

1 23-20001207-10075507-10222138 (14:26)

2 [REDACTED]

3 =====

4 STEWART: Hello?

5 PERSON 1: Stewart.

6 STEWART: Oh, sorry about that. I put you on hold for a sec.

7 PERSON 1: No problem. That was Laurie Parks. She wants to blow off the meeting but
8 ah, move it to 9 o'clock and do it as a conference call.

9 PERSON 2: 8:30.

10 PERSON 1: Eight – 8:30. Excuse me.

11 STEWART: Who's this?

12 PERSON 1: Laurie Park.

13 STEWART: Oh. She wants – so she doesn't want to come? She doesn't want us to come
14 down.

15 PERSON 1: She had – no, she had another emergency in the afternoon, but is a – is
16 concerned about what I told her about the communications fuck-ups, and ah, wants to get
17 on with – to this ah, early, ah, Monday morning at 8:30 by conference call. So, I'll set up a
18 call and let you guys know the call-in numbers. And let's -- *[inaudible]*

19 STEWART: Of course, I just bought my ticket.

20 PERSON 1: But come down anyway. Go ahead.

21 STEWART: No, I mean, if I don't need to I won't.

22 PERSON 1: Yeah.

23 STEWART: OK. That's cool. I'll – I'll just tell Tom not to buy his ticket. So, ah – so what
24 did she say, exactly.

25 PERSON 1: She said, 'I don't know what the hell's goin' on,' and that was in response to
26 my saying, you know, when – when we called Margaret, ah, she passed it on to Mauricio and
27 asked why the fuck is Stuart calling me? And sh – but I don't know what the hell's goin' on.

28 STEWART: So why is the conference call going to be more effective than, ah, meeting face
29 to face?

30 PERSON 1: I – I think she can't meet face to face 'cause of the s – ah, schedule problems

1 and gettin' those people over here and she's sensing the urgency and just wants to do it fast.

2 STEWART: Right.

3 PERSON 1: And that's her answer.

4 STEWART: I – so, here – I don't know what, I guess, her job is, 'cause ah, I never
5 understand people who are really busy, like, you know, my world is trading and so, I tend to
6 think, why isn't everybody's number one priority my number one priority. So, I'm sure she's
7 got a lot of – lot of other stuff, but you know one thing that might make sense is, if that
8 conference call goes well and something gets resolved and there seems to be some sort of a
9 relationship that Enron and – and San Francisco can do, I think she needs to come up here.
10 That would show me that she has commitment to doing whatever we agree. Is that even rea
11 – is that a realistic –

12 PERSON 1: I – I – I – I don't – I don't know that – that it is or isn't. Let's see how the call
13 goes, and ah, I – you know, you might be doing better by getting Margaret up there.
14 Margaret and Mauricio up there. But, let – let's just see how it goes. She's got a lot of
15 political shit to deal with. That's probably the – one of the most political places on the planet
16 –

17 STEWART: OK.

18 PERSON 1: So that's probably what's ta – tuggin' at her on the other side.

19 STEWART: Did she hear back from Mauricio, 'cause Mauricio was tryin' to get a hold of
20 her to find out if he is invited to the meeting and what the deal is.

21 PERSON 1: Well, she's going to tell them that we're now doing a conference call.

22 STEWART: OK. And all three of them will be on the phone.

23 PERSON 1: That's right.

24 STEWART: So, you're driving our side?

25 PERSON 1: Yup.

26 STEWART: OK.

27 PERSON 1: But why don't the three of us talk sometime later today and figure out – you
28 know, kind of get – get on the same page as to our agenda –

29 STEWART: OK, can we do it later this morning?

30 PERSON 1: Sure.

1 STEWART: OK. Yeah, I mean –

2 PERSON 1: I've got an eleven o'clock, but other than that I'm OK.

3 STEWART: Let's do it before then, because I'm going to try to get out of here early today,
4 like one.

5 [REDACTED]

6 PERSON 2: What about – what about WAPA here?

7 STEWART: OK, so what's going on with WAPA. You askin' me, or Mark?

8 PERSON 1: Well, you're – are you guys OK – where'd you leave it with *[inaudible]*

9 STEWART: So, basically, I told you the issue – Mark said that we can only be on one side
10 of it. I said, I really don't see how that's possible given the nature of this market. We really
11 need to be on both sides. He was going to go check, then they had stage 3 and he got caught
12 up with other stuff, and so he never got back to me last night. I talked to Arun, the
13 scheduler and said, we need to work out the mechanics of this thing. He goes, fine, but I
14 don't even know if it's a deal yet, so I don't want to talk to you about a deal until I hear from
15 Mark White that everything's good to go. Mark called me late yesterday saying we're not
16 doing it tonight and I haven't heard from him yet this morning. So, I gotta get with him this
17 morning and see what's goin' on.

