

**EXHIBIT NO. ISO-39**

1 2335 RT SCH.

2 **Logger 194401, Channel 12.**

3 **December 9, 2000.**

4

5 **[CONVERSATION BETWEEN ISO AND POWEREX]**

6 Time stamp is 13:49:06

7 MIKE: Powerex, this is Mike

8 BOYD: Mike, Boyd.

9 MIKE: Hey, Boyd.

10 BOYD Are you getting any -- anything work for this afternoon on the  
11 peak 17, 18, 1900?

12 MIKE. I'm hunting around, but so far no takers.

13 BOYD: No takers, huh?

14 MIKE: No.

15 BOYD: I've got to find you a marketer or what?

16 MIKE. Yeah.

17 BOYD. Where's Enron when I need them?

18 MIKE: A real marketer, yeah.

19 BOYD: Real marketer, yeah. Enron. Where's Jeremy, you know?

20 MIKE: Yeah, I know. There's not many folks out there that are  
21 interested in -- what I'm proposing is, I'd sell to them and then they could do with it what  
22 they wanted, including taking it to you guys

23 BOYD: Right.

24 MIKE: So, you know --

25 BOYD: What have you got to have for it?

1 MIKE: We are looking at about a thousand bucks  
2 BOYD: A thousand bucks. Yeah, see, I'm only up to about \$800  
3 over those hours.  
4 MIKE: Yeah. Yeah.  
5 BOYD: Yeah, that's why we're not getting any takers  
6 MIKE: Yeah.  
7 BOYD: I've got to go up my price for you people  
8 MIKE: Yeah.  
9 BOYD: Ouch, hurts.  
10 MIKE: Yeah.  
11 BOYD: That would be 1250 to make it advantageous for anybody by  
12 the time they got transmission. Okay. Well, I appreciate that information.  
13 MIKE: Okay.  
14 BOYD: Thanks.  
15 MIKE: All right, Boyd.  
16 BOYD: You bet.  
17 End time is 13:50:21.  
18  
19 **[CONVERSATION BETWEEN ISO AND POWEREX]**  
20 Time stamp is 13:53:54  
21 MIKE: Powerex, this is Mike.  
22 BOYD: Mike, Boyd, California ISO.  
23 MIKE: Hey, Boyd.  
24 BOYD: Talked to my bosses. We're all aware of the financial  
25 situation that the two of us have for \$350 million

1 MIKE: Uh-huh

2 BOYD: Canadian, that's a half a billion

3 MIKE: Yeah, probably a lot more than that

4 BOYD: Yeah Anyway, we understand that -- you know, check's  
5 going to be in the mail. Is there any way that you guys could put a supplemental bid in  
6 for 17, 18 and 19?

7 MIKE: Well, I've got -- I don't know about -- well, is the check in the  
8 mail, because the instructions I've got --

9 BOYD: I'm not the boss. I have no idea.

10 MIKE: Yeah, yeah. Because the instructions that I've got is we  
11 can't do anything until we get something in place, until we get some comfort in place.  
12 So that's a -- that's what --

13 BOYD: You know we've been here before like just a few months  
14 ago, weren't we?

15 MIKE: Yeah. Yeah.

16 BOYD: So, you know it all works out It just -- but I'm just saying I'm  
17 going to be very deficient those three hours. And so I'm kind of on my knees.

18 MIKE: 17, 18, 19?

19 BOYD: Uh-huh.

20 MIKE: That's what you're looking for; right?

21 BOYD: Right. And the only way I can -- I can -- you know, it's just  
22 between you and me again, because the marketer out there, we're going just -- I can't  
23 see paying a marketer 250 bucks a megawatt just to sit there and be a player.

24 MIKE: Yeah

25 BOYD: You know what I'm saying?

1 MIKE: Yeah.

2 BOYD: When we're trying to keep the prices down as it is

3 MIKE: Right. Right.

4 BOYD: So I was hoping just to come straight to you guys, but I

5 understand your rules.

6 MIKE: Yeah.

7 BOYD: I mean we've all got the same thing -- we've got bosses that

8 we have to go answer to Monday morning.

9 MIKE: Yeah, exactly. Yeah. I mean we're -- we had -- we had this

10 deal we were working with SCE.

