta@cowlitzpud.org; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>
Subject: [EXTERNAL] Clarified Subject - NORPAC Load Forecast

Good Afternoon Mr. Mainzer,

On behalf of Craig Anneberg, attached is a copy of NORPAC's response to BPA's position regarding NORPAC's 2018 load forecast. The original will be mailed to you. Should you have any questions, please contact Mr. Anneberg directly.

Thank you.

Karen Sisson

EA/Project Coordinator
North Pacific Paper Company

Office: 360.636.6499

(b) (6) [redacted]

karen.sisson@norpacpaper.com

Click on the link below and check out our newest line of copy paper.

ORCA
COPY PAPER
BOLD FEARLESS BRIGHT

From:	Thompson,Garry R (BPA) - PS-6
To:	Boardman,Sandy (BPA) - A-7; James,Daniel M (BPA) - D-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Jensen,Mary K (BPA) - L-7; Horton,Caren M (CONTR) - A-7; Hannigan IV,Benjamin R (BPA) - A-7
Subject:	RE: NORPAC letter, 7-27-17
Date:	Friday, July 28, 2017 11:40:09 AM

Peter Burger is Acting I believe, please contact Peter.

Garry R. Thompson
VP NW Requirements Marketing
BONNEVILLE POWER ADMINISTRATION
grthompson@bpa.gov 503.230.5175

From: Boardman,Sandy (BPA) - A-7
Sent: Friday, July 28, 2017 10:00 AM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>; Horton,Caren M (CONTR) - A-7 <cmhorton@bpa.gov>; Hannigan IV,Benjamin R (BPA) - A-7 <brhannigan@bpa.gov>
Subject: RE: NORPAC letter, 7-27-17

Scheduled for 3:00p.m. today. Looks like Mary and Tom are out of the office today. Anyone else from Legal I should include?

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: James,Daniel M (BPA) - D-7
Sent: Friday, July 28, 2017 9:54 AM
To: Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>; Horton,Caren M (CONTR) - A-7 <cmhorton@bpa.gov>; Hannigan IV,Benjamin R (BPA) - A-7 <brhannigan@bpa.gov>; Boardman,Sandy (BPA) - A-7 <sxboardman@bpa.gov>
Subject: NORPAC letter, 7-27-17
Importance: High

This just landed in Elliot's inbox.

I'm adding Mary to this string only because she is shown as a cc on the letter.

Please work with Caren and Ben to find a time for us to meet today to discuss this.

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 7/28/17 9:41 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: FW: Clarified Subject - NORPAC Load Forecast

FYI

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: Sisson, Karen [mailto:Karen.Sisson@norpacpaper.com]
Sent: Thursday, July 27, 2017 3:19 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Anneberg, Craig <craig.anneberg@norpacpaper.com>; skern@cowlitzpud.org; ghuhta@cowlitzpud.org; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>
Subject: [EXTERNAL] Clarified Subject - NORPAC Load Forecast

Good Afternoon Mr. Mainzer,

On behalf of Craig Anneberg, attached is a copy of NORPAC's response to BPA's position regarding NORPAC's 2018 load forecast. The original will be mailed to you. Should you have any

questions, please contact Mr. Anneberg directly.

Thank you.

Karen Sisson
EA/Project Coordinator
North Pacific Paper Company
Office: 360.636.6499
Mobile: 360.431.8523
karen.sisson@norpacpaper.com

Click on the link below and check out our newest line of copy paper.

ORCA
COPY PAPER
BOLD FEARLESS BRIGHT

From: Burczak,Sarah E (BPA) - DKP-7
To: Wilson,Scott K (BPA) - PSW-6; Simms,Scott R (BPA) - DK-7; Hansen,Michael S (BPA) - DKP-7
Subject: RE: NORPAC letter, 7-27-17
Date: Friday, July 28, 2017 11:15:37 AM

Thanks Scott. I have the talking points Jason produced for the AEs on this issue. I will talk with Mike on Monday to see if he thinks we need a formal message box on the matter and get him updated on what is going on.

Thanks!
Sarah

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 28, 2017 10:20 AM
To: Simms,Scott R (BPA) - DK-7; Hansen,Michael S (BPA) - DKP-7; Burczak,Sarah E (BPA) - DKP-7
Subject: FW: NORPAC letter, 7-27-17
Importance: High

Just for situational awareness. At this point we haven't spent time with the letter and we have are about to start a public process on the net requirements so we have not made a decision on anyone's forecast.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 28, 2017 10:14 AM
To: Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov); Cook,Joel D (BPA) - P-6
Cc: Bleifuss,Lindsay A (BPA) - PSS-6; Adelman,Elly (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6; Olive,Kelly J (BPA) - PSS-6; Cogswell,Peter (BPA) - DI-3 (ptcogswell@bpa.gov); Symonds,Mark C (BPA) - BD-3
Subject: FW: NORPAC letter, 7-27-17
Importance: High

FYI

From: James,Daniel M (BPA) - D-7
Sent: Friday, July 28, 2017 9:54 AM
To: Wilson,Scott K (BPA) - PSW-6; Thompson,Garry R (BPA) - PS-6; Miller,Thomas (BPA) - LP-7; Jensen,Mary K (BPA) - L-7; Horton,Caren M (CONTR) - A-7; Hannigan IV,Benjamin R (BPA) - A-7; Boardman,Sandy (BPA) - A-7
Subject: NORPAC letter, 7-27-17
Importance: High

This just landed in Elliot's inbox.

I'm adding Mary to this string only because she is shown as a cc on the letter.

Please work with Caren and Ben to find a time for us to meet today to discuss this.

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 7/28/17 9:41 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: FW: Clarified Subject - NORPAC Load Forecast

FYI

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: Sisson, Karen [mailto:Karen.Sisson@norpacpaper.com]
Sent: Thursday, July 27, 2017 3:19 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Anneberg, Craig <craig.anneberg@norpacpaper.com>; skern@cowlitzpud.org; ghuhta@cowlitzpud.org; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>
Subject: [EXTERNAL] Clarified Subject - NORPAC Load Forecast

Good Afternoon Mr. Mainzer,

On behalf of Craig Anneberg, attached is a copy of NORPAC's response to BPA's position regarding NORPAC's 2018 load forecast. The original will be mailed to you. Should you have any questions, please contact Mr. Anneberg directly.

Thank you.

Karen Sisson
EA/Project Coordinator
North Pacific Paper Company

Office: 360.636.6499
Mobile: (b) (6) [redacted]
karen.sisson@norpacpaper.com

Click on the link below and check out our newest line of copy paper.

ORCA
COPY PAPER
BOLD FEARLESS BRIGHT

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC letter, 7-27-17
Date: Monday, July 31, 2017 2:27:24 PM

Oh goody. I'm assuming you get to write the response? I was a bit surprised by the "demand."

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 28, 2017 2:44 PM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Fwd: NORPAC letter, 7-27-17
Importance: High

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/28/17 9:54 AM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Jensen,Mary K (BPA) - L-7" <mkjensen@bpa.gov>, "Horton,Caren M (CONTR) - A-7" <cmhorton@bpa.gov>, "Hannigan IV,Benjamin R (BPA) - A-7" <brhannigan@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>
Subject: NORPAC letter, 7-27-17

This just landed in Elliot's inbox.

I'm adding Mary to this string only because she is shown as a cc on the letter.

Please work with Caren and Ben to find a time for us to meet today to discuss this.

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 7/28/17 9:41 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: FW: Clarified Subject - NORPAC Load Forecast

FYI

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: Sisson, Karen [mailto:Karen.Sisson@norpacpaper.com]
Sent: Thursday, July 27, 2017 3:19 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Anneberg, Craig <craig.anneberg@norpacpaper.com>; skern@cowlitzpud.org; ghuhta@cowlitzpud.org; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>
Subject: [EXTERNAL] Clarified Subject - NORPAC Load Forecast

Good Afternoon Mr. Mainzer,

On behalf of Craig Anneberg, attached is a copy of NORPAC's response to BPA's position regarding NORPAC's 2018 load forecast. The original will be mailed to you. Should you have any questions, please contact Mr. Anneberg directly.

Thank you.

Karen Sisson
EA/Project Coordinator
North Pacific Paper Company
Office: 360.636.6499
Mobile (b) (6) [redacted]
karen.sisson@norpacpaper.com

Click on the link below and check out our newest line of copy paper.

ORCA

COPY PAPER

BOLD FEARLESS BRIGHT

From:	Symonds,Mark C (BPA) - BD-3
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	FW: Thank you/NORPAC question
Date:	Friday, July 28, 2017 12:51:16 PM

Fascinating…

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Friday, July 28, 2017 12:43 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] Thank you/NORPAC question
Importance: High

Hi Mark,

Please accept my thanks to Dan, you and Scott for being willing to meet with me via phone last night. I very much appreciate your efforts to get that set up on short notice.

I do have a question—we have heard that NORPAC is not aware that the BPA is prepared to offer to accept the 80MW load forecast with the caveat of a liquidated damages clause for any usage above the forecasted amount. Has NORPAC been contacted directly about this? From what I am hearing the company believes that they will be required to meet the full 180MW under the take or pay provisions. Can you provide some clarity for me?

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: James,Daniel M (BPA) - D-7
Cc: Cogswell,Peter (BPA) - DI-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Ball,Crystal A (BPA) - DIR-7
Subject: FW: Thank you/NORPAC question
Date: Friday, July 28, 2017 2:19:58 PM
Importance: High

Dan et al,
FYI - Received the note from Shari Hildreth, District Director for Congresswoman Herrera Beutler's office, below thanking us for our time on the phone with her yesterday evening. That said, she went on to say that they heard that NORPAC was unaware that BPA is prepared to offer to accept the 80 MW forecast with the caveat of a liquidated damages clause for any usage above the forecasted amount (see yellow highlight below).

She and I spoke and I explained that there have been multiple in-person and face-to-face meetings with representatives of Cowlitz and NORPAC in the room that have discussed the 80 MW forecast concept with liquidated damages for consumption greater than 80 MW. I also reminded her about our discussion yesterday regarding the *start* of a public process as soon as next week. The public process is a beginning and not an end of a decision making process.

Please let me know if you have any questions or concerns.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Friday, July 28, 2017 12:43 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] Thank you/NORPAC question
Importance: High

Hi Mark,

Please accept my thanks to Dan, you and Scott for being willing to meet with me via phone last night. I very much appreciate your efforts to get that set up on short notice.

I do have a question—we have heard that NORPAC is not aware that the BPA is prepared to offer to accept the 80MW load forecast with the caveat of a liquidated damages clause for any usage above the forecasted amount. Has NORPAC been contacted directly about this? From what I am hearing the company believes that they will be required to meet the full 180MW under the take or pay provisions. Can you provide some clarity for me?

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Symonds,Mark C (BPA) - BD-3
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Thank you/NORPAC question
Date: Friday, July 28, 2017 1:27:38 PM

Yes. And, thank you.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 28, 2017 1:24 PM
To: Symonds,Mark C (BPA) - BD-3
Subject: RE: Thank you/NORPAC question

They have been a number of meetings where the alternative was discussed and where the specifics were explained. This is particularly fascinating when they are also complaining that BPA is not making the liquidated damages apply both ways. Its weird to deny knowledge while also complaining about the specifics of the approach that would be implemented.

From: Symonds,Mark C (BPA) - BD-3
Sent: Friday, July 28, 2017 12:51 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: FW: Thank you/NORPAC question

Fascinating…

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Friday, July 28, 2017 12:43 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] Thank you/NORPAC question
Importance: High

Hi Mark,

Please accept my thanks to Dan, you and Scott for being willing to meet with me via phone last night. I very much appreciate your efforts to get that set up on short notice.

I do have a question—we have heard that NORPAC is not aware that the BPA is prepared to offer to accept the 80MW load forecast with the caveat of a liquidated damages clause for any usage above the forecasted amount. Has NORPAC been contacted directly about this? From what I am hearing the company believes that they will be required to meet the full 180MW under the take or pay provisions. Can you provide some clarity for me?

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From:	James,Daniel M (BPA) - D-7
To:	Symonds,Mark C (BPA) - BD-3
Cc:	Cogswell,Peter (BPA) - DI-7; Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Baskerville,Sonya L (BPA) - DIN-WASH; Thompson,Garry R (BPA) - PS-6; Ball,Crystal A (BPA) - DIR-7; Miller,Thomas (BPA) - LP-7; Burger,Peter J (BPA) - LG-7
Subject:	RE: Thank you/NORPAC question
Date:	Friday, July 28, 2017 2:31:25 PM
Attachments:	BPA.NORPAC.PDF

Thank you, Mark. Great summary.

Sorry for the duplication in case you have already seen the attachment…Elliot received this letter today.

Garry, Peter Burger and I will be meeting about this letter at 3:00p. It doesn't change our direction, but it's a data point.

DJ

From: Symonds,Mark C (BPA) - BD-3
Sent: Friday, July 28, 2017 2:20 PM
To: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>
Cc: Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Baskerville,Sonya L (BPA) - DIN-WASH <slbaskerville@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Ball,Crystal A (BPA) - DIR-7 <caball@bpa.gov>
Subject: FW: Thank you/NORPAC question
Importance: High

Dan et al,
FYI - Received the note from Shari Hildreth, District Director for Congresswoman Herrera Beutler's office, below thanking us for our time on the phone with her yesterday evening. That said, she went on to say that they heard that NORPAC was unaware that BPA is prepared to offer to accept the 80 MW forecast with the caveat of a liquidated damages clause for any usage above the forecasted amount (see yellow highlight below).

She and I spoke and I explained that there have been multiple in-person and face-to-face meetings with representatives of Cowlitz and NORPAC in the room that have discussed the 80 MW forecast concept with liquidated damages for consumption greater than 80 MW. I also reminded her about our discussion yesterday regarding the *start* of a public process as soon as next week. The public process is a beginning and not an end of a decision making process.

Please let me know if you have any questions or concerns.