18 PERSON 2: You gonna manage their transports, Stewart?

19 STEWART: We're going to man – we're gonna take their transmission – similar to what
20 we're doing with Modesto and Redding, and do a buy-resell with them, and I think it's going
21 to be tougher with them because they're less competent in terms of scheduling it and all and
22 calculating the cost. And ah, we're going to give 'em 75% of whatever profits are derived
23 from it

24 PERSON 2: That's, of course the two dollar premium:

25 PERSON 1: Well, you're gonna apply the profits to the premium?

26 STEWART: No, no, no. That's separate. So then what we're going to do is this deal, the
27 whole motivation for this deal is we're going to get profits that are – some that go to us, that
28 have nothing to do with the adder and then some that go to them, and whatever profits we
29 make for them we are going to apply towards paying down the adder.

30 PERSON 2: Good. Includi – including the eight dollar fifty cent adder?

1 STEWART: No, only through 04.

2 PERSON 2: Why don't we – why don't we want *[inaudible]*

3 PERSON 1: 'Cause he – we w – we needed to leave that out there to create a – an
4 incentive for them to fix that. Jerry wants to fix that when we see an opportunity between
5 now and 04 anyway.

6 PERSON 2: OK, good.

7 PERSON 1: Ah, Stuart, did you get to the point where – Jerry told me that he wanted to –
8 to the extent that you – for their 75% that they cover the premium between now and 04, if
9 there's any additional profits, they want to bank that and get a return in energy at some
10 future date like at *[inaudible]*.

11 STEWART: Fine. Yeah. Oh, I'd love to do that. I mean, I – I told Mark that I would be
12 personally responsible for maintain the cash flow sheets and working with billing to make
13 sure all that gets worked out OK. But the first the – so, I don't have a problem with any of
14 that. The first step, though, is let's get this thing going from the scheduling standpoint so we
15 have some profits to figure out what to do with.

16 PERSON 1: Well, let me make sure I understand what their problem is so I can – I want to
17 give Jerry a little jab here: What – what's – what's Mark want you to do?

18 STEWART: Well, Mark – Mark wants someone, like he s -- he said we can only be on one
19 side of the counter – on the one side of this buy-resale, 'cause he doesn't want it to look like
20 a buy-resale. He thinks that that looks improper. So, if we're only on the Cob side, we' have
21 to find another counter-party that will sell to them at some sort of price. And I'm like, OK,
22 well, what counter-party would do that? Well, we can get one of, you know, like an NCPA,
23 but then NCPA knows what we're doin' with the transmission and that's going to put
24 WAPA in an embarrassing situation. You can get a marketer, but why would a marketer sell
25 them energy, you know? And th – and there's no energy out there, you know? It's – its' not
26 like there's lots to buy from and they could just go to the market and find it. So, to make a
27 long story short, if we're not on both sides of the transaction, I don't know how this thing
28 would work. Then Mark said, fine, let me go back and rework that and see if I can get
29 approval.

30 PERSON 2: But both Turlock and Redding *[inaudible]* doing this with you and had no

1 problem with it, right?

2 STEWART: Right.

3 PERSON 1: And you're doin' both sides?

4 STEWART: Yeah.

5 PERSON 1: Yeah. OK, let me – let me –

6 STEWART: And within CPA, we're only doing one side, but that's not 'cause they're
7 afraid of a buy-resale, it's because they want to capture the whole spread and they think they
8 can make more money if they just sell us Cob south-north than do a spread deal. So,
9 WAPA's the only one that has that issue, and I don't know if it's 'cause you know, they're
10 the federal government and they've got different – a different agenda –

11 PERSON 1: Hey, Jerry puts this all in the bucket of a settlement and that gives him license
12 to do a whole bunch of shit, so I don't – I think Mark's just got a problem here.