11 BOYD: Uh-huh, that was yesterday.

12 MIKE: Yeah, exactly. And I think we've kind of run our course with

13 those guys as well.

14 BOYD: Right.

15 MIKE: So we're running out of people that we can do business with

16 BOYD: Right. So I'm just looking at those three hours today. If

17 there's anything that you could bid in that's not, you know, we're not going to run that bill

18 up too bad. I mean 350 million. I mean okay, now it's 352. You know what I mean?

19 MIKE: Yeah. No, I understand the boat you're in. Well, let me

20 make a couple more calls.

21 BOYD: Yeah, and see what you can do. You know, if we can work

22 something -- but I, you know, I'm not the boss. I'm not Terry Winter or Kelland. I have

23 no idea what those boys are doing. I'm not part of that money train.

24 MIKE: I understand. You're just trying to keep the lights on

25 BOYD: That's it.

1 MIKE. Yeah. Okay. Well, I can't promise anything. I'll see what I  
2 can do, but I can't promise anything anymore than that

3 BOYD: Okay. Appreciate it.

4 MIKE I'll give you a shout right back

5 BOYD. Bye

6 MIKE: Thanks a lot. Bye-bye.

7 End time is 13:56:38.

8

9

10 **[CONVERSATION BETWEEN ISO AND SMUD]**

11 Time stamp is 14:10:38.

12 BOYD: ISO, this is Boyd.

13 PAT: Hey, Boyd, Pat, SMUD

14 BOYD: Yeah.

15 PAT: Hey, I just got a call from Powerex

16 BOYD: Uh-huh.

17 PAT: And they said they had some energy available

18 BOYD: Okay.

19 PAT: The price is higher.

20 BOYD Uh-huh

21 PAT: They're asking 850.

22 BOYD: 850?

23 PAT: Yeah

24 BOYD: Okay.

25

1 PAT So apparently they must have got wind of our last deal. I  
2 guess they -- I was trying to figure out what was going on. They said apparently they've  
3 run up against some credit limits or something like that.

4 BOYD: Yeah.

5 PAT: And so they have to find somebody else to -- you know, third  
6 party.

7 BOYD: Uh-huh.

8 PAT: So it seems kind of steep to me, but I don't know what the  
9 situation you guys are --

10 BOYD: That's what it's going to cost you is 850?

11 PAT: Yeah.

12 BOYD: So you'd need what, like 900?

13 PAT: Well, I'm thinking of even less than that and even turn less of  
14 a profit because it's getting up there so high that, you know, being a rate payer in  
15 California, you know? I was thinking like just adding 30 to it. So like an 880.

16 BOYD: 880?

17 PAT: Yeah.

18 BOYD: That will work. That will work.

19 PAT: Really?

20 BOYD: Yeah. In all seriousness, I've been doing this all week. That  
21 will work.

22 PAT: He's got some -- I don't know how much capacity you have  
23 at Malin, but he gave me some pretty steep numbers here.

24 BOYD: Uh-huh.

25 PAT: Like up to 900.

1 BOYD: (Conversation away from the phone: How much would you  
2 we want from Powerex through SMUD? SMUD's going to be the party participant.  
3 Powerex is offering up to like 900 megawatts. All 900?) We'll take all 900 for 17, 18  
4 and 19.

5 PAT: Actually, the profile they gave me was 900 for 16 and 17.

6 BOYD: 16 and 17 is 900, okay

7 PAT: 18 And 19, 700.

8 BOYD: 700, okay.

9 PAT: And then 20 would be 800.

10 BOYD: 800, I'll do it.

11 PAT: And you guys have capacity, the same deal as like with  
12 Washington where you're just going to pick it up at Malin?

13 BOYD: I'll pick it up at Malin. I've got room.

14 PAT: Okay.

15 BOYD: Okay?

16 PAT: All right.

17 BOYD: Appreciate it.

18 PAT: I'll give them a call back. And if there are any problems, I'll  
19 let you know.

20 BOYD: Perfect. You just saved the day. Tell your wife she can put  
21 that turkey in the oven now.

22 PAT: Okay.

23 BOYD: Thanks.

24 PAT: All right. Bye.

25 End time is 14:13:26.