Thank you,
Mark

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Friday, July 28, 2017 12:43 PM
To: Symonds,Mark C (BPA) - BD-3
Cc: Hildreth, Shari
Subject: [EXTERNAL] Thank you/NORPAC question
Importance: High

Hi Mark,

Please accept my thanks to Dan, you and Scott for being willing to meet with me via phone last night. I very much appreciate your efforts to get that set up on short notice.

I do have a question—we have heard that NORPAC is not aware that the BPA is prepared to offer to accept the 80MW load forecast with the caveat of a liquidated damages clause for any usage above the forecasted amount. Has NORPAC been contacted directly about this? From what I am hearing the company believes that they will be required to meet the full 180MW under the take or pay provisions. Can you provide some clarity for me?

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Klumpp,Elizabeth C (BPA) - DIR-WSGL
To: Wilson,Scott K (BPA) - PSW-6
Subject: can you call me about Norpac?
Date: Friday, June 30, 2017 3:02:49 PM

Liz's cell (b) (6) [redacted]

Thanks!

Liz Klumpp
Washington Liaison | Bonneville Power Administration | 360-943-0157 | c. (b) (6) [redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Roger Gray
Subject: RE: Cowlitz folllow-up question
Date: Monday, July 31, 2017 4:34:00 PM

Yes. You have it right overall. The only technicality is that the forecast timing is we receive their forecast by the end of June and doesn't have a right to adjust it after that. We put out our forecast by the end of July (which is usually an acceptance of the customers forecast but in this case may not be). We do the net requirement process in August and we publish finals in September. Once we lock the final forecast of TRL – Allowable Resources, that amount becomes final and is take-or-pay. Allowable Resources does not include I-chose-to-go-to-the-market-because-it's-cheaper.
--Scott
PS: I would like to invite Matt Tidwell who is our guy on point for the BPA Strategy Document to your competitiveness discussion on Tuesday. I want to make sure you are okay with that before I bring him.

From: Roger Gray [mailto:rgray@nru-nw.com]
Sent: Monday, July 31, 2017 12:47 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] Cowlitz folllow-up question

Scott

I had a follow-up question about the Cowlitz matter.

Does the fact that Cowlitz is block/slice (I think they are) allow them to adjust their load forecast before 9/15 down? My recollection (from EWEB) is that a block/slice customer goes with Total Retail Load minus Designated Resources. Designated Resources are very difficult to change as I recall.

So basically, if Cowlitz's TRL is expected to drop 100aMW then they have a right to drop BPA purchases by 100aMW? Or is it actually/literally take-or-pay?

Here is my basic assumption: Under existing contract rights, Cowlitz can reduce 100aMW if their load is actually forecast to drop 100aMW. What they cannot do is substitute alternative resources which is what BPA is trying to avoid by your solution.

Do I have this right?

Thx
Roger

From: Gary Huhta
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Largo,Jay (BPA) - TPCV-TPP-4; Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] RE: BPA/Cowlitz Agenda Items
Date: Thursday, July 20, 2017 11:56:20 AM

Okay, yes, let's keep it on the agenda for an update. Thanks.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Thursday, July 20, 2017 11:55 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>
Cc: Largo,Jay (BPA) - TPCV-TPP-4 <jrlargo@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Subject: RE: BPA/Cowlitz Agenda Items

EXTERNAL: Think Before You Click!

Transmission Business Model is the new term for Transmission of Tomorrow. Skip it for this one?

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C(b) (6)

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Thursday, July 20, 2017 11:52 AM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Cc: Largo,Jay (BPA) - TPCV-TPP-4; Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] RE: BPA/Cowlitz Agenda Items

Melanie,
For Power: we are expecting Scott to bring a "Liquidated Damages" concept paper for discussion, and this is directly related to the NORPAC matter. I have nothing else to add.

For Tx: is your topic "Transmission Business Model" also what BPA has referred to as Transmission of Tomorrow? If not, we would like an update.
Gary.

From: Jackson,Melanie M (BPA) - TSE-TPP-2 [mailto:mmjackson@bpa.gov]
Sent: Thursday, July 20, 2017 10:36 AM
To: Gary Huhta <Ghuhta@cowlitzpud.org>
Cc: Largo,Jay (BPA) - TPCV-TPP-4 <jrlargo@bpa.gov>; Wilson,Scott K (BPA) - PSW-6 <skwilson@bpa.gov>
Subject: BPA/Cowlitz Agenda Items

EXTERNAL: Think Before You Click!

Gary, please let me know your thoughts on the agenda for Monday's meeting.

Power

- Norpac Update?

Transmission

- Transmission Business Model
- TOP and TP next steps
- Quick L0385 status update
- Cowlitz staff/role discussion
- Other?

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From:	Roger Gray
To:	Wilson,Scott K (BPA) - PSW-6
Subject:	[EXTERNAL] RE: Cowlitz folllow-up question
Date:	Monday, July 31, 2017 7:11:08 PM

Scott

Did Cowlitz meet the deadline? If so there is not much of a decision other than preventing the gaming?

With respect to Matt, absolutely ok. I want cards up on the table!

T h x. Roger

Get Outlook for Android

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, July 31, 4:34 PM
Subject: RE: Cowlitz folllow-up question
To: Roger Gray

Yes. You have it right overall. The only technicality is that the forecast timing is we receive their forecast by the end of June and doesn't have a right to adjust it after that. We put out our forecast by the end of July (which is usually an acceptance of the customers forecast but in this case may not be). We do the net requirement process in August and we publish finals in September. Once we lock the final forecast of TRL – Allowable Resources, that amount becomes final and is take-or-pay. Allowable Resources does not include I-chose-to-go-to-the-market-because-it's-cheaper.
--Scott
PS: I would like to invite Matt Tidwell who is our guy on point for the BPA Strategy Document to your competitiveness discussion on Tuesday. I want to make sure you are okay with that before I bring him.

From: Roger Gray [mailto:rgray@nru-nw.com]
Sent: Monday, July 31, 2017 12:47 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] Cowlitz folllow-up question

Scott

I had a follow-up question about the Cowlitz matter.

Does the fact that Cowlitz is block/slice (I think they are) allow them to adjust their load

forecast before 9/15 down? My recollection (from EWEB) is that a block/slice customer goes with Total Retail Load minus Designated Resources. Designated Resources are very difficult to change as I recall.

So basically, if Cowlitz's TRL is expected to drop 100aMW then they have a right to drop BPA purchases by 100aMW? Or is it actually/literally take-or-pay?

Here is my basic assumption: Under existing contract rights, Cowlitz can reduce 100aMW if their load is actually forecast to drop 100aMW. What they cannot do is substitute alternative resources which is what BPA is trying to avoid by your solution.

Do I have this right?

Thx
Roger

From:	Gary Huhta
To:	Wilson,Scott K (BPA) - PSW-6; Chris Velat; Bob Essex
Cc:	Weinstein,Jason C (BPA) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject:	[EXTERNAL] RE: Regional Dialogue Load Forecast
Date:	Monday, July 31, 2017 4:08:35 PM

Acknowledged.

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Monday, July 31, 2017 3:15 PM
To: Gary Huhta <Ghuhta@cowlitzpud.org>; Chris Velat <cvelat@cowlitzpud.org>; Bob Essex <Bessex@cowlitzpud.org>
Cc: Weinstein,Jason C (BPA) - PSS-6 <jcweinstein@bpa.gov>; Davis,Reed C (BPA) - KSL-4 <rcdavis@bpa.gov>
Subject: Regional Dialogue Load Forecast

EXTERNAL: Think Before You Click!

Good Afternoon Gary, Bob, and Chris

Just providing the following to meet the contractual requirement established in our Regional Dialogue Contract with you.
--Scott

Pursuant to Exhibit A, Section 1.1 of Cowlitz PUD's Regional Dialogue contract BPA provides notice that BPA is questioning the reasonableness of the Cowlitz's Total Retail Load forecast and that the use of BPA's Total Retail Load forecast and alternatives will be discussed in the upcoming Public Net Requirements process.

(b) [redacted]
(5) [redacted]

[redacted]

[redacted]

(b) (5)

(b) (5)

From:	Wilson,Scott K (BPA) - PSW-6
To:	James,Daniel M (BPA) - D-7; Mainzer,Elliot E (BPA) - A-7
Cc:	Thompson,Garry R (BPA) - PS-6; Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6
Subject:	Liquidated Damages Thoughts.
Date:	Monday, July 31, 2017 12:32:28 PM

Here is a quick overview of liquidated damages and the potential impacts of having the formula work both ways as Cowlitz is currently suggesting.
--Scott

Liquidated Damages Overview
BPA is proposing that we would accept the Cowlitz forecast of 80 aMW for NORPAC as long as they agree to pay liquidated damages if the actual load exceeds that level. The charge is the difference between PF and Market. Currently that difference is about $13 which means that loss of 100 aMW would result in over $11 million to BPA

Why does the proposed charge currently only apply for amounts in excess of the Cowlitz load forecast?
At issue is whether to accept the Cowlitz forecast of 80 aMW or substitute our own of 180 aMW. Because BPA is accepting the forecast level provided to us we designed liquidated damages to protect liquidated damages if loads turned out to be higher. None of the conversations with Cowlitz and NORPAC that led up to BPA developing the approach suggested that loads could be lower than 80 aMW.

Could the liquidated damages formula apply if loads are lower than 80 aMW?
The math could be made to work that way but it would create additional risks of revenue loss for BPA. Making liquidated damages apply both ways means that BPA would provide a credit to Cowlitz if the load comes in under the 80 aMW forecast. Applying liquidated damages when loads are lower than the forecast would cost about $1.1 million for every 10 aMW the load is lower putting another $8.8 million at risk if the plant were completely shut down.

Is there a logic to applying liquidated damages both ways?
There is because ultimately Cowlitz would pay for the amount of power that the load actually uses just as it would occur for load following customers. But Cowlitz purchases on a planned basis so the logic works the other way too.

Are there other risks to applying liquidated damages both ways?
Yes. If you are worried about the jobs that the mill provides, providing credits for lower loads allows NORPAC to reduce its load as low as it wants without any financial consequences. Essentially their electric bill moves from a fixed cost to completely variable, giving them full optionality on their electric costs if they choose to drop production.

An idea for a Fall Back.
The potential to lose revenue from additional load loss and additional risk that more jobs may be lost makes full application of liquidated damages impractical for BPA. We could make a nod in that direction by limiting payments to Cowlitz to a small operational band like 5 aMW (It works both ways

but only down to 75 aMW). That would recognize the minor operational uncertainty around NORPAC learning to operate at 80 aMW but limit BPA's losses.

From: Caines,Sandra L (CONTR) - TSE-TPP-2

To: ADL_TSE_ALL; Amato,Ebony L (BPA) - DKE-7; Asgharian,Maryam A (BPA) - DKE-7; Ball,Crystal A (BPA) - DIR-7; Cathcart,Michelle M (BPA) - TO-DITT-2; Chong Tim,Marcus H (BPA) - LT-7; Davis,Reed C (BPA) - KSL-4; Duncan,William W (BPA) - TAA-HANGR; Ehli,Cathy L (BPA) - PT-5; Elizeh,Edison G (BPA) - S-3; Fitzsimmons,David A (BPA) - TSE-TPP-2; Fredrickson,Rebecca E (BPA) - TSPQ-TPP-2; Furrer,Robin R (BPA) - TF-DITT-2; Gillman,Richard A (BPA) - TSPP-TPP-2; Gordon,Peter S (BPA) - SP-3; Graves Pyrch,Karen S (BPA) - KS-4; Herrin,Janet C (BPA) - K-7; Holden-Baker,Susan M (BPA) - TSS-DITT-1; Ikakoula,Corrina A (BPA) - DIT-7; James,Daniel M (BPA) - D-7; Jensen,Mary K (BPA) - L-7; King,Robert D (BPA) - TSP-TPP-2; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Ko,Tina G (BPA) - TA-DITT-2; Kolze,Jack A (BPA) - TESM-AMPN-2; Kuhn,Shana L (BPA) - N-7; Lamb,William D (BPA) - TSST-DITT-1; LT Attorneys; Lynam,Kurt O (BPA) - DIT-7; Mainzer,Elliot E (BPA) - A-7; Manary,Michelle L (BPA) - TS-DITT-2; Marker,Douglas R (BPA) - DIR-7; Marshall,Pam (BPA) - SP-3; Nunn,Trent E (BPA) - KSBP-4; Paynter,Julie A (BPA) - DKC-7; Rueda,Kevin F (BPA) - TSRF-DITT-1; Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Schmidt,Sunshine R (BPA) - ECC-4; Shaheen,Richard L (BPA) - T-DITT-2; Shier,Robert P (BPA) - FRG-2; Thompson,Garry R (BPA) - PS-6; Tieu,Henry (BPA) - KSB-4; Watson,Marchelle A (BPA) - TSR-DITT-1; Wilson,Scott K (BPA) - PSW-6; Wingert,Kevin M (BPA) - DKP-7; Yokota,Daniel R (BPA) - PST-6

Subject: Transmission Sales Customer Bi-Weekly Report - July 31, 2017

Date: Monday, July 31, 2017 1:12:36 PM

Attachments: Report 07-31-2017.doc

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

Good Afternoon,

Attached is the Transmission Sales Customer Bi-Weekly Report.

