



**CREDA**  
**Colorado River Energy Distributors Association**

April 18, 2008

**ARIZONA**  
 Arizona Municipal Power Users Association

Arizona Power Authority

Arizona Power Pooling Association

Irrigation and Electrical Districts  
 Association

Navajo Tribal Utility Authority  
 (also New Mexico, Utah)

Salt River Project

**COLORADO**  
 Colorado Springs Utilities

Intermountain Rural Electric Association

Platte River Power Authority

Tri-State Generation & Transmission  
 Association, Inc.  
 (also Nebraska, Wyoming, New Mexico)

Yampa Valley Electric  
 Association, Inc.

**NEVADA**  
 Colorado River Commission  
 of Nevada

Silver State Power Association

**NEW MEXICO**  
 Farmington Electric Utility System

Los Alamos County

City of Truth or Consequences

**UTAH**  
 City of Provo

South Utah Valley Electric Service District

Utah Associated Municipal Power Systems

Utah Municipal Power Agency

**WYOMING**  
 Wyoming Municipal Power Agency

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Mr. Brad Warren  
 Western Area Power Administration  
 CRSP Management Center  
 Via email: [warren@wapa.gov](mailto:warren@wapa.gov)

RE: FY '10 Preliminary Work Program Review

Dear Brad:

The following questions and comments stem from our meeting with Western and Reclamation on February 28, action items from that meeting and additional materials received March 5 and 7, 2008. In addition, we received additional answers on April 7, 2008. We received responses to our February 11, 2008 letter this morning. To reiterate our comments made at the February 28 with respect to Letter Agreement No. 92-SLC-0208 dated September 24, 1992 ("Letter Agreement"), the following timetable reflects our interpretation of the Letter Agreement as it pertains to the Preliminary FY '10 review process.

February 21-22, 2008: materials received via email.

February 25, 2008: CREDA's initial questions/comments letter

March 3, 5, 7, 2008: additional materials received via email.

April 6, 2008: Work Program Information Review Period (45 days following submittal of Work Program Information).

April 21, 2008: Last day for receipt of views from power customers (15 days from close of Work Program Information Review Period).

May 21, 2008: Last day for responses from Western to power customers' views (30 days from receipt of views).

We will not repeat the requests posed in our March 14, 2008 letter, but please be advised that we have not yet received responses from Reclamation to that letter, specifically with regard to Reclamation's Fish & Wildlife category, "GCMRC Subtotal." To date there has been insufficient detail provided on the Adaptive Management Program in accordance with the Letter Agreement principles.

Given the ongoing discussions regarding a SLCA/IP rate adjustment process, we are particularly interested in the agencies continuing to "scrub" the work plans to mitigate impacts to the proposed rate, and believe that the Letter Agreement provides some flexibility with regard to what Fiscal Year's data is used in an ensuing rate process. Section 3 of the Letter Agreement refers to "Work Program Information supplied and how it will be used to establish rates...". By definition, Work Program Information is "utilized to plan and schedule project work" (Section 2(m)) and includes data from the Planning Year (FY2010), the Completed Year (FY07), the Past Year (FY08), the Current Year (FY09), and projections for the first, second and third Out Years (FY11, 12, 13) (Section 2(k)(1)(A)). The information also includes Facility Data Sheets for construction activities in excess of \$1,000,000 that are planned or under construction when the Preliminary Information becomes available (Section 2(k)(1)(B)). Additionally, the most recent 10-year plans are included in the Preliminary Information (Section 2(k)(2)).

GENERAL FOR ALL OFFICES AND CSO

- 1) We appreciated the effort to reduce the FY 2010 work plan by about \$2.8 million. We also appreciate the detailed information provided on April 7 in response to our March 14 letter.
- 2) To clarify our ongoing question/comment regarding CRSP billing, we have asked in the past that Western consider consolidating CRSP billing into a single location. This does not necessarily imply developing or combining billing software systems. We believe some efficiencies can be gained by having data produced at a location also be billed from that location, as opposed to having it be transferred to two different locations. Please consider this comment in light of this clarification.
- 3) Thank you for clarifying that this workplan is prepared without regard to any possible operational consolidation and/or balancing authority changes at this time. *Prior to* any associated decisions being made, we request the opportunity to review in detail all workplan impacts and associated costs and benefits.

## CRSP MANAGEMENT CENTER

- 1) CAREM: Has Western surveyed its customers to ascertain the value of the services provided by the Washington State University support contract? If so, please provide the response. If not, we recommend this be undertaken to determine how much and what kind of use customers are making of this information. What is the term of this contract? How many Western FTE directly charge to this function, by office? If this is a DOE-mandated initiative, then DOE should provide appropriate non-revenue funding for the program.
- 2) RRADS/\$2M in authority: Is the emergency replacement of underrated breakers at Pinnacle Peak related to the planned breaker replacements noted in the DSW materials? Also, please explain the change in DSW's GWA allocation from 15.21 to 18.27 percent. Lastly, please provide detail on the "unplanned vegetation management and other needs".

## DSW

- 1) STUDM: We aren't sure we are interpreting the data correctly. If you take the \$88,578 associated with the additional FTE and divide it by the CRSP 17.12%, that would be over \$500,000. Please provide further explanation as to this amount.
- 2) MRKTM: Thank you for re-reviewing this activity.
- 3) COMMB and SUBSB: a) PLC Upgrade at Flagstaff Sub: Please provide specific cost information on the PLC and exactly what needs to be replaced. It would also be helpful to describe the revenue impact on a per day (as opposed to annualized) basis. b) Glen breakers: How long was the situation existed with the fault current being 50% higher than the interruptible rating? c) Pinnacle Peak breakers: Please provide the fault and interrupting values at Pinnacle Peak similar to what has been provided at Glen. d) Pinnacle Peak MOI: the latest response indicates that no other participants are identified to be financially responsible for this project, yet it is described as a "crucial delivery point of power for the greater Phoenix metropolitan area". Please advise.

## RMR

- 1) BILLM: We appreciate the detailed response received on this category, and clarify the request we made at the February 28 meeting that Western *reconsider at this time* the 50/50 allocation, particularly since it was indicated at that meeting that it would most likely revert to a 60/40 allocation following implementation of a new system.

## FOLLOWUP FROM APRIL 18 RESPONSES

Following receipt of responses to the below-listed follow-up question, we may have additional comments or questions:

- 1) The April 18 response to our February 11 letter includes discussion regarding a footnote contained in Tab 19 of the Rate materials. It refers to irrigation investment costs. We are not sure whether we are talking about the same category of costs, but if the response is related to the Animas La Plata study costs, the Congress directed on December 15, 2000 that "Federal law does not provide a basis for allocating costs related to ALP irrigation components to the municipal and industrial water uses *or to Colorado River Storage Project power customers*. Allocating such costs would require an explicit change to Federal law. As the July 2000 EIS recognizes, in the absence of such a change in the law, those 'sunk costs' that are attributed to project features that are not part of the Department's Preferred Alternative are non-reimbursable." (S.Report, 106<sup>th</sup> Congress, 106-513).
- 2) Please advise when the Glen Canyon turbine efficiency impacts have been factored into the PRS.
- 3) We will continue to advise as to the status of guard and patrol legislation, but given it has passed both House (HR 1662) and Senate (S.2739), we would request that the capped amount be included in the work plan and PRS.

Please don't hesitate to contact me with any questions.

Sincerely,

/s/ Leslie James

Leslie James  
Executive Director

Cc: CREDA Board  
Dave Welker  
Jim Keselburg  
Tyler Carlson  
Larry Walkoviak  
Kerry McCalman

