

1 25-20000808-4493797-4544722

2 TIM: This is Tim.

3 PERSON 2: Hey, Tim, how you doin'?

4 TIM: Hey.

5 PERSON 2: So, OK, I'm trying to reconcile your big numbers here.

6 TIM: OK.

7 PERSON 2: Yesterday, I couldn't quite get to about 5 million of it, and today I can't get
8 anywhere close. Is it some transmission or something?

9 TIM: Ah, let's see here. It is...let's first look at new deals.

10 PERSON 2: Yeah, I don't have that.

11 TIM: We sold ah –

12 PERSON 2: You guys did 8 million on new deals on fuckin' – that' be good.

13 TIM: Um, 4.4.

14 PERSON 2: Really!

15 TIM: Yeah, Mike sold, ah, 2 million megawatts hours to Roseville – to the City of Roseville
16 yesterday.

17 PERSON 2: Oh, OK. For how long?

18 TIM: Five years.

19 PERSON 2: Oh! OK. I didn't really – the position should have came – I didn't realize the
20 position [inaudible]

21 TIM: [in background] Did – did that go in there, Mike that Roseville sale? Was that your four
22 and half mill? What's -- ?

23 PERSON 2: I don't [inaudible]

24 TIM: Oh, actually that's not it.

25 PERSON 2: [laughs]

26 TIM: Um –

27 PERSON 2: Your puny megawatts that were changed.

28 TIM: No, the, ah – actually that four and a half mill must be, um, options exercised which

1 he has every day, and then rules off.

2 PERSON 2: What does that mean. Don't we mark -- to market our ah -- ?

3 TIM: Well, yeah, but the -- the -- they don't liquidate -- they don't do liquidations until the

4 next morning, so a new deal goes in with huge value -- when you exercise your options it

5 creates a new deal at whatever you sold, ah, and you get the differential between the market

6 price and --

7 PERSON 2: The strike?

8 TIM: -- the strike, and then the following day, the option that you had in the book is gone

9 and so that liquidates and all the value that used to be there, it shows up as a negative.

10 PERSON 2: Why don't -- why doesn't it have it on the same day?

11 TIM: It does, but you're looking at a prelim.

12 PERSON 2: Ooh. I'm sorry.

13 TIM: And you can't liquidate anything until the day's over.

14 PERSON 2: I'm sorry. So you're not going to make 17 million [*inaudible*]

15 TIM: It'll probably be down by four.

16 PERSON 2: OK. And how about the -- OK, how about 12? How do you make 12?

17 TIM: [*laugh*] what -- yesterday?

18 PERSON 2: Yeah.

19 TIM: Or today?

20 PERSON 2: Well, for today -- for yes -- yeah.

21 TIM: So, 12 --

22 PERSON 2: Well, you did it 12 two days in a row. You made 9.6 the day before. I don't

23 know if that was final. Um --

24 TIM: Um, well, ah, I would say, 2 million bucks a day.

25 PERSON 2: Mm hm.

26 TIM: Is, ah, Richter in short-term California.

27 PERSON 2: It was 1 point -- yeah, OK. [*inaudible*]

28 TIM: Well, he makes -- ah, actually he makes between one and two a day, um, which never

1 shows up on any curve shift, where he just buys it from the day-ahead. He just fucks
2 California. Then, another –

3 PERSON 2: Wait a minute. OK.

4 TIM: He steals money from California to the tune of about a million –

5 PERSON 2: Will you re-phrase that?

6 TIM: OK, he, um – he arbitrages the California market to the tune of a million bucks or
7 two a day.

8 PERSON 2: Will that ever stop?

9 TIM: Yeah.

10 PERSON 2: OK. [*chuckling*] Maybe we can put him into an – a special purpose vehicle, or
11 [*inaudible*]

12 TIM: Right.

13 [*laughter*]

14 TIM: Um, then, ah, what else did we have yesterday? We typically get about 2 million bucks
15 a day in FTR revenue.

16 PERSON 2: OK [*chuckling*] Is that going to go on forever?

17 TIM: No, that's going to stop as well.

18 PERSON 2: OK.

19 TIM: Um, I don't know. I don't have the – I've got all these reports –

20 PERSON 2: OK. If you got –

21 TIM: [*simultaneously*] right now.

22 PERSON 2: I mean that – that gets me close enough.

23 TIM: Big story is they moved up – we moved up the back of the, ah, um – moved up the
24 back of the Midco curve and the NP 15 curve, yesterday.

25 PERSON 2: No, I caught that, but – but not huge. Like a dollar, like 60 cents or something.

26 TIM: Where the fuck am I – um, dollar Q2.

27 PERSON 2: Yeah.

28 TIM: And then ah, 50 cents for Cal 2.

1 PERSON 2: OK, listen to me.

2 TIM: What?

3 PERSON 2: Take ten million dollars --

4 TIM: Mm hm.

5 PERSON 2: Hey, when you've been taking prudence out, who's book have you been taking

6 out of?

7 TIM: Um, I've got ten, Motley's got 17.

8 PERSON 2: Why don't you just create another line on my reports,

9 TIM: Mm hm.

10 PERSON 2: And just call it, ah, management.

11 TIM: Mm hm.

12 PERSON 2: And take ten million out. Redo last night's.

13 TIM: OK.

14 PERSON 2: Today's -- whatever.

15 TIM: Yeah.

16 PERSON 2: Take ten million out, put it in the special C and call it that fuckin' -- call it ah,

17 BPA reserve.

18 TIM: Right. That's what we were thinkin'

19 PERSON 2: OK.

20 TIM: So, well, I'd rather just take it out of Mike's book.

21 PERSON 2: Um.

22 TIM: That's where the deal sits.

23 PERSON 2: That's where it'll go back. Wow. Yeah OK. Ah -- *[pause]* OK. But we'll -- yeah,

24 OK, just keep track of who you've taken from.

25 TIM: Well, I've got memos for every -- every time we do that I have the trader write up a

26 memo that says here's this and here's what's goin' out so if they know exactly what's in and

27 out.

28 PERSON 2: Put ten mill -- put ten million.

- 1 TIM: OK.
- 2 PERSON 2: Thanks, man.
- 3 TIM: See you.