Thank you,

Sandy Caines
Flux Resources, LLC
Administrative Assistant – TSE/TSES
Bonneville Power Administration
☎360.619.6018 | 🖷360.619.6940

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(b) (4) [redacted]

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677
(b) (2) [redacted]

Federal Agency

BPA Power Services

On July 13, BPAP and BPAT executed the Amended and Restated Statement of Principles Memorandum of Agreement (MOA), No. 96MS-96060. The Amended MOA is the result of ongoing negotiations between TS and PS throughout 2016 and 2017. The MOA establishes the TS-PS business relationship and associated transmission arrangements to support delivery of about half of BPA's obligation to return energy to Canada for its share of downstream benefits under the Columbia River Treaty (the remaining transmission arrangements for Canadian entitlement returns are documented in PS's PTP agreement, No. 14TX-95363). The cross-agency team reviewed each section of the MOA line by line and rewrote the entire MOA to bring it current with existing business processes, to clarify responsibilities and to remove references to expired contracts, transmission demands and unneeded exhibits. We also removed sections pertaining to the internal accounting treatment of Transmission Losses revenues and Generation Integration costs, which are now addressed in separate letter agreements between PS and TS (No. 17TX-16457, Generation Integration and No. 17TX-16496, Losses). This was a significant undertaking, as the MOA had not been updated in over a decade. The MOA documents agreement on all significant details pertaining to grandfathered deliveries to Canada and associated responsibilities, through July 2024. Attached is a copy of the executed Canadian Entitlement MOA.

South of Allston (SOA) Pilot Agreement – On July 20, BPAP and BPAT executed the Internal Agreement for Coordinating SOA Transmission Congestion, No. 17PM-14198. The Agreement describes BPAP's and BPAT's coordinated actions and responsibilities to implement the SOA Congestion Management Pilot Program. The SOA management actions include a combination of increased generation and decreased load south of the SOA cut plane and decreased generation north of the SOA cut plane, which are intended to relieve transmission congestion and promote transmission system reliably. The procedures identified in the Agreement are intended to ensure that TS and PS actions are coordinated and avoid cost shifts between different groups of BPA rate payers and economic impacts to BPA. Attached is a copy of the executed SOA Agreement.

BPA Power Services 96MS-96060.pdf

BPA Power Services 17PM-14198.pdf

(Eric Carter, Ext. 6006)

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2)

(b) (4)

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

From: Jackson,Melanie M (BPA) - TSE-TPP-2
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: NORPAC letter, 7-27-17
Date: Monday, July 31, 2017 2:27:24 PM

Oh goody. I'm assuming you get to write the response? I was a bit surprised by the "demand."

Melanie Jackson
Transmission Account Executive | Transmission Sales
BONNEVILLE POWER ADMINISTRATION
mmjackson@bpa.gov | P 360-619-6012 | C (b) (6)

From: Wilson,Scott K (BPA) - PSW-6
Sent: Friday, July 28, 2017 2:44 PM
To: Jackson,Melanie M (BPA) - TSE-TPP-2
Subject: Fwd: NORPAC letter, 7-27-17
Importance: High

Sent from my Verizon 4G LTE smartphone

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/28/17 9:54 AM (GMT-08:00)
To: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Thompson,Garry R (BPA) - PS-6" <grthompson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Jensen,Mary K (BPA) - L-7" <mkjensen@bpa.gov>, "Horton,Caren M (CONTR) - A-7" <cmhorton@bpa.gov>, "Hannigan IV,Benjamin R (BPA) - A-7" <brhannigan@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>
Subject: NORPAC letter, 7-27-17

This just landed in Elliot's inbox.

I'm adding Mary to this string only because she is shown as a cc on the letter.

Please work with Caren and Ben to find a time for us to meet today to discuss this.

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Date: 7/28/17 9:41 AM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Subject: FW: Clarified Subject - NORPAC Load Forecast

FYI

Sandy Boardman
Executive Officer
Bonneville Power Administration
U.S. Department of Energy
503.230.5102
sxboardman@bpa.gov

From: Sisson, Karen [mailto:Karen.Sisson@norpacpaper.com]
Sent: Thursday, July 27, 2017 3:19 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: Anneberg, Craig <craig.anneberg@norpacpaper.com>; skern@cowlitzpud.org; ghuhta@cowlitzpud.org; Jensen,Mary K (BPA) - L-7 <mkjensen@bpa.gov>
Subject: [EXTERNAL] Clarified Subject - NORPAC Load Forecast

Good Afternoon Mr. Mainzer,

On behalf of Craig Anneberg, attached is a copy of NORPAC's response to BPA's position regarding NORPAC's 2018 load forecast. The original will be mailed to you. Should you have any questions, please contact Mr. Anneberg directly.

Thank you.

Karen Sisson
EA/Project Coordinator
North Pacific Paper Company
Office: 360.636.6499
Mobile: (b) (6) [redacted]
karen.sisson@norpacpaper.com

Click on the link below and check out our newest line of copy paper.

ORCA

COPY PAPER

BOLD FEARLESS BRIGHT

From: Media Relations
To: ADL_DK_ALL; ADL_DI_ALL; ADL_MANAGERS; ADL_L_ALL; ADL_TSRS_ALL; ADL_CN_ALL; ADL_CGF_ALL
Cc: Executive Associates
Subject: BPA Daily News Clips - 31 July 2017
Date: Monday, July 31, 2017 3:02:19 PM

BPA News | Columbia River Basin Fish | States and Partners | Industry News

BPA Daily News Clips is produced by DKP for the purposes of informing executives and managers on how Bonneville Power Administration and its efforts throughout the Northwest are being captured in the media. Also included are stories that impact our partners or reflect broader trends in the utility industry. For feedback on this product, please send suggestions to mediarelations@bpa.gov.

BPA News

Power out in large areas of Richland
Tri-City Herald - July 31, 2017
Richland, lost power late Monday morning. ***Bonneville Power Administration*** experienced an ***outage*** on two Richland substations, taking out

BPA Transmission Services - A Mason PUD 3 Perspective
Mason PUD 3 - July 31, 2017
, with total dependence for transmission services from the ***Bonneville Power*** Administra ion. Mason 3 has several concerns regarding key

Bill to speed up renewables gains traction
E&E News - July 28, 2017
De León also amended the bill to remove a requirement that any eligible "zero carbon" resources should already be serving California customers. That appeased the federal Bonneville Power Administration, which sells excess hydropower from Oregon and Washington state into California and

Bonneville Power Leaves Barriers to Renewables in Place
Public News Service - July 31, 2017

Tri-City-area utilities support proposed law to save Snake dams
Tri-City Herald - July 31, 2017

The response of habitat to restoration after 2017 floods
Union-Bulle in.com - July 28, 2017

Sapphire Complex Fire updates
ABC FOX Montana - July 31, 2017
are hreatened. Other resources threatened include a ***Bonneville Power Administration*** powerline and several communication sites. Closures:

Northern Lights kicks off solar project
Bonner County Daily Bee - July 29, 2017

Port of Chehalis Approves Lease, Discusses Potential Agreements
The Chronicle - July 29, 2017

Officials: BPA shift won't affect Walla Walla power rates
Union-Bulle in.com - July 28, 2017
The federal ***Bonneville Power Administration*** will increase its rate for wholesale power sales and decrease its ***transmission*** rate. The

Newhouse praises decision to reject sell off of BPA assets
Tri-City Herald - July 28, 2017
the ***transmission*** assets of the ***Bonneville Power Administration***, as proposed by the Trump ***administration***. "***Bonneville Power Administration***

Columbia River Basin Fish

Lack of state capital budget delays water projects
Capital Press - July 31, 2017
feet and the shoreline stabilization work is needed so he pool raise can help with migrating ***sockeye salmon*** smolt and irrigation, he said.

Steelhead Limit on Cowlitz Reduced
The Fishing Wire - July 31, 2017

Group removes some of last visible remnants of Marmot Dam, celebrate restoration
KATU - July 30, 2017

Yes, consider all facts on dam breaching
Union-Bulle in.com - July 30, 2017

Oregon's fall salmon seasons; coast to Buoy 10 to McNary Dam
blog.oregonlive - July 29, 2017

PL fisheries plan remains murky
Bonner County Daily Bee - July 29, 2017

Congress seeks to weaken the Marine Mammal Protection Act
High Country News - July 28, 2017
to the Columbia River's ***salmon*** and ***steelhead*** – dams are. Huffman stated that to protect ***salmon*** populations in the long run, ***fish passage*** and

Tagging Tiny Fish: Scientists Aim To Learn More About Lamprey Migration
NW News Network - July 28, 2017
tested back East in American eels. The ***lamprey*** were captured at ***John Day*** and ***McNary*** dams on the ***Columbia River*** and they were returned after

The return of salmon in Edmonds?
Edmondsbeacon.com - July 28, 2017
show that stormwater can be lethal to ***salmon***. "Our ultimate goal is to restore ***salmon*** habitat, to restore ***salmon*** populations," said Rondi

Hooking Mortality Study Under Way On Cowlitz River, Info Could Help Manage Basin Sports Fisheries
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
river. The study includes spring and fall ***chinook salmon***, ***coho salmon*** and winter and summer ***steelhead***. The information gleaned by the study

What To Do About Priest Lake Fishery: Lake Trout? Kokanee? Both?; IDFG Wants Anglers' Views
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
bull trout. Continue native fish conservation efforts in Upper Priest Lake. The department hosted three public meetings this month. ***IDFG***

Fall Fishing Opens To Lower Than Usual Chinook Returns; Season Includes Rolling Steelhead Closure
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
403,600 upriver ***chinook*** will pass ***Bonneville*** Dam, a run that is typically half done by September 9. The forecast for ***coho salmon*** returning

2017 Snake River Sockeye Return To Lower Snake Dams Nearly Complete, Passage Numbers Low
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
size estimate of 401 ***Snake River sockeye*** is based on TAC's final run size of 88,200 fish. Some 87,069 ***sockeye*** had crossed ***Bonneville*** Dam as

Bill To Expedite Sea Lion Removal Clears House Natural Resources Committee, Heads To Floor
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
. Some 82 percent of those were spring ***chinook salmon***. Six ***sturgeon*** were eaten, according to observers, and ***lamprey*** and other non-salmonids

Unlocking the secrets of Idaho's bull trout
Idaho State Journal - July 27, 2017

States and Partners

The World Will Continue To Warm, Now The Question Is How Much
Forbes - July 31, 2017
end of the century. This study, led by researchers at the University of ***Washington***, looked at statistics tied to humans' footprint such as

New wildfire burning near Yakima
Q13 Fox News - July 31, 2017
District No. 5, the Bureau of Land Management, Mabton and ***Yakama*** Nation firefighters were among those fighting the fire, which began Sunday

Bison Returned From the Brink Just in Time for Climate Change
Washington Post - Bloomberg - July 31, 2017

Klamath Salmon hit 2nd lowest recorded population size in 20 years
Times-Standard Online - July 31, 2017
, divers at the ***Salmon*** River Cooperative Spring ***Chinook*** and Summer ***Steelhead*** Population Snorkel Survey only found 110 Spring-run ***Chinook***,

More steelhead returning to Rouge River
Seattle Daily Journal of Commerce - July 31, 2017

Crews respond to central Washington brush fire
Chron.com - July 31, 2017

Secretary Zinke opens wildlife refuge for grazing
NBC Montana - July 30, 2017

Idaho Offers Wolf Trapping Certification Courses
Elk Network - July 29, 2017

Oregon National Guard troops at ready for eclipse
BendBulletin.com (AP) - July 29, 2017

Crews knock out fire near Three Forks
NBC Montana - July 28, 2017

Rogue River's summer steelhead returns above 10-year average
The Register-Guard - July 28, 2017
, they have a better chance of survival than a spring ***chinook*** smolt or a ***steelhead*** smolt in poor ocean conditions. More Oregon ar icles »

Lolo Peak Fire growth slow as crews work to clear fuels
NBC Montana - July 28, 2017

Sen. Merkley goes to bat for the Oregon Coast…
News Lincoln County - July 28, 2017
nearly half the ***salmon*** and ***steelhead*** released into the ***Columbia River*** each year; the Pacific ***Salmon*** Treaty and the ***Chinook Salmon*** Agreement;

Dangerous heat to scorch western US during 1st week of August
Fox News - July 28, 2017
anomalies will likely be focused across nor hern California, ***Oregon***, ***Washington***, ***Idaho***, western ***Montana***, British Columbia and Alberta. "The

Cowlitz, All Nations members canoe toward annual gathering
The Columbian - July 26, 2017

Industry News

Fighting Cyberattacks With Volunteers
The Huffington Post - July 31, 2017
need help," said Dan Lohrmann, chief ***security*** officer for ***Security*** Mentor, a national ***security*** training firm that works with states. "And

A much-needed study of our electrical grid is coming soon
Washington Examiner - July 30, 2017

Are Researchers Underestimating The Cost Of Renewables?
Yahoo! Finance - July 29, 2017

Avista Requests Natural Gas Rate Decrease for Oregon Customers in Annual Cost Adjustment Filings
CNBC - July 28, 2017
territory covers 30,000 square miles in eastern ***Washington***, northern ***Idaho*** and parts of southern and eastern ***Oregon***, with a population of 1.

How a hacker could take down the electric grid
CNN Money - July 28, 2017
the networks that were targeted. The ***electric grid*** is resilient. If the ***grid*** in your city was hit wi h a ***cyberattack***, it would bounce back

Portland General Electric Announces Second Quarter 2017 Results
ABC-7.com - July 28, 2017
Electric Retail price change 4 2 0 03 ***Electric*** Retail volume change 11 7 0.07 Change in decoupling deferral 4 3 0.03 ***Electric***

From:	Wilson,Scott K (BPA) - PSW-6
To:	Gary Huhta (ghuhta@cowlitzpud.org); Chris Velat (cvelat@cowlitzpud.org); bessex@cowlitzpud.org
Cc:	Weinstein,Jason C (BPA) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject:	Regional Dialogue Load Forecast
Date:	Monday, July 31, 2017 3:14:34 PM

Good Afternoon Gary, Bob, and Chris

Just providing the following to meet the contractual requirement established in our Regional Dialogue Contract with you.
--Scott

Pursuant to Exhibit A, Section 1.1 of Cowlitz PUD's Regional Dialogue contract BPA provides notice that BPA is questioning the reasonableness of the Cowlitz's Total Retail Load forecast and that the use of BPA's Total Retail Load forecast and alternatives will be discussed in the upcoming Public Net Requirements process.