13 PERSON 2: OK.

14 STEWART: Well, it'd be nice if we could do it for next week, because that's where there
15 could be a lot of value. One thing that I want to tell Mark is that I might not use all the 200
16 megawatts. I'm hopin' to use some of it some of the time, because it's so tight out there,
17 there are so many operational constraints, plus we're all afraid that the ISO's going to cut
18 firm exports out of the state and so we're afraid, you know, here we have, like, you know,
19 300 megawatts – 400 megawatts goin' out of the state and they cut it all and it screws us up,
20 so, anyway, to make a long story short, we want to have it available, we want to know how
21 it's going to work, and then I'll do my best to make sure it actually happens, so we actually
22 schedule the stuff.

23 PERSON 2: Under what provisions are we – we thinking the ISO can limit exports?

24 STEWART: If – i – if they hit a stage 3, they can cut exports.

25 PERSON 1: Even on non-ISO transmission?

26 STEWART: Yeah, yeah, 'cause they're the control area still. We – we spent time with the
27 ISO discussing that and you know, you think. well, what's the chance of that happening, but
28 yesterday was a stage 3 and it's going to be really tight next week. It's going to be tight today.

29 PERSON 2: Well, and you know, we don't really care about [that guy, you would...that?] I
30 only care about it as long as they keep me whole. How does the ISO propose to keep people

1 whole?

2 STEWART: Oh, they're not going to te – keep – no, they're going to cut you and that's it.

3 PERSON 1: And it's just tough shit, huh? *[inaudible]*

4 STEWART: Absolutely, and so we're all discussing well, what's the odds that they're going
5 to do that, because they do that and they piss off the Northwest and then they're going to be
6 screwed next summer when the Northwest is in the position to help them out. So, it's like a
7 really weird situa – it's like a game of chicken and the question is, the ISO will do whatever
8 they can not to cut exports. I mean, that'll be the last thing to do, but if lights are about to go
9 out, then, I'm thinkin' like –

10 PERSON 2: Right now they're paying 2000 bucks out of market to keep it back in the
11 state?

12 STEWART: Why are they or are they not?

13 PERSON 2: *[inaudible]*

14 STEWART: I think they are paying a lot out of market. I read something that they paid
15 1100 to PowerEx.

16 PERSON 2: It's always only a matter of price, Stewart.

17 STEWART: Yeah. I agree. So, hopefully that lessens the chance of gettin' cut, but it's still
18 a worry of ours. So, it's just a lot of hair on this thing, but I think if we can do it, you know,
19 we can make, like a hundred dollar, two hundred, three hundred dollar spread, I mean, even
20 if we just do 50 megawatts for a couple days, I mean, that – that shit will add up very
21 quickly.

22 PERSON 2: Going to show us some love, Stuart?

23 STEWART: What's that?

24 PERSON 2: Show us some love?

25 STEWART: I'm feeling some love.

26 PERSON 1: Did we – did we help you at all in this transaction?

27 STEWART: Yeah. No, I – I think with WAPA, we need to always hit 'em up with Jerry. I
28 – I think it – I think it's kinda cool the way we can integrate all these different deals together.

29 PERSON 1: I agree.

30 PERSON 2: We just we were talking about that this morning that it's – it's cool the way – I

1 – I don't think any other part of Enron works like this.

2 STEWART: Yeah. It's – it's definitely gotten really integrated, which is good.

3 PERSON 1: Hey would you do us a big favor?

4 STEWART: Yup.

5 PERSON 1: Just make sure Tim understands this.

6 STEWART: Yeah. A – we oughta have – how do we do this, then, for, I mean, there's all

7 these deals with Shasta, with all these things – I mean, you guys seem to get credit only on

8 the initial deal, but not on the subsequent stuff. How does ah –

9 PERSON 1: Yeah, the –

10 STEWART: How does Chris and Tim sort of communicate –

11 PERSON 2: Well, I – I – I see it work this way. If you went to Tim and – and – and said,

12 hey Tim, we *[inaudible]* and – and we got significant contributions from origination, can you

13 grant them some money?

14 PERSON 1: And we'll go to Chris and say, hey, here's what's goin' on, why don't you talk

15 to Tim and ah, see if we can get them to come together.

16 PERSON 2: I think – ah, I think – I think we'd like, you know, the dollars are – they're not

17 that significant, frankly. They're not going to be that significant, but what they are, they are –

18 they are an indication that – that – that is – we are working and – and there's *[inaudible]*

19 flowing back to origination.

