



UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS

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May 5, 2008

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Mr. Bradley S. Warren
CRSP Management Center
Western Area Power Administration
150 East Social Hall Avenue
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RE: Comments Regarding Salt Lake City Area Integrated Projects (SLIP) Proposed Rate Increase

Utah Associated Municipal Power Systems (UAMPS) representing 30 municipal electric utilities, electric service districts and water conservancy districts that purchase and distribute power generated from the Salt Lake City Area Integrated Project commonly referred to as CRSP, wishes to comment on the proposed Salt Lake City Area Integrated Projects (SLIP) firm power rate proceeding (73 FR No 3, January 4, 2008) proposed to take effect October 1, 2008. UAMPS members purchase approximately 102 MW summer, and 149 MW winter with an annual total of 433 gWh. SLIP represents a critical portion of our members' power resources. Consequently, any changes to the SLIP rate, has significant impacts to UAMPS members.

The Colorado River Energy Distributors Association (CREDA), of which UAMPS is member, has been an active participant with Western in various meetings and discussions, both formal and informal. In addition to oral comments provided Western in this process, CREDA has submitted extensive written comments. UAMPS supports CREDA's comments and urges Western to consider those comments to represent the views of UAMPS and its members.

We would like to express our gratitude to the CRSP Management staff for their help and cooperation in preparation of materials and presentations regarding the rate process. We observed the willingness of your staff to work with customers to assist our understanding of the rate and its components. They were also willing to discuss options and analyze alternatives requested by customer groups. The requests made to and granted by Western were both friendly and helpful in this process.

While we are supportive of the comments of CREDA, UAMPS wished to take this opportunity to emphasize several points:

Final Work Program

Because the formal work program process affecting the final rate will not be completed until after the May 5 comment deadline, CRSP customers would like to have the opportunity to review and comment on the final work program product should that product affect the rate.

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Repayment of CRSP Participating Projects

Because the power repayment study is highly influenced by the funding of CRSP Authorized Projects that may not be constructed or may possibly be constructed in the distant future, Western should work with the CRSP customers and the Bureau of Reclamation to structure the collection of funds for payment of those projects in such a manner such that they will not adversely impact the power rate. If such a restructuring of the rate component is not considered, revenues from rates will be overly collected by the magnitude of hundreds of millions of dollars.

Credits for Over-collection of Funds

There is a possibility the proposed rate will over collect necessary revenues because future firming power purchases may be less than anticipated. The Southwestern Power Administration (SWPA) has a mechanism in place which will give credits on future bills for any over collection. UAMPS urges Western to consider a similar arrangement whereby future billing credits could be provided in the event actual power purchase costs are less than anticipated costs.

Two Step Rate Implementation

The proposed rate includes several uncertain components which may have significant impact. These include increased generation due to abnormally high runoff, final outcome for the integration of CRSP cost components for the Rocky Mountain Region and the Desert Southwest Region of Western and the outcome of a number of environmental experimental flow regimes. Additionally, Congress recently passed legislation which limits the amount of Reclamation security costs that may be recovered from power customers. The present rate includes reimbursement of much of those security costs that should not be collected.

For these reasons, we urge Western to follow-through on its suggestion to implement the rate adjustment in a two step process. The first step would be implemented on October 2008 with the second step to be effective in October 2009. We further urge Western to set the first step at a 0% increase with the second step adjustment not to exceed 18%. This suggestion allows sufficient time to determine the actual impact these mentioned uncertainties will have on the repayment study.

UAMPS appreciates the opportunity to submit these comments. Please do not hesitate to contact me if you need further information.

Sincerely,



Edward C. Rampton
Government Affairs Manager

cc: Leslie James - CREDA