From: Weinstein Jason C (BPA) - PSS-6
To: Davis Reed C (BPA) - KSL-4; Patton Kathryn B (BPA) - PSS-SEATTLE
Cc: Wilson Scott K (BPA) - PSW-6; Miller Thomas (BPA) - LP-7
Subject: RE: TRL Forecasts for Slice/Block NR process
Date: Monday, July 31, 2017 3:43:29 PM

Reed-

Since the values we rec'd in the forecast are a summation of all of Cowlitz load it challenging for me to do anything more than compare it to the FY17 TRL forecast.

Were there other load reductions in the FY18 Cowlitz forecast? In each forecast month the load reduction FY18 –FY17 is at least close to 3x the 29 aMW reduction for NORPAC reducing operations from 209 aMW to 180 aMW.

Jason

Cowlitz County PUD						FY18	FY17 NR TRL Fx	FY18-FY17
Customer	Energy (Mwh)	HLH Energy (Mwh)	LLH Energy (Mwh)	Peak (Mw)				
Oct-17	402,681.9	229,777.3	172,904.6	622.1	744	541.2391	636.414	-95.17487903
Nov-17	411,902.8	233,077.0	178,825.8	656.7	721	571.2937	726.739	-155.4452677
Dec-17	448,427.5	247,931.8	200,495.8	692.8	744	602.7251	749.295	-146.5698656
Jan-18	446,637.3	255,946.5	190,690.8	690.0	744	600.3189	739.713	-139.3940739
Feb-18	395,988.5	231,653.0	164,335.5	677.4	672	589.2686	726.74	-137.4714449
Mar-18	424,289.3	252,395.8	171,893.5	656.3	743	571.0489	707.629	-136.5801265
Apr-18	399,281.9	226,235.7	173,046.2	637.5	720	554.5582	685.593	-131.0347528
May-18	400,126.9	228,088.5	172,038.5	618.2	744	537.805	642.908	-105.1029758
Jun-18	384,946.6	226,932.8	158,013.8	614.5	720	534.648	617.757	-83.10895278
Jul-18	384,586.8	211,781.1	172,805.7	594.1	744	516.9178	615.765	-98.84724059
Aug-18	389,432.8	229,022.1	160,410.7	601.6	744	523.4311	616.61	-93.17888441
Sep-18	367,324.8	201,141.1	166,183.8	586.4	720	510.1734	622.381	-112.2076486

From: Davis,Reed C (BPA) - KSL-4
Sent: Thursday, July 27, 2017 4:06 PM
To: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: TRL Forecasts for Slice/Block NR process

Jason & Kate

Attached is the file with the TRL forecasts for the NR process. The only change I made to the file was to Cowlitz. I followed Tom Millers advice to forecast Norpac at 180 aMW a decrease from the past operating level of 209 aMW.

Because of the sensitivity of the Cowlitz forecast, I would appreciate your review of the forecast. If you see anything you question, please let me know.

Thanks,
Reed

From:	Gary Huhta
To:	Wilson,Scott K (BPA) - PSW-6; Chris Velat; Bob Essex
Cc:	Weinstein,Jason C (BPA) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject:	[EXTERNAL] RE: Regional Dialogue Load Forecast
Date:	Monday, July 31, 2017 4:08:35 PM

Acknowledged.

From: Wilson,Scott K (BPA) - PSW-6 [mailto:skwilson@bpa.gov]
Sent: Monday, July 31, 2017 3:15 PM
To: Gary Huhta <Ghuhta@cowlitzpud.org>; Chris Velat <cvelat@cowlitzpud.org>; Bob Essex <Bessex@cowlitzpud.org>
Cc: Weinstein,Jason C (BPA) - PSS-6 <jcweinstein@bpa.gov>; Davis,Reed C (BPA) - KSL-4 <rcdavis@bpa.gov>
Subject: Regional Dialogue Load Forecast

EXTERNAL: Think Before You Click!

Good Afternoon Gary, Bob, and Chris

Just providing the following to meet the contractual requirement established in our Regional Dialogue Contract with you.
--Scott

Pursuant to Exhibit A, Section 1.1 of Cowlitz PUD's Regional Dialogue contract BPA provides notice that BPA is questioning the reasonableness of the Cowlitz's Total Retail Load forecast and that the use of BPA's Total Retail Load forecast and alternatives will be discussed in the upcoming Public Net Requirements process.

From:	James,Daniel M (BPA) - D-7
To:	Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Thompson,Garry R (BPA) - PS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Cc:	Cogswell,Peter (BPA) - DI-7; Mainzer,Elliot E (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH
Subject:	Sen. Murray & Rep. Herrera Beutler - request
Date:	Monday, July 31, 2017 5:25:57 PM
Attachments:	image002.png

Thanks, Sonya.

Team – for your awareness. The request for another BPA meeting with Cowlitz and NORPAC is advanced by the Murray and Herrera Beutler staffs.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 31, 2017 4:16 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: Fwd: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Fyi.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 7/31/17 6:58 PM (GMT-05:00)
To: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>, "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>
Subject: RE: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Thanks to you all as well. Jo, I saw you calling today, but I was on another line. I will give you a call tomorrow. Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>
Date: 7/31/17 6:38 PM (GMT-05:00)
To: "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Mark,

To echo Shari's comments below, I also wanted to express Senator Murray's support for continued discussions between senior leadership from BPA, NORPAC and Cowlitz PUD on the power forecast issue. We would also appreciate updates as the discussions are ongoing.

Thanks so much,

David

David Hodges
Southwest Washington Director
U.S. Senator Patty Murray
360.696.7797

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Monday, July 31, 2017 3:29 PM
To: mcsymonds@bpa.gov
Cc: Hildreth, Shari <Shari.Hildreth@mail.house.gov>; Hodges, David (Murray) <David_Hodges@murray.senate.gov>; Eckert, Josephine (Murray) <Josephine_Eckert@murray.senate.gov>
Subject: Request from Congresswoman Herrera Beutler

Hi Mark,

Congresswoman Herrera Beutler has asked that I contact you because we have had further discussion with the Cowlitz PUD and she would like the BPA to give consideration to the following request:

Delay beginning the public process in order for the BPA leadership to come to the table to meet with NORPAC and the PUD for a full discussion of the power forecast for next year.

She very much appreciates the concerns that have been raised by the agency, as well as the PUD and NORPAC, and she believes strongly that the seriousness of this case merits a full discussion between all of the involved parties.

Please note that we have been in close contact with the staff of Senator Murray, and they are copied on this email as well.

Thank you for your assistance. Please let me know if the agency is able to accommodate her request.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From:	James,Daniel M (BPA) - D-7
To:	Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Thompson,Garry R (BPA) - PS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7; Mainzer,Elliot E (BPA) - A-7
Subject:	Rich Glick
Date:	Monday, July 31, 2017 5:59:41 PM
Attachments:	image002.png

We spoke briefly. I told him we would delay release until August 10 - he was very appreciative.

I also told him that we would not include the 4th option. He understood, and only pushed back with the thought that it might be considered in a settlement.

The issue of another meeting with Cowlitz and NORPAC did not come up. However, we can assume that remains a live issue given the additional interest of Sen. Murray and Rep. Herrera Beutler.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/31/17 5:25 PM (GMT-08:00)
To: "Wilson, Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Garry Thompson (grthompson@bpa.gov)" <grthompson@bpa.gov>, "Weinstein,Jason C (BPA) - PSS-6" <jcweinstein@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>
Cc: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH"

<slbaskerville@bpa.gov>
Subject: Sen. Murray & Rep. Herrera Beutler - request

Thanks, Sonya.

Team – for your awareness. The request for another BPA meeting with Cowlitz and NORPAC is advanced by the Murray and Herrera Beutler staffs.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 31, 2017 4:16 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: Fwd: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Fyi.

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 7/31/17 6:58 PM (GMT-05:00)
To: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>, "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>

Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>
Subject: RE: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Thanks to you all as well. Jo, I saw you calling today, but I was on another line. I will give you a call tomorrow. Thanks!

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>
Date: 7/31/17 6:38 PM (GMT-05:00)
To: "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Mark,

To echo Shari's comments below, I also wanted to express Senator Murray's support for continued discussions between senior leadership from BPA, NORPAC and Cowlitz PUD on the power forecast issue. We would also appreciate updates as the discussions are ongoing.

Thanks so much,

David

David Hodges

Southwest Washington Director

U.S. Senator Patty Murray

360.696.7797

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Monday, July 31, 2017 3:29 PM
To: mcsymonds@bpa.gov
Cc: Hildreth, Shari <Shari.Hildreth@mail.house.gov>; Hodges, David (Murray) <David_Hodges@murray.senate.gov>; Eckert, Josephine (Murray) <Josephine_Eckert@murray.senate.gov>
Subject: Request from Congresswoman Herrera Beutler

Hi Mark,

Congresswoman Herrera Beutler has asked that I contact you because we have had further discussion with the Cowlitz PUD and she would like the BPA to give consideration to the following request:

Delay beginning the public process in order for the BPA leadership to come to the table to meet with NORPAC and the PUD for a full discussion of the power forecast for next year.

She very much appreciates the concerns that have been raised by the agency, as well as the PUD and NORPAC, and she believes strongly that the seriousness of this case merits a full discussion between all of the involved parties.

Please note that we have been in close contact with the staff of Senator Murray, and they are

copied on this email as well.

Thank you for your assistance. Please let me know if the agency is able to accommodate her request.

Thank you,

Shari

Shari Hildreth | District Director

Congresswoman Jaime Herrera Beutler (WA-03)

750 Anderson Street, Ste. B, Vancouver, WA 98661

360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Media Relations
To: ADL_DK_ALL; ADL_DI_ALL; ADL_MANAGERS; ADL_L_ALL; ADL_TSRS_ALL; ADL_CN_ALL; ADL_CGF_ALL
Cc: Executive Associates
Subject: BPA Daily News Clips - 31 July 2017
Date: Monday, July 31, 2017 3:02:19 PM

BPA News | Columbia River Basin Fish | States and Partners | Industry News

BPA Daily News Clips is produced by DKP for the purposes of informing executives and managers on how Bonneville Power Administration and its efforts throughout the Northwest are being captured in the media. Also included are stories that impact our partners or reflect broader trends in the utility industry. For feedback on this product, please send suggestions to mediarelations@bpa.gov.

BPA News

Power out in large areas of Richland
Tri-City Herald - July 31, 2017
Richland, lost power late Monday morning. ***Bonneville Power Administration*** experienced an ***outage*** on two Richland substations, taking out

BPA Transmission Services - A Mason PUD 3 Perspective
Mason PUD 3 - July 31, 2017
, with total dependence for transmission services from the ***Bonneville Power*** Administra ion. Mason 3 has several concerns regarding key

Bill to speed up renewables gains traction
E&E News - July 28, 2017
De León also amended the bill to remove a requirement that any eligible "zero carbon" resources should already be serving California customers. That appeased the federal Bonneville Power Administration, which sells excess hydropower from Oregon and Washington state into California and

Bonneville Power Leaves Barriers to Renewables in Place
Public News Service - July 31, 2017

Tri-City-area utilities support proposed law to save Snake dams
Tri-City Herald - July 31, 2017

The response of habitat to restoration after 2017 floods
Union-Bulle in.com - July 28, 2017

Sapphire Complex Fire updates
ABC FOX Montana - July 31, 2017
are hreatened. Other resources threatened include a ***Bonneville Power Administration*** powerline and several communication sites. Closures:

Northern Lights kicks off solar project
Bonner County Daily Bee - July 29, 2017

Port of Chehalis Approves Lease, Discusses Potential Agreements
The Chronicle - July 29, 2017

Officials: BPA shift won't affect Walla Walla power rates
Union-Bulle in.com - July 28, 2017
The federal ***Bonneville Power Administration*** will increase its rate for wholesale power sales and decrease its ***transmission*** rate. The

Newhouse praises decision to reject sell off of BPA assets
Tri-City Herald - July 28, 2017
the ***transmission*** assets of the ***Bonneville Power Administration***, as proposed by the Trump ***administration***. "***Bonneville Power Administration***

Columbia River Basin Fish

Lack of state capital budget delays water projects
Capital Press - July 31, 2017
feet and the shoreline stabilization work is needed so he pool raise can help with migrating ***sockeye salmon*** smolt and irrigation, he said.