20 STEWART: Right.

21 PERSON 2: What motivates Chris to say, you need to be doin' that.

22 PERSON 1: Bonus drivers – that's what we're lookin' for.

23 PERSON 2: Yeah.

24 STEWART: All right, well, I'll send an e-mail to Tim. Probably this week and next week

25 are just going to be bad weeks for him, 'cause he's going to be busy putting out fires, but

26 hopefully, um, he could look at it after things die down, before the end of the year.

27 PERSON 2: Stuart, I thought his real issue was where he puts the money.

28 STEWART: What's that?

29 PERSON 2: His real issue is where he puts the money.

30 STEWART: Right. But it's – it's kinda like right now, there's just so much stuff goin' on

1 that he's like, we'll figure out, you know, what's made money later. I mean, he knows what's
2 making money, but he'll figure out allocations and stuff later. He just wants to make sure
3 there's no –

4 PERSON 1: Yeah.

5 STEWART: He wants to make sure there's no – things are going to blow up in his face,
6 they're going to cost him a hundred million dollars.

7 PERSON 1: Yeah, let's get the money in the house, first.

8 STEWART: Right. And with WAPA, we haven't made anything until we start flowing this
9 thing, so we just gotta get them to – to try to move on it and go from there.

10 PERSON 2: Well, we appreciate the fact that you – you're thinking about the way to help
11 us.

12 STEWART: Yeah, I mean I – I – I think, ah – I like the way it's worked – I mean, Q – it's
13 get – it's gettin' better, I think, and I think our relationships with the counterparties are
14 gettin' stronger as a result.

15 PERSON 2: Well, I think it's great you got something done with Redding.

16 STEWART: They're actually, um – Marvin is a good guy to work with. He is easy to work
17 with, because he – he just, you know, understands trading.

18 PERSON 1: Marvin?

19 STEWART: Yeah.

20 PERSON 2: Yeah, Marvin – Marvin, ah, *[inaudible]*

21 STEWART: You know we also have a great – Marvin brings the pre-schedule guy. We also
22 have a great relationship with Modesto.

23 PERSON 1: Wow. That's amazing. Who you deal with there?

24 STEWART: Um, I deal with a couple people there, but a guy named Scott Van Buren.

25 PERSON 1: Yeah, I know him.

26 STEWART: Kind of risk management. He used to work at LA, I think. He's a great guy,
27 straight up, and then James *[inaudible]* is there, like, like, kinda middle-market guy. And they
28 their pre-schedule guys I work with. But they're good – I mean, they're nice to work with,
29 they're – they're honest, and ah – and when we do something with them, they don't flake or
30 anything like that. They're –

1 PERSON 1: Like the – and so – sort of like Turlock, huh?

2 STEWART: Turlock. I actually like Mike – there are two people I like there. And every
3 time I do deals with those two guys I have no problems, even though on the scheduling side,
4 they – they are tougher to deal with [REDACTED]
5 [REDACTED]

6 PERSON 2: The guy who gave you back the shirt?

7 PERSON 1: No that was –

8 STEWART: That was Ken.

9 PERSON 1: Oh, was that Lei – it was *[inaudible]*

10 STEWART: Yeah.

11 PERSON 1: Yeah.

12 PERSON 2: *[inaudible]*

13 STEWART: I mean, that's just typical of Ken. No respect for that guy. So anyway, um,
14 where we at? So –

15 PERSON 2: *[inaudible]* I mean, ha -- have you seen a change in Redding that they are more
16 open to stuff now?

17 STEWART: I'm sorry?

18 PERSON 2: Have you seen a change in Redding?

19 STEWART: No. N – see Marvin's always had a good relationship with us. It's the real-
20 time people that we used to have a great relationship with that we don't really have that any
21 more.

22 PERSON 1: But they did this deal with you anyway.

23 STEWART: Well, Marvin – no, M – Marvin did the deal with us. And Marvin, we've
24 always had a – a good relationship with and we still do.

25 PERSON 1: I'll – I'll touch back to Western. I'll touch bases with Jerry just to make sure
26 he knows the issue, and see if that helps at all.

27 STEWART: OK.

28 PERSON 1: And I'll get – get back to you with *[inaudible]* when I get a hold of it.

29 STEWART: All right. Cool. And then, also call us back and Paul and I will discuss with
30 you agenda for Monday.

1 PERSON 1: OK. Like ah – like in an hour?

2 STEWART: Yeah, perfect.

3 PERSON 1: OK.

4 STEWART: All right, see you guys.

5 PERSON 1: See you.

6 STEWART: Bye.