Steelhead Limit on Cowlitz Reduced
The Fishing Wire - July 31, 2017

Group removes some of last visible remnants of Marmot Dam, celebrate restoration
KATU - July 30, 2017

Yes, consider all facts on dam breaching
Union-Bulle in.com - July 30, 2017

Oregon's fall salmon seasons; coast to Buoy 10 to McNary Dam
blog.oregonlive - July 29, 2017

PL fisheries plan remains murky
Bonner County Daily Bee - July 29, 2017

Congress seeks to weaken the Marine Mammal Protection Act
High Country News - July 28, 2017
to the Columbia River's ***salmon*** and ***steelhead*** – dams are. Huffman stated that to protect ***salmon*** populations in the long run, ***fish passage*** and

Tagging Tiny Fish: Scientists Aim To Learn More About Lamprey Migration
NW News Network - July 28, 2017
tested back East in American eels. The ***lamprey*** were captured at ***John Day*** and ***McNary*** dams on the ***Columbia River*** and they were returned after

The return of salmon in Edmonds?
Edmondsbeacon.com - July 28, 2017
show that stormwater can be lethal to ***salmon***. "Our ultimate goal is to restore ***salmon*** habitat, to restore ***salmon*** populations," said Rondi

Hooking Mortality Study Under Way On Cowlitz River, Info Could Help Manage Basin Sports Fisheries
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
river. The study includes spring and fall ***chinook salmon***, ***coho salmon*** and winter and summer ***steelhead***. The information gleaned by the study

What To Do About Priest Lake Fishery: Lake Trout? Kokanee? Both?; IDFG Wants Anglers' Views
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
bull trout. Continue native fish conservation efforts in Upper Priest Lake. The department hosted three public meetings this month. ***IDFG***

Fall Fishing Opens To Lower Than Usual Chinook Returns; Season Includes Rolling Steelhead Closure
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
403,600 upriver ***chinook*** will pass ***Bonneville*** Dam, a run that is typically half done by September 9. The forecast for ***coho salmon*** returning

2017 Snake River Sockeye Return To Lower Snake Dams Nearly Complete, Passage Numbers Low
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
size estimate of 401 ***Snake River sockeye*** is based on TAC's final run size of 88,200 fish. Some 87,069 ***sockeye*** had crossed ***Bonneville*** Dam as

Bill To Expedite Sea Lion Removal Clears House Natural Resources Committee, Heads To Floor
Columbia Basin Fish and Wildlife Bulle in - July 28, 2017
. Some 82 percent of those were spring ***chinook salmon***. Six ***sturgeon*** were eaten, according to observers, and ***lamprey*** and other non-salmonids

Unlocking the secrets of Idaho's bull trout
Idaho State Journal - July 27, 2017

States and Partners

The World Will Continue To Warm, Now The Question Is How Much
Forbes - July 31, 2017
end of the century. This study, led by researchers at the University of ***Washington***, looked at statistics tied to humans' footprint such as

New wildfire burning near Yakima
Q13 Fox News - July 31, 2017
District No. 5, the Bureau of Land Management, Mabton and ***Yakama*** Nation firefighters were among those fighting the fire, which began Sunday

Bison Returned From the Brink Just in Time for Climate Change
Washington Post - Bloomberg - July 31, 2017

Klamath Salmon hit 2nd lowest recorded population size in 20 years
Times-Standard Online - July 31, 2017
, divers at the ***Salmon*** River Cooperative Spring ***Chinook*** and Summer ***Steelhead*** Population Snorkel Survey only found 110 Spring-run ***Chinook***,

More steelhead returning to Rouge River
Seattle Daily Journal of Commerce - July 31, 2017

Crews respond to central Washington brush fire
Chron.com - July 31, 2017

Secretary Zinke opens wildlife refuge for grazing
NBC Montana - July 30, 2017

Idaho Offers Wolf Trapping Certification Courses
Elk Network - July 29, 2017

Oregon National Guard troops at ready for eclipse
BendBulletin.com (AP) - July 29, 2017

Crews knock out fire near Three Forks
NBC Montana - July 28, 2017

Rogue River's summer steelhead returns above 10-year average
The Register-Guard - July 28, 2017
, they have a better chance of survival than a spring ***chinook*** smolt or a ***steelhead*** smolt in poor ocean conditions. More Oregon ar icles »

Lolo Peak Fire growth slow as crews work to clear fuels
NBC Montana - July 28, 2017

Sen. Merkley goes to bat for the Oregon Coast…
News Lincoln County - July 28, 2017
nearly half the ***salmon*** and ***steelhead*** released into the ***Columbia River*** each year; the Pacific ***Salmon*** Treaty and the ***Chinook Salmon*** Agreement;

Dangerous heat to scorch western US during 1st week of August
Fox News - July 28, 2017
anomalies will likely be focused across nor hern California, ***Oregon***, ***Washington***, ***Idaho***, western ***Montana***, British Columbia and Alberta. "The

Cowlitz, All Nations members canoe toward annual gathering
The Columbian - July 26, 2017

Industry News

Fighting Cyberattacks With Volunteers
The Huffington Post - July 31, 2017
need help," said Dan Lohrmann, chief ***security*** officer for ***Security*** Mentor, a national ***security*** training firm that works with states. "And

A much-needed study of our electrical grid is coming soon
Washington Examiner - July 30, 2017

Are Researchers Underestimating The Cost Of Renewables?
Yahoo! Finance - July 29, 2017

Avista Requests Natural Gas Rate Decrease for Oregon Customers in Annual Cost Adjustment Filings
CNBC - July 28, 2017
territory covers 30,000 square miles in eastern ***Washington***, northern ***Idaho*** and parts of southern and eastern ***Oregon***, with a population of 1.

How a hacker could take down the electric grid
CNN Money - July 28, 2017
the networks that were targeted. The ***electric grid*** is resilient. If the ***grid*** in your city was hit wi h a ***cyberattack***, it would bounce back

Portland General Electric Announces Second Quarter 2017 Results
ABC-7.com - July 28, 2017
Electric Retail price change 4 2 0 03 ***Electric*** Retail volume change 11 7 0.07 Change in decoupling deferral 4 3 0.03 ***Electric***

From:	Cogswell,Peter (BPA) - DI-7
To:	Wilson,Scott K (BPA) - PSW-6
Cc:	Symonds,Mark C (BPA) - BD-3
Subject:	FW: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler
Date:	Monday, July 31, 2017 4:52:42 PM
Attachments:	image002.png

Just FYI as Mark is up in Olympia and may not have had a chance to forward. Want you to be aware of all the moving parts, this one appears to add Sen. Murray into the mix as calling for continued discussions. Sonya has forwarded to Elliot and Dan.

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 31, 2017 4:16 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: Fwd: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Fyi.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 7/31/17 6:58 PM (GMT-05:00)
To: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>, "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>
Subject: RE: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Thanks to you all as well. Jo, I saw you calling today, but I was on another line. I will give you a call tomorrow. Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------

From: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>
Date: 7/31/17 6:38 PM (GMT-05:00)
To: "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Mark,

To echo Shari's comments below, I also wanted to express Senator Murray's support for continued discussions between senior leadership from BPA, NORPAC and Cowlitz PUD on the power forecast issue. We would also appreciate updates as the discussions are ongoing.

Thanks so much,

David

David Hodges
Southwest Washington Director
U.S. Senator Patty Murray
360.696.7797

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Monday, July 31, 2017 3:29 PM
To: mcsymonds@bpa.gov
Cc: Hildreth, Shari <Shari.Hildreth@mail.house.gov>; Hodges, David (Murray) <David_Hodges@murray.senate.gov>; Eckert, Josephine (Murray) <Josephine_Eckert@murray.senate.gov>
Subject: Request from Congresswoman Herrera Beutler

Hi Mark,

Congresswoman Herrera Beutler has asked that I contact you because we have had further discussion with the Cowlitz PUD and she would like the BPA to give consideration to the following request:

Delay beginning the public process in order for the BPA leadership to come to the table to meet with NORPAC and the PUD for a full discussion of the power forecast for next year.

She very much appreciates the concerns that have been raised by the agency, as well as the

PUD and NORPAC, and she believes strongly that the seriousness of this case merits a full discussion between all of the involved parties.

Please note that we have been in close contact with the staff of Senator Murray, and they are copied on this email as well.

Thank you for your assistance. Please let me know if the agency is able to accommodate her request.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From:	Wilson,Scott K (BPA) - PSW-6
To:	James,Daniel M (BPA) - D-7; Mainzer,Elliot E (BPA) - A-7
Cc:	Thompson,Garry R (BPA) - PS-6; Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6
Subject:	Liquidated Damages Thoughts.
Date:	Monday, July 31, 2017 12:32:00 PM

Here is a quick overview of liquidated damages and the potential impacts of having the formula work both ways as Cowlitz is currently suggesting.
--Scott

Liquidated Damages Overview
BPA is proposing that we would accept the Cowlitz forecast of 80 aMW for NORPAC as long as they agree to pay liquidated damages if the actual load exceeds that level. The charge is the difference between PF and Market. Currently that difference is about $13 which means that loss of 100 aMW would result in over $11 million to BPA

Why does the proposed charge currently only apply for amounts in excess of the Cowlitz load forecast?
At issue is whether to accept the Cowlitz forecast of 80 aMW or substitute our own of 180 aMW. Because BPA is accepting the forecast level provided to us we designed liquidated damages to protect liquidated damages if loads turned out to be higher. None of the conversations with Cowlitz and NORPAC that led up to BPA developing the approach suggested that loads could be lower than 80 aMW.

Could the liquidated damages formula apply if loads are lower than 80 aMW?
The math could be made to work that way but it would create additional risks of revenue loss for BPA. Making liquidated damages apply both ways means that BPA would provide a credit to Cowlitz if the load comes in under the 80 aMW forecast. Applying liquidated damages when loads are lower than the forecast would cost about $1.1 million for every 10 aMW the load is lower putting another $8.8 million at risk if the plant were completely shut down.

Is there a logic to applying liquidated damages both ways?
There is because ultimately Cowlitz would pay for the amount of power that the load actually uses just as it would occur for load following customers. But Cowlitz purchases on a planned basis so the logic works the other way too.

Are there other risks to applying liquidated damages both ways?
Yes. If you are worried about the jobs that the mill provides, providing credits for lower loads allows NORPAC to reduce its load as low as it wants without any financial consequences. Essentially their electric bill moves from a fixed cost to completely variable, giving them full optionality on their electric costs if they choose to drop production.

An idea for a Fall Back.
The potential to lose revenue from additional load loss and additional risk that more jobs may be lost makes full application of liquidated damages impractical for BPA. We could make a nod in that direction by limiting payments to Cowlitz to a small operational band like 5 aMW (It works both ways

but only down to 75 aMW). That would recognize the minor operational uncertainty around NORPAC learning to operate at 80 aMW but limit BPA's losses.

(b) [redacted]
(5) [redacted]

[redacted]

[redacted]

(b) (5)

From: Wilson,Scott K (BPA) - PSW-6
To: Roger Gray
Subject: RE: Cowlitz folllow-up question
Date: Monday, July 31, 2017 4:34:00 PM

Yes. You have it right overall. The only technicality is that the forecast timing is we receive their forecast by the end of June and doesn't have a right to adjust it after that. We put out our forecast by the end of July (which is usually an acceptance of the customers forecast but in this case may not be). We do the net requirement process in August and we publish finals in September. Once we lock the final forecast of TRL – Allowable Resources, that amount becomes final and is take-or-pay. Allowable Resources does not include I-chose-to-go-to-the-market-because-it's-cheaper.
--Scott
PS: I would like to invite Matt Tidwell who is our guy on point for the BPA Strategy Document to your competitiveness discussion on Tuesday. I want to make sure you are okay with that before I bring him.

From: Roger Gray [mailto:rgray@nru-nw.com]
Sent: Monday, July 31, 2017 12:47 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] Cowlitz folllow-up question

Scott

I had a follow-up question about the Cowlitz matter.

Does the fact that Cowlitz is block/slice (I think they are) allow them to adjust their load forecast before 9/15 down? My recollection (from EWEB) is that a block/slice customer goes with Total Retail Load minus Designated Resources. Designated Resources are very difficult to change as I recall.

So basically, if Cowlitz's TRL is expected to drop 100aMW then they have a right to drop BPA purchases by 100aMW? Or is it actually/literally take-or-pay?

Here is my basic assumption: Under existing contract rights, Cowlitz can reduce 100aMW if their load is actually forecast to drop 100aMW. What they cannot do is substitute alternative resources which is what BPA is trying to avoid by your solution.

Do I have this right?

Thx
Roger

From:	Miller,Thomas (BPA) - LP-7
To:	Wilson,Scott K (BPA) - PSW-6; Burger,Peter J (BPA) - LG-7; James,Daniel M (BPA) - D-7; Weinstein,Jason C (BPA) - PSS-6; Symonds,Mark C (BPA) - BD-3
Cc:	Johnson,Tim A (BPA) - LP-7
Subject:	RE: NORPACresponse (2).docx
Date:	Monday, July 31, 2017 11:20:10 AM

Sounds appropriate unless you want the Administrator's office to respond. May be a plus in de-escalating the profile of the response.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, July 31, 2017 11:08 AM
To: Miller,Thomas (BPA) - LP-7; Burger,Peter J (BPA) - LG-7; James,Daniel M (BPA) - D-7; Weinstein,Jason C (BPA) - PSS-6; Symonds,Mark C (BPA) - BD-3
Cc: Johnson,Tim A (BPA) - LP-7
Subject: RE: NORPACresponse (2).docx

What do you think on who should sign the letter. My sense is Garry is the right person since the Net Requirement process resides in his shop.

From: Miller,Thomas (BPA) - LP-7
Sent: Monday, July 31, 2017 10:31 AM
To: Wilson,Scott K (BPA) - PSW-6; Burger,Peter J (BPA) - LG-7; James,Daniel M (BPA) - D-7; Weinstein,Jason C (BPA) - PSS-6; Symonds,Mark C (BPA) - BD-3
Cc: Johnson,Tim A (BPA) - LP-7
Subject: NORPACresponse (2).docx

Hi I've added some edits to this proposed letter response for your consideration. At this point I do not think we need to go into the history of discussion with Cowlitz and NorPac since we will have a good opportunity to do that at the endo of the Net Requirement Process.

From:	Wilson,Scott K (BPA) - PSW-6
To:	Gary Huhta (ghuhta@cowlitzpud.org); Chris Velat (cvelat@cowlitzpud.org); bessex@cowlitzpud.org
Cc:	Weinstein,Jason C (BPA) - PSS-6; Davis,Reed C (BPA) - KSL-4
Subject:	Regional Dialogue Load Forecast
Date:	Monday, July 31, 2017 3:14:00 PM

Good Afternoon Gary, Bob, and Chris

Just providing the following to meet the contractual requirement established in our Regional Dialogue Contract with you.
--Scott

Pursuant to Exhibit A, Section 1.1 of Cowlitz PUD's Regional Dialogue contract BPA provides notice that BPA is questioning the reasonableness of the Cowlitz's Total Retail Load forecast and that the use of BPA's Total Retail Load forecast and alternatives will be discussed in the upcoming Public Net Requirements process.

From:	James,Daniel M (BPA) - D-7
To:	Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Thompson,Garry R (BPA) - PS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7; Mainzer,Elliot E (BPA) - A-7
Subject:	Rich Glick
Date:	Monday, July 31, 2017 5:59:41 PM
Attachments:	image002.png

We spoke briefly. I told him we would delay release until August 10 - he was very appreciative.

I also told him that we would not include the 4th option. He understood, and only pushed back with the thought that it might be considered in a settlement.

The issue of another meeting with Cowlitz and NORPAC did not come up. However, we can assume that remains a live issue given the additional interest of Sen. Murray and Rep. Herrera Beutler.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>
Date: 7/31/17 5:25 PM (GMT-08:00)
To: "Wilson, Scott K (BPA) - PSW-6" <skwilson@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Garry Thompson (grthompson@bpa.gov)" <grthompson@bpa.gov>, "Weinstein,Jason C (BPA) - PSS-6" <jcweinstein@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>
Cc: "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH"

<slbaskerville@bpa.gov>
Subject: Sen. Murray & Rep. Herrera Beutler - request

Thanks, Sonya.

Team – for your awareness. The request for another BPA meeting with Cowlitz and NORPAC is advanced by the Murray and Herrera Beutler staffs.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 31, 2017 4:16 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: Fwd: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Fyi.

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 7/31/17 6:58 PM (GMT-05:00)
To: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>, "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>

Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>
Subject: RE: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Thanks to you all as well. Jo, I saw you calling today, but I was on another line. I will give you a call tomorrow. Thanks!

Sonya Baskerville

BPA National Relations

202.253.7352

-------- Original message --------
From: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>
Date: 7/31/17 6:38 PM (GMT-05:00)
To: "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Mark,

To echo Shari's comments below, I also wanted to express Senator Murray's support for continued discussions between senior leadership from BPA, NORPAC and Cowlitz PUD on the power forecast issue. We would also appreciate updates as the discussions are ongoing.

Thanks so much,

David

David Hodges

Southwest Washington Director

U.S. Senator Patty Murray

360.696.7797

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Monday, July 31, 2017 3:29 PM
To: mcsymonds@bpa.gov
Cc: Hildreth, Shari <Shari.Hildreth@mail.house.gov>; Hodges, David (Murray) <David_Hodges@murray.senate.gov>; Eckert, Josephine (Murray) <Josephine_Eckert@murray.senate.gov>
Subject: Request from Congresswoman Herrera Beutler

Hi Mark,

Congresswoman Herrera Beutler has asked that I contact you because we have had further discussion with the Cowlitz PUD and she would like the BPA to give consideration to the following request:

Delay beginning the public process in order for the BPA leadership to come to the table to meet with NORPAC and the PUD for a full discussion of the power forecast for next year.

She very much appreciates the concerns that have been raised by the agency, as well as the PUD and NORPAC, and she believes strongly that the seriousness of this case merits a full discussion between all of the involved parties.

Please note that we have been in close contact with the staff of Senator Murray, and they are

copied on this email as well.

Thank you for your assistance. Please let me know if the agency is able to accommodate her request.

Thank you,

Shari

Shari Hildreth | District Director

Congresswoman Jaime Herrera Beutler (WA-03)

750 Anderson Street, Ste. B, Vancouver, WA 98661

360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From:	James,Daniel M (BPA) - D-7
To:	Wilson,Scott K (BPA) - PSW-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Thompson,Garry R (BPA) - PS-6; Weinstein,Jason C (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Cc:	Cogswell,Peter (BPA) - DI-7; Mainzer,Elliot E (BPA) - A-7; Baskerville,Sonya L (BPA) - DIN-WASH
Subject:	Sen. Murray & Rep. Herrera Beutler - request
Date:	Monday, July 31, 2017 5:25:57 PM
Attachments:	image002.png

Thanks, Sonya.

Team – for your awareness. The request for another BPA meeting with Cowlitz and NORPAC is advanced by the Murray and Herrera Beutler staffs.

DJ

From: Baskerville,Sonya L (BPA) - DIN-WASH
Sent: Monday, July 31, 2017 4:16 PM
To: Mainzer,Elliot E (BPA) - A-7 <eemainzer@bpa.gov>
Cc: James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Cogswell,Peter (BPA) - DI-7 <ptcogswell@bpa.gov>
Subject: Fwd: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Fyi.

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Date: 7/31/17 6:58 PM (GMT-05:00)
To: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>, "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>
Subject: RE: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Thanks to you all as well. Jo, I saw you calling today, but I was on another line. I will give you a call tomorrow. Thanks!

Sonya Baskerville
BPA National Relations
202.253.7352

-------- Original message --------
From: "Hodges, David (Murray)" <David_Hodges@murray.senate.gov>
Date: 7/31/17 6:38 PM (GMT-05:00)
To: "Hildreth, Shari" <Shari.Hildreth@mail.house.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>
Cc: "Eckert, Josephine (Murray)" <Josephine_Eckert@murray.senate.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>
Subject: [EXTERNAL] RE: Request from Congresswoman Herrera Beutler

Mark,

To echo Shari's comments below, I also wanted to express Senator Murray's support for continued discussions between senior leadership from BPA, NORPAC and Cowlitz PUD on the power forecast issue. We would also appreciate updates as the discussions are ongoing.

Thanks so much,

David

David Hodges
Southwest Washington Director
U.S. Senator Patty Murray
360.696.7797

From: Hildreth, Shari [mailto:Shari.Hildreth@mail.house.gov]
Sent: Monday, July 31, 2017 3:29 PM
To: mcsymonds@bpa.gov
Cc: Hildreth, Shari <Shari.Hildreth@mail.house.gov>; Hodges, David (Murray) <David_Hodges@murray.senate.gov>; Eckert, Josephine (Murray) <Josephine_Eckert@murray.senate.gov>
Subject: Request from Congresswoman Herrera Beutler

Hi Mark,

Congresswoman Herrera Beutler has asked that I contact you because we have had further discussion with the Cowlitz PUD and she would like the BPA to give consideration to the following request:

Delay beginning the public process in order for the BPA leadership to come to the table to meet with NORPAC and the PUD for a full discussion of the power forecast for next year.

She very much appreciates the concerns that have been raised by the agency, as well as the PUD and NORPAC, and she believes strongly that the seriousness of this case merits a full discussion between all of the involved parties.

Please note that we have been in close contact with the staff of Senator Murray, and they are copied on this email as well.

Thank you for your assistance. Please let me know if the agency is able to accommodate her request.

Thank you,

Shari

Shari Hildreth | District Director
Congresswoman Jaime Herrera Beutler (WA-03)
750 Anderson Street, Ste. B, Vancouver, WA 98661
360.695.6292 (o) | 360.695.6197 (f)

Click here to receive informative, brief email updates

From: Caines,Sandra L (CONTR) - TSE-TPP-2

To: ADL_TSE_ALL; Amato,Ebony L (BPA) - DKE-7; Asgharian,Maryam A (BPA) - DKE-7; Ball,Crystal A (BPA) - DIR-7; Cathcart,Michelle M (BPA) - TO-DITT-2; Chong Tim,Marcus H (BPA) - LT-7; Davis,Reed C (BPA) - KSL-4; Duncan,William W (BPA) - TAA-HANGR; Ehli,Cathy L (BPA) - PT-5; Elizeh,Edison G (BPA) - S-3; Fitzsimmons,David A (BPA) - TSE-TPP-2; Fredrickson,Rebecca E (BPA) - TSPQ-TPP-2; Furrer,Robin R (BPA) - TF-DITT-2; Gillman,Richard A (BPA) - TSPP-TPP-2; Gordon,Peter S (BPA) - SP-3; Graves Pyrch,Karen S (BPA) - KS-4; Herrin,Janet C (BPA) - K-7; Holden-Baker,Susan M (BPA) - TSS-DITT-1; Ikakoula,Corrina A (BPA) - DIT-7; James,Daniel M (BPA) - D-7; Jensen,Mary K (BPA) - L-7; King,Robert D (BPA) - TSP-TPP-2; Klumpp,Elizabeth C (BPA) - DIR-WSGL; Ko,Tina G (BPA) - TA-DITT-2; Kolze,Jack A (BPA) - TESM-AMPN-2; Kuhn,Shana L (BPA) - N-7; Lamb,William D (BPA) - TSST-DITT-1; LT Attorneys; Lynam,Kurt O (BPA) - DIT-7; Mainzer,Elliot E (BPA) - A-7; Manary,Michelle L (BPA) - TS-DITT-2; Marker,Douglas R (BPA) - DIR-7; Marshall,Pam (BPA) - SP-3; Nunn,Trent E (BPA) - KSBP-4; Paynter,Julie A (BPA) - DKC-7; Rueda,Kevin F (BPA) - TSRF-DITT-1; Schimmels,Nancy M (BPA) - PSE-MEAD-GOB; Schmidt,Sunshine R (BPA) - ECC-4; Shaheen,Richard L (BPA) - T-DITT-2; Shier,Robert P (BPA) - FRG-2; Thompson,Garry R (BPA) - PS-6; Tieu,Henry (BPA) - KSB-4; Watson,Marchelle A (BPA) - TSR-DITT-1; Wilson,Scott K (BPA) - PSW-6; Wingert,Kevin M (BPA) - DKP-7; Yokota,Daniel R (BPA) - PST-6

Subject: Transmission Sales Customer Bi-Weekly Report - July 31, 2017

Date: Monday, July 31, 2017 1:12:36 PM

Attachments: Report 07-31-2017.doc

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677
BPA SOC Web Page (b) (2) [redacted]

Good Afternoon,

Attached is the Transmission Sales Customer Bi-Weekly Report.

Thank you,

Sandy Caines
Flux Resources, LLC
Administrative Assistant – TSE/TSES
Bonneville Power Administration
☎360.619.6018 | 🖷360.619.6940

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677
(b) (2) [redacted]

TRANSMISSION SALES CUSTOMER UPDATE
July 31, 2017

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677
(b) (2) [redacted]

Federal Agency

BPA Power Services

On July 13, BPAP and BPAT executed the Amended and Restated Statement of Principles Memorandum of Agreement (MOA), No. 96MS-96060. The Amended MOA is the result of ongoing negotiations between TS and PS throughout 2016 and 2017. The MOA establishes the TS-PS business relationship and associated transmission arrangements to support delivery of about half of BPA's obligation to return energy to Canada for its share of downstream benefits under the Columbia River Treaty (the remaining transmission arrangements for Canadian entitlement returns are documented in PS's PTP agreement, No. 14TX-95363). The cross-agency team reviewed each section of the MOA line by line and rewrote the entire MOA to bring it current with existing business processes, to clarify responsibilities and to remove references to expired contracts, transmission demands and unneeded exhibits. We also removed sections pertaining to the internal accounting treatment of Transmission Losses revenues and Generation Integration costs, which are now addressed in separate letter agreements between PS and TS (No. 17TX-16457, Generation Integration and No. 17TX-16496, Losses). This was a significant undertaking, as the MOA had not been updated in over a decade. The MOA documents agreement on all significant details pertaining to grandfathered deliveries to Canada and associated responsibilities, through July 2024. Attached is a copy of the executed Canadian Entitlement MOA.

South of Allston (SOA) Pilot Agreement – On July 20, BPAP and BPAT executed the Internal Agreement for Coordinating SOA Transmission Congestion, No. 17PM-14198. The Agreement describes BPAP's and BPAT's coordinated actions and responsibilities to implement the SOA Congestion Management Pilot Program. The SOA management actions include a combination of increased generation and decreased load south of the SOA cut plane and decreased generation north of the SOA cut plane, which are intended to relieve transmission congestion and promote transmission system reliably. The procedures identified in the Agreement are intended to ensure that TS and PS actions are coordinated and avoid cost shifts between different groups of BPA rate payers and economic impacts to BPA. Attached is a copy of the executed SOA Agreement.

BPA Power Services 96MS-96060.pdf

BPA Power Services 17PM-14198.pdf

(Eric Carter, Ext. 6006)

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

This document may contain SOC-Restricted Information. Under FERC Standards of Conduct SOC-Restricted Information may not be shared with Marketing Function Employees (MFEs) unless certain criteria have been met (e.g., voluntary consent by the customer, a public OASIS posting, system emergencies, or other exceptions). Please take care to remove or otherwise redact the SOC-Restricted information before forwarding or otherwise sharing with Marketing Function Employees.

For more information on Standards of Conduct please use the following resources.
BPA SOC Help Line: 503-230-4677

(b) (2) [redacted]

(b) (4) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

From: Wilson,Scott K (BPA) - PSW-6
To: Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6; Miller,Thomas (BPA) - LP-7
Subject: FW: Information on Norpac/Cowlitz
Date: Wednesday, August 02, 2017 11:16:12 AM

FYI

From: Thompson,Kim T (BPA) - PE-6
Sent: Wednesday, August 02, 2017 11:03 AM
To: Mainzer,Elliot E (BPA) - A-7
Cc: Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6; Wilson,Scott K (BPA) - PSW-6
Subject: Information on Norpac/Cowlitz

Hi Elliot – Joel suggested I email you to remind you of a notable detail about Cowlitz/Norpac.

BPA invested a significant sum in energy efficiency improvements at the Norpac plant. In 2009, BPA entered into a custom contract with Cowlitz for BPA to fund $24M for efficiency improvements in Norpac's chipyard and their thermomechanical pulping mills. BPA's capitalized payments were spread across 2012 and 2013, as project phases were completed.

This project was BPA's largest ever energy efficiency investment and project, yielding approximately 12 aMW of savings. BPA, Cowlitz, and Norpac all contributed funding to this effort.

Also of note is that BPA treated this project separate from our general program model. BPA transitioned to TOCA-based funding in 2012. This Cowlitz/Norpac project was not subject to our TOCA-funding allocation or the Large Project Fund rules all other utilities followed. Essentially, we gave Cowlitz and Norpac access to a disproportionate share of BPA EE funding at a time when all others were held to their TOCA allocation.

With a 12 year debt service period for EE's capital investments, BPA is still paying down the cost of this investment. Should BPA accept the lower operating forecast Cowlitz provided *and* Norpac continues operating their paper line, this would effectively shift the remaining debt service costs of the efficiency improvements the plant continues to enjoy across the remainder of BPA's customers.

Best Regards
Kim Thompson
Acting Vice President, Energy Efficiency
Bonneville Power Administration

From: Wilson Scott K (BPA) - PSW-6
To: Weinstein Jason C (BPA) - PSS-6; Davis Reed C (BPA) - KSL-4; Patton Kathryn B (BPA) - PSS-SEATTLE
Subject: RE: TRL Forecasts for Slice/Block NR process
Date: Thursday, August 03, 2017 10:59:45 AM

We do need to get a version of the Net Requirements spreadsheet out to Cowlitz for their planning purposes. I would like to get it to them this week if at all possible.
--Scott

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Thursday, August 03, 2017 10:39 AM
To: Davis,Reed C (BPA) - KSL-4; Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc: Wilson,Scott K (BPA) - PSW-6
Subject: RE: TRL Forecasts for Slice/Block NR process
Importance: High

Reed – any follow-up thoughts on my question? Is the monthly load reduction ranging from 83 to 155 aMW what you expected for all of Cowlitz's consumers?

Thanks

Jason

From: Weinstein,Jason C (BPA) - PSS-6
Sent: Monday, July 31, 2017 3:43 PM
To: Davis,Reed C (BPA) - KSL-4; Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: RE: TRL Forecasts for Slice/Block NR process

Reed-

Since the values we rec'd in the forecast are a summation of all of Cowlitz load it challenging for me to do anything more than compare it to the FY17 TRL forecast.

Were there other load reductions in the FY18 Cowlitz forecast? In each forecast month the load reduction FY18 –FY17 is at least close to 3x the 29 aMW reduction for NORPAC reducing operations from 209 aMW to 180 aMW.

Jason

Cowlitz County PUD						FY18	FY17 NR TRL Fx	FY18-FY17
Customer	Energy (Mwh)	HLH Energy (Mwh)	LLH Energy (Mwh)	Peak (Mw)				
Oct-17	402,681.9	229,777.3	172,904.6	622.1	744	541.2391	636.414	-95.17487903
Nov-17	411,902.8	233,077.0	178,825.8	656.7	721	571.2937	726.739	-155.4452677
Dec-17	448,427.5	247,931.8	200,495.8	692.8	744	602.7251	749.295	-146.5698656
Jan-18	446,637.3	255,946.5	190,690.8	690.0	744	600.3189	739.713	-139.3940739
Feb-18	395,988.5	231,653.0	164,335.5	677.4	672	589.2686	726.74	-137.4714449
Mar-18	424,289.3	252,395.8	171,893.5	656.3	743	571.0489	707.629	-136.5801265
Apr-18	399,281.9	226,235.7	173,046.2	637.5	720	554.5582	685.593	-131.0347528
May-18	400,126.9	228,088.5	172,038.5	618.2	744	537.805	642.908	-105.1029758
Jun-18	384,946.6	226,932.8	158,013.8	614.5	720	534.648	617.757	-83.10895278
Jul-18	384,586.8	211,781.1	172,805.7	594.1	744	516.9178	615.765	-98.84724059
Aug-18	389,432.8	229,022.1	160,410.7	601.6	744	523.4311	616.61	-93.17888441
Sep-18	367,324.8	201,141.1	166,183.8	586.4	720	510.1734	622.381	-112.2076486

From: Davis,Reed C (BPA) - KSL-4
Sent: Thursday, July 27, 2017 4:06 PM
To: Weinstein,Jason C (BPA) - PSS-6; Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7
Subject: TRL Forecasts for Slice/Block NR process

Jason & Kate

Attached is the file with the TRL forecasts for the NR process. The only change I made to the file was to Cowlitz. I followed Tom Millers advice to forecast Norpac at 180 aMW a decrease from the past operating level of 209 aMW.

Because of the sensitivity of the Cowlitz forecast, I would appreciate your review of the forecast. If you see anything you question, please let me know.

Thanks,
Reed

From:	Wilson,Scott K (BPA) - PSW-6
To:	James,Daniel M (BPA) - D-7; Mainzer,Elliot E (BPA) - A-7
Cc:	Miller,Thomas (BPA) - LP-7; Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6; Thompson,Garry R (BPA) - PS-6; Cook,Joel D (BPA) - P-6; Burger,Peter J (BPA) - LG-7
Subject:	My Assignment to Think About NORPAC Solutions
Date:	Monday, August 07, 2017 9:15:40 AM

Resending to add Joel and Peter Burger onto this chain. I still would advocate for LD but wanted to be sure to provide the best option that I came up with. Probably the biggest challenge of it is that to date NORPAC has been unwilling to move on the forecast of 80 aMW from BPA, even though they have talked about many different operating levels at the plant.
--Scott

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, August 07, 2017 9:03 AM
To: James,Daniel M (BPA) - D-7; Mainzer,Elliot E (BPA) - S-7 (eemainzer@bpa.gov)
Cc: Miller,Thomas (BPA) - LP-7; Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6; Thompson,Garry R (BPA) - PSE-MEAD-GOB (grthompson@bpa.gov)
Subject: RE: Connecting Elliot with Tom and Scott this morning

My assignment.
I spent a lot of the weekend letting ideas spin on the Norpac situation. I actually woke up each morning and in the middle of the night Friday, Saturday and Sunday nights looking for that elusive solution beyond Liquidated Damages.

I came up with one idea that might be worth thinking about and that seems to protect our interests while providing some optionality to restart if conditions change. It at least has the potential to reframe the conversation.

1. **Get Real on the Forecast Level.** One of the biggest challenges we face is in determining what the load will initially be. It struck me that in the meeting on Friday we were told they were still trying to decide whether they would be shutting down paper line 1 or 3. This highlights the uncertainty in the forecast and previous materials NORPAC provided show that shutting down paper line 3 would result in 125 aMW of load and shutting down paper line 1 would result in 105 aMW of load. So the first part of the idea is to settle on the number based on which line they shut down.

2. **Establish BPA as Exclusive Market Supplier for Shut Down Paper Line.** Have Cowlitz agree that BPA will be the exclusive supplier from the market to meet the power needs of the paper line that shuts down were it to operate during the year. If it operated at any time during October – March the strike price would be PF for the full year(the financial equivalent to LD). Starting in April the strike price would change to the market index plus the adder we had for Intalco. This would preserve the integrity of take-or-pay because not operating for six months shows the case for shut down was truly real and that the lower forecast was justified. The market based option after March would meet the need we heard from NORPAC to have an opportunity to start-up again if the economics of paper making changes in the latter half of the Fiscal Year.

From: James,Daniel M (BPA) - D-7
Sent: Monday, August 07, 2017 6:49 AM
To: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; Boardman,Sandy (BPA) - A-7
Cc: Horton,Caren M (CONTR) - A-7; Hannigan IV,Benjamin R (BPA) - A-7
Subject: Connecting Elliot with Tom and Scott this morning
Importance: High

I spoke to Elliot yesterday – he would like to talk to Tom and Scott on the phone this morning – around 9:00a or 10:00a.

Subject: Cowlitz.

Elliot is in Chicago.

With this email I'm asking Sandy (or Caren or Ben) to confirm this call with Tom, Scott and Elliot and set up a phone bridge.

Please let me know how this call comes together.

DJ

Dan James
Deputy Administrator
BONNEVILLE POWER ADMINISTRATION
bpa.gov | P 503-230-4452

From:	Wilson,Scott K (BPA) - PSW-6
To:	Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6
Subject:	FW: Net Requirements
Date:	Tuesday, August 08, 2017 4:36:20 PM

From: Wilson,Scott K (BPA) - PSW-6
Sent: Tuesday, August 08, 2017 3:36 PM
To: Weinstein,Jason C (BPA) - PSS-6
Cc: Bleifuss,Lindsay A (BPA) - PSS-6
Subject: FW: Net Requirements

Try this as a write-up for the new Alternative

Cowlitz's forecast is premised on one of the 3 paper lines at NORPAC not operating. Under this alternative BPA would require that Cowlitz purchase power at a PF equivalent price to serve the full amount of the third paper line load for the remainder of the fiscal year were it to operate prior to April 2018. If the third paper line does not run prior to April 2018 then there would be no requirement to purchase power for the third paper line during Fiscal Year 2018.

BPA and Cowlitz will establish the load level expected from the two operating paper lines. For these two operating paper lines this could be accomplished by agreeing to a specific load number or the liquidated damages concept stated in option 3.

In addition, BPA would need to agree on the amount Cowlitz would purchase from BPA if NORPAC were to decide to operate the third paper line prior to April 2018

This alternative would require an agreement on the operating level of the shutdown paper line. It would also either require an agreement on the operating level expected for the two remaining paper lines or the uncertainty could be mitigated using the concept of liquidated damages discussed in the previous alternative.

From: James,Daniel M (BPA) - D-7
Sent: Monday, August 07, 2017 9:01 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: RE: Net Requirements

Thanks, Scott. Let's connect early tomorrow morning. I'm at the Intermountain Energy Summit in Idaho Falls.

I talked to Elliot tonight – he told me about your conversation with him and Tom. Your creativity knows no bounds, brother. ☺

When are some good times to catch you Tuesday?

DJ

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, August 7, 2017 2:57 PM
To: Weinstein,Jason C (BPA) - PSS-6 <jcweinstein@bpa.gov>; Miller,Thomas (BPA) - LP-7 <tdmiller@bpa.gov>; Symonds,Mark C (BPA) - BD-3 <mcsymonds@bpa.gov>; James,Daniel M (BPA) - D-7 <dmjames@bpa.gov>; Thompson,Garry R (BPA) - PS-6 <grthompson@bpa.gov>; Bleifuss,Lindsay A (BPA) - PSS-6 <lableifuss@bpa.gov>
Subject: FW: Net Requirements

FYI. Wanted to let you know this is out there now.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Monday, August 07, 2017 2:54 PM
To: 'Gary Huhta'
Subject: RE: Net Requirements

Hi Gary
Below is a write-up on the new alternative we are thinking about around finding a solution we could both agree on for determining your net requirement. If folks determine its worth pursuing it could be included as another alternative in the transparency process that starts on the 10th.

1. **Establish the Two Paper Line Forecast Level.** Establish the load level expected from the two lines paper lines that will be open. This could be accomplished by agreeing to a specific load number or something like liquidated damages could be put in place to ensure that we get the equivalent of PF for an agreed range for just the two paper lines operating.

2. **Establish BPA as Exclusive Market Supplier for Shut Down Paper Line.** In addition to the net requirement about decided above Cowlitz would agree that BPA will be the exclusive supplier from the market to meet the power needs of the paper line that shuts down were it to operate during the year. If it operated at any time during October – March the strike price would be PF for the full year. If the plant did not start operating until after March the strike price would change to the market index plus a small adder (probably something like Intalco). This attempts to balance BPA's need to maintain the integrity of take-or-pay while meeting the need we heard from NORPAC to have an opportunity to start-up again if the economics of paper making changes in the latter half of the Fiscal Year.

--Scott

From: Gary Huhta [mailto:Ghuhta@cowlitzpud.org]
Sent: Monday, August 07, 2017 2:20 PM
To: Wilson,Scott K (BPA) - PSW-6
Subject: [EXTERNAL] Net Requirements

Scott,
Could you please send me a written description of your alternative that was discussed today? A simple bullet point write up would be adequate and sooner rather than later would be good.
Thanks, Gary.

From: Wilson,Scott K (BPA) - PSW-6
To: Patton,Kathryn B (BPA) - PSS-SEATTLE
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: RE: Updated Cowlitz Net Requirement Spreadsheet
Date: Wednesday, August 09, 2017 4:04:01 PM

Thanks Kate
This makes sense. I will pass it along to Cowlitz.
--Scott

From: Patton,Kathryn B (BPA) - PSS-SEATTLE
Sent: Wednesday, August 09, 2017 2:07 PM
To: Wilson,Scott K (BPA) - PSW-6
Cc: Weinstein,Jason C (BPA) - PSS-6
Subject: Updated Cowlitz Net Requirement Spreadsheet

Hello Scott,

Attached is an updated Net Requirement spreadsheet for Cowlitz. We have been sending out updated spreadsheets to the Slice/Block AEs because the rates errata changed the Non-Slice charge. Cowlitz Non-Slice changed from ($12,200,568) to ($12,125,184). While we were editing the spreadsheet we noticed a slight error in Cowlitz's Existing Resources. The spreadsheet was calculating existing resource removal of 2.066 aMW, which it should not have been doing. We have corrected it but this does change their Net Requirement. Their Net Requirement does down from 513.577 to 511.511, the same 2.066 aMW that was being removed from existing resources.

Please let me know if you have any questions.

08/03	
TRL Forecast 1/	554.295
NLSL Resources 2/	27.066
Existing Resources 3/	13.652
Gross Requirements 4/	513.577
RHWM 5/	540.385
Headroom 6/	26.808

08/09	
TRL Forecast 1/	554.295
NLSL Resources 2/	27.066
Existing Resources 3/	15.718
Gross Requirements 4/	511.511
RHWM 5/	540.385
Headroom 6/	28.874

Kathryn Patton
Public Utilities Specialist | Power Account Services
BONNEVILLE POWER ADMINISTRATION
bpa.gov | P 206-220-6785 | C (b) (6)

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

(b) (4)

[redacted]

From:	Wilson,Scott K (BPA) - PSW-6
To:	Cook,Joel D (BPA) - P-6; Thompson,Garry R (BPA) - PS-6
Cc:	Bleifuss,Lindsay A (BPA) - PSS-6; Weinstein,Jason C (BPA) - PSS-6
Subject:	FW: [EXTERNAL] FW: Term Sheet Proposal
Date:	Thursday, August 10, 2017 8:25:54 AM
Attachments:	Term Sheet 08092017.pdf

For your situational awareness. Elliot is in a good place and wants the process to start today.
--Scott

From: Mainzer,Elliot E (BPA) - A-7
Sent: Thursday, August 10, 2017 5:33 AM
To: Wilson,Scott K (BPA) - PSW-6; Miller,Thomas (BPA) - LP-7; James,Daniel M (BPA) - D-7
Subject: Fwd: [EXTERNAL] FW: Term Sheet Proposal

I feel we have now tipped over the slippery slope with this proposal. I am not comfortable engaging in any further negotiation over options with Cowlitz or NORPAC. I want to know what was the outcome if their board meeting last night (besides this proposal) and want to get our documentation on the street. I am now looking forward to the public process and customer input on how best to address this situation and preserve the letter and spirit of our contract with Cowlitz and preserve the sanctity of our take or pay agreements.

Scott and Tom, please let me know if you have any additional thoughts or input at this time. And Scott, you remain our primary point of contact with NORPAC and Cowlitz, not me.

Thanks.

-------- Original message --------
From: "Anneberg, Craig" <craig.anneberg@norpacpaper.com>
Date: 8/9/17 17:24 (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>, "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Cc: Steve Kern <skern@cowlitzpud.org>, Gary Huhta <Ghuhta@cowlitzpud.org>
Subject: [EXTERNAL] FW: Term Sheet Proposal

Dear Mr. Mainzer,

We appreciate the BPA continuing to work with NORPAC.

Please find the attached term sheet proposal for your consideration.

We look forward to continuing working together with the BPA.

Craig Anneberg

CEO

North Pacific Paper Company, LLC

Office: 360-636-6319

Mobile: (b) (6) [redacted]

Craig.anneberg@norpacpaper.com

Click on the link below and check out our newest line of copy paper.

ORCA
COPY PAPER
BOLD FEARLESS BRIGHT

From: Wilson,Scott K (BPA) - PSW-6
To: Weinstein,Jason C (BPA) - PSS-6; Bleifuss,Lindsay A (BPA) - PSS-6
Subject: FW: [EXTERNAL] BPA NORPAC Visit -- Load Forecast
Date: Thursday, August 10, 2017 6:04:08 PM
Attachments: image001.png

FYI

From: Mainzer,Elliot E (BPA) - A-7
Sent: Thursday, August 10, 2017 5:39 PM
To: Steve Kern
Subject: RE: [EXTERNAL] BPA NORPAC Visit -- Load Forecast

Hi Steve,

Thanks for your note. The net requirements public process is a standard part of our resource planning and rate making processes. And as I mentioned last week, because of the uncertainties around NORPAC's commercial position and intentions as well as the politicization of the issue through DC, I believe we have no choice but to proceed with a transparent airing of the alternatives we have discussed. I recognize that this is not your preferred path, but I have the full weight of public power opinion on the other side of the ledger and must stay true to our transparency principles.

I will be keeping a close eye on the process and feedback over the next couple of weeks and I'm sure we will talk again.

Best,

Elliot

-------- Original message --------
From: Steve Kern <skern@cowlitzpud.org>
Date: 8/10/17 15:14 (GMT-08:00)
To: "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Cc: Gary Huhta <Ghuhta@cowlitzpud.org>
Subject: [EXTERNAL] BPA NORPAC Visit -- Load Forecast

Elliot,

I understand several of BPA employees came out to NORPAC today to examine their 2018 load forecast and the operating plans for the facility. I sincerely appreciate the time and effort put forth by BPA and I'm very encouraged by this effort. I hope the information gained from this meeting will prove helpful for BPA to make a determination that the District's 2018 firm load forecast (which includes a 80 average annual MW NORPAC forecast) is "reasonable". However, I remained concerned and don't understand why BPA is compelled to launch a net requirement determination policy review across the region to address this issue. I believe the parties should be able to reach an agreement on our 2018 load forecast and move forward.

Cowlitz PUD is committed to working with BPA and NORPAC to find a solution that is acceptable to

all parties.

Steve

Steven D. Kern

General Manager

Phone: 360.501.9595 Fax: 360.501.9559

E-Mail: skern@cowlitzpud.org

www.cowlitzpud.org
961 12th Avenue
PO Box 3007
Longview, WA 98632

From: James,Daniel M (BPA) - D-7
To: Wilson,Scott K (BPA) - PSW-6; Mainzer,Elliot E (BPA) - A-7
Cc: Cook,Joel D (BPA) - P-6; Cogswell,Peter (BPA) - DI-7; Hawken,Mary (BPA) - F-2; Bleifuss,Lindsay A (BPA) - PSS-6; Symonds,Mark C (BPA) - BD-3; Miller,Anna-Lisa B (BPA) - FL-MODD; Jackson,Melanie M (BPA) - TSE-TPP-2; Miller,Thomas (BPA) - LP-7; Burger,Peter J (BPA) - LG-7; Weinstein,Jason C (BPA) - PSS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Davis,Reed C (BPA) - KSL-4; Adelman,Elly (BPA) - PSS-6
Subject: RE: NORPAC Meeting
Date: Thursday, August 10, 2017 7:15:15 PM

Thank you for the thorough report, Scott.

Team, thank you for your professional and creative approach to a very difficult problem.

DJ

Dan James, Deputy Administrator
Bonneville Power Administration
dmjames@bpa.gov
503.230.4452

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 8/10/17 6:03 PM (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Cc: "Cook,Joel D (BPA) - P-6" <jdcook@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Hawken,Mary (BPA) - F-2" <mahawken@bpa.gov>, "Bleifuss,Lindsay A (BPA) - PSS-6" <lableifuss@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Miller,Anna-Lisa B (BPA) - FL-6" <abmiller@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Burger,Peter J (BPA) - LG-7" <pjburger@bpa.gov>, "Weinstein,Jason C (BPA) - PSS-6" <jcweinstein@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Davis,Reed C (BPA) - KSL-4" <rcdavis@bpa.gov>, "Adelman,Elly (BPA) - PSS-6" <eyadelman@bpa.gov>
Subject: NORPAC Meeting

Good Evening

I thought I should let you all know we had a good conversation at NORPAC today. We were there from 10:00-2:00 which was about 2 hours longer than I had expected complete with a tour of the paper making plant. Norpac further explained their business model and explained some of the factors that lead them to use the 80 aMW forecast. It was clear to all of us in the meeting that Newsprint is a difficult business and that there is a strong chance that the loads will be lower than they were last year. However it was also clear that there is a lot of uncertainty around their operating levels and that there are a lot of scenarios where they will operate well above 80 aMW. It was also clear they would really like to find a way to keep all three lines operating if they could make the economics work. Definitely not easy times for their business

We did talk about how well liquidated damages could mitigate the uncertainty and about the details of the newer option that might create greater hope that they could restart a paper line if they shut it down. They seemed slightly more open to talking about those options in the future. We noted that now that we are in the public process if they see things in our alternatives they can work with they might need to fight for them. I mentioned that particularly in relation to the new option since I didn't expect it to be super popular with other customers.

I also wanted to thank the team that went out today, Jesse Kintz, Mark Symonds, Lindsay Bleifuss and Anna-Lisa Miller. They all contributed thoughtful questions in what was a difficult conversation. Made me proud. If there is a clause in our employment contracts allowing for hazard pay bonuses they earned it.

From: Mainzer,Elliot E (BPA) - A-7
To: Wilson,Scott K (BPA) - PSW-6; James,Daniel M (BPA) - D-7
Cc: Cook,Joel D (BPA) - P-6; Cogswell,Peter (BPA) - DI-7; Hawken,Mary (BPA) - F-2; Bleifuss,Lindsay A (BPA) - PSS-6; Symonds,Mark C (BPA) - BD-3; Miller,Anna-Lisa B (BPA) - FL-MODD; Jackson,Melanie M (BPA) - TSE-TPP-2; Miller,Thomas (BPA) - LP-7; Burger,Peter J (BPA) - LG-7; Weinstein,Jason C (BPA) - PSS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Davis,Reed C (BPA) - KSL-4; Adelman,Elly (BPA) - PSS-6
Subject: RE: NORPAC Meeting
Date: Thursday, August 10, 2017 7:30:56 PM

Thanks Scott, and to the broader team -- thanks for your persistence and professionalism.

EM

-------- Original message --------
From: "Wilson,Scott K (BPA) - PSW-6" <skwilson@bpa.gov>
Date: 8/10/17 18:03 (GMT-08:00)
To: "James,Daniel M (BPA) - D-7" <dmjames@bpa.gov>, "Mainzer,Elliot E (BPA) - A-7" <eemainzer@bpa.gov>
Cc: "Cook,Joel D (BPA) - P-6" <jdcook@bpa.gov>, "Cogswell,Peter (BPA) - DI-7" <ptcogswell@bpa.gov>, "Hawken,Mary (BPA) - F-2" <mahawken@bpa.gov>, "Bleifuss,Lindsay A (BPA) - PSS-6" <lableifuss@bpa.gov>, "Symonds,Mark C (BPA) - BD-3" <mcsymonds@bpa.gov>, "Miller,Anna-Lisa B (BPA) - FL-6" <abmiller@bpa.gov>, "Jackson,Melanie M (BPA) - TSE-TPP-2" <mmjackson@bpa.gov>, "Miller,Thomas (BPA) - LP-7" <tdmiller@bpa.gov>, "Burger,Peter J (BPA) - LG-7" <pjburger@bpa.gov>, "Weinstein,Jason C (BPA) - PSS-6" <jcweinstein@bpa.gov>, "Baskerville,Sonya L (BPA) - DIN-WASH" <slbaskerville@bpa.gov>, "Boardman,Sandy (BPA) - A-7" <sxboardman@bpa.gov>, "Bowers,Rebecca S (BPA) - A-7" <rsbowers@bpa.gov>, "Davis,Reed C (BPA) - KSL-4" <rcdavis@bpa.gov>, "Adelman,Elly (BPA) - PSS-6" <eyadelman@bpa.gov>
Subject: NORPAC Meeting

Good Evening
I thought I should let you all know we had a good conversation at NORPAC today. We were there from 10:00-2:00 which was about 2 hours longer than I had expected complete with a tour of the paper making plant. Norpac further explained their business model and explained some of the factors that lead them to use the 80 aMW forecast. It was clear to all of us in the meeting that Newsprint is a difficult business and that there is a strong chance that the loads will be lower than they were last year. However it was also clear that there is a lot of uncertainty around their operating levels and that there are a lot of scenarios where they will operate well above 80 aMW. It was also clear they would really like to find a way to keep all three lines operating if they could make the economics work. Definitely not easy times for their business

We did talk about how well liquidated damages could mitigate the uncertainty and about the details of the newer option that might create greater hope that they could restart a paper line if they shut it down. They seemed slightly more open to talking about those options in the future. We noted that now that we are in the public process if they see things in our alternatives they can work with they might need to fight for them. I mentioned that particularly in relation to the new option since I didn't expect it to be super popular with other customers.

I also wanted to thank the team that went out today, Jesse Kintz, Mark Symonds, Lindsay Bleifuss and Anna-Lisa Miller. They all contributed thoughtful questions in what was a difficult conversation. Made me proud. If there is a clause in our employment contracts allowing for hazard pay bonuses they earned it.

From:	Miller,Thomas (BPA) - LP-7
To:	Wilson,Scott K (BPA) - PSW-6; Bleifuss,Lindsay A (BPA) - PSS-6; Symonds,Mark C (BPA) - BD-3; Miller,Anna-Lisa B (BPA) - FL-MODD; Kintz,Jesse H (BPA) - FRF-2
Cc:	Burger,Peter J (BPA) - LG-7; Weinstein,Jason C (BPA) - PSS-6; Baskerville,Sonya L (BPA) - DIN-WASH
Subject:	RE: NORPAC Meeting
Date:	Friday, August 11, 2017 1:31:24 PM

Hi team. First thank you for making this trek over to the mill. Second , it would be good if you all could write up your notes from the presentation made by NorPac while it is fresh in your minds so over the next couple of days. We need to be able to include it in our comments taken on the load. Maybe Lindsay could coordinate a combined set if possible. Be sure to mark them predecisional. Thank you.

From: Wilson,Scott K (BPA) - PSW-6
Sent: Thursday, August 10, 2017 6:03 PM
To: James,Daniel M (BPA) - D-7; Mainzer,Elliot E (BPA) - A-7
Cc: Cook,Joel D (BPA) - P-6; Cogswell,Peter (BPA) - DI-7; Hawken,Mary (BPA) - F-2; Bleifuss,Lindsay A (BPA) - PSS-6; Symonds,Mark C (BPA) - BD-3; Miller,Anna-Lisa B (BPA) - FL-6; Jackson,Melanie M (BPA) - TSE-TPP-2; Miller,Thomas (BPA) - LP-7; Burger,Peter J (BPA) - LG-7; Weinstein,Jason C (BPA) - PSS-6; Baskerville,Sonya L (BPA) - DIN-WASH; Boardman,Sandy (BPA) - A-7; Bowers,Rebecca S (BPA) - A-7; Davis,Reed C (BPA) - KSL-4; Adelman,Elly (BPA) - PSS-6
Subject: NORPAC Meeting

Good Evening
I thought I should let you all know we had a good conversation at NORPAC today. We were there from 10:00-2:00 which was about 2 hours longer than I had expected complete with a tour of the paper making plant. Norpac further explained their business model and explained some of the factors that lead them to use the 80 aMW forecast. It was clear to all of us in the meeting that Newsprint is a difficult business and that there is a strong chance that the loads will be lower than they were last year. However it was also clear that there is a lot of uncertainty around their operating levels and that there are a lot of scenarios where they will operate well above 80 aMW. It was also clear they would really like to find a way to keep all three lines operating if they could make the economics work. Definitely not easy times for their business

We did talk about how well liquidated damages could mitigate the uncertainty and about the details of the newer option that might create greater hope that they could restart a paper line if they shut it down. They seemed slightly more open to talking about those options in the future. We noted that now that we are in the public process if they see things in our alternatives they can work with they might need to fight for them. I mentioned that particularly in relation to the new option since I didn't expect it to be super popular with other customers.

I also wanted to thank the team that went out today, Jesse Kintz, Mark Symonds, Lindsay Bleifuss and Anna-Lisa Miller. They all contributed thoughtful questions in what was a difficult conversation. Made me proud. If there is a clause in our employment contracts allowing for hazard pay bonuses they earned it.