

6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Proposed 2004 Power Marketing Plan

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Plan.

SUMMARY: The Western Area Power Administration's (Western) Sierra Nevada Customer Service Region (Sierra Nevada Region) has developed a Proposed 2004 Power Marketing Plan (Proposed Plan). The Proposed Plan provides for marketing power from Central Valley Project (CVP) and Washoe Project powerplants after the year 2004. Western currently markets about 1,580 megawatts (MW) of CVP power under long-term contracts to 80 preference customers in northern and central California. Western also markets 3.65 MW of Washoe Project power. On December 31, 2004, all of Western's long-term CVP power sales contracts will expire, along with Contract 14-06-200-2948A (Contract 2948A) with the Pacific Gas and Electric Company (PG&E) for the sale, interchange and transmission of electric capacity and energy. Western has developed the Proposed Plan to define the products and services to be offered, and the eligibility and allocation criteria that will lead to allocations of CVP and Washoe Project power beyond the year 2004. This Federal Register notice initiates the Administrative Procedure Act process that gives the public an opportunity to participate in administrative rulemaking for marketing of this power by Western after the year 2004, and requests public comment.

DATES: On April 8, 1997, beginning at 10 a.m., Western will hold a public information forum on the Proposed Plan. At the information forum, Western representatives will present the Proposed Plan and respond to questions from the public. On April 24, 1997, beginning at 1 p.m., Western will hold a public comment forum to receive oral and written comments on the Proposed Plan. Each forum will be held at the Sierra Nevada Regional Office, 114 Parkshore Drive, Folsom, California. Oral or written comments

may be presented at the public comment forum. A transcript of oral comments made at this forum will be available from the court reporter. Written comments on the Proposed Plan will be accepted from the date of publication of this Federal Register notice through (insert 90 days after date of publication in the Federal Register).

ADDRESS: Written comments may be hand-delivered, mailed, or faxed to the address provided below. Comments must be received by 5 p.m. PDT or postmarked on (insert 90 days after date of publication in the Federal Register) to assure consideration.

Inquiries and written comments regarding the Proposed Plan should be directed to:

James C. Feider
Regional Manager
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4710
(916) 353-4418
(916) 985-1931 FAX

All documentation developed or retained by Western for the purpose of developing the Proposed Plan will be available for inspection and copying at the address below.

FOR FURTHER INFORMATION CONTACT:

Zola M. Jackson
Power Marketing Manager
Western Area Power Administration
Sierra Nevada Region
114 Parkshore Drive
Folsom, CA 95630-4710
(916) 353-4421

After all public comments have been considered, Western will publish a Final 2004 Power Marketing Plan (Final Plan) in the Federal Register.

SUPPLEMENTARY INFORMATION:

Authorities

The Sierra Nevada Region developed this Proposed Plan in accordance with its power marketing authorities in the Federal Reclamation laws, the Act of June 17, 1902 (32 Stat. 388), the Act of August 4, 1939 (53 Stat. 1187); the Act of April 8, 1935 (49 Stat. 115), the Act of June 22, 1936 (49 Stat. 1622), the Act of August 26, 1937 (50 Stat. 844), the Act of October 17, 1940 (54 Stat. 1198), the Act of December 22, 1944 (58 Stat. 887), Act of October 14, 1949 (63 Stat. 852), the Act of September 26, 1950 (64 Stat. 1036), the Act of August 12, 1955 (69 Stat. 719), the Act of August 1, 1956 (70 Stat. 775), the Act of June 3, 1960 (74 Stat. 156), the Act of October 23, 1962 (76 Stat. 1173), the Act of September 2, 1965 (79 Stat. 615), the Act of August 4, 1977 (91 Stat. 565), and the Act of July 16, 1984, including all acts amendatory and/or supplementary to the above listed.

Development of the Proposed Plan

Western is developing the Proposed Plan to define: (1) the products and services to be offered, and (2) the criteria for allocating power resources to be marketed under contracts that will replace those expiring on December 31, 2004.

Development of the Proposed Plan was initiated with a series of three informal public information meetings held on November 17, 1995, March 7, 1996, and May 13, 1996. These meetings began informal discussions to identify pertinent issues and possible marketing options, including products and services and eligibility and allocation criteria, to be included in the Proposed Plan. During the informal process, Western evaluated several options for marketing power after termination of existing contracts. Western's proposal provides each customer a right to customize its power allocation from Western. This will provide a customer the flexibility to optimize the use of Western power.

Western is also proposing to offer a resource extension to existing customers and to offer a portion of the resource to new customers. Western believes its Proposed Plan provides a balance between existing and new customers, while meeting its contractual obligations that continue beyond 2004.

As explained in the DATES section of this notice, Western will hold public information and comment forums on the Proposed Plan. After consideration of all public comments, Western will publish notice of the Final Plan in the Federal Register. With that notice, Western will also announce its decisions regarding power resource extensions to existing customers and call for applications for new allocations. The deadline for receipt of applications will be set forth in the call for applications. Western will then consider the applications, determine which applications meet the requirements of the Final Plan, and exercise its discretion provided by law in allocating the power to eligible applicants. Proposed and final allocations will subsequently be published in the Federal Register. To implement the Proposed Plan, the level of power resources to be marketed must be determined. Determining levels of power resources to be marketed and subsequently entering into contracts for the delivery of related products and services could be a major Federal action with potentially significant impacts on the human environment.

Therefore, an Environmental Impact Statement (EIS) process was initiated on the 2004 Power Marketing Program with a Federal Register notice published at 58 FR 42536 and 43105, on August 10 and 13, 1993, respectively, in compliance with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321, *et seq.*), as amended, and associated implementing regulations. Following several public meetings, a draft EIS was prepared. The draft EIS described the environmental consequences of a range of reasonable marketing plan alternatives and identified no significant impacts. A Federal Register notice was published on May 24, 1996 (61 FR 26174) announcing that the draft EIS was available for public review and comment. Also, Western held a public hearing on June 13, 1996 to receive formal comments on the draft EIS, with a July 31, 1996 deadline for receipt of written comments. A final EIS is expected to be completed

by March 1997, and a Record of Decision is tentatively scheduled to be published in April 1997. The Final Plan will incorporate decisions made as a result of the findings of the final EIS.

The schedule for the Proposed Plan was developed to recognize Western's responsibility to its customers to provide: (1) necessary planning time (approximately 5 years after final contract commitments) for customers to acquire new power resources should their allocation of CVP power change; (2) sufficient time for Western's Sierra Nevada Region or its customers to negotiate contracts for control area services, third-party transmission, and supplemental power supplies; and (3) time to meet with each customer to design a product/service package prior to the customer making a final commitment.

The Proposed Plan also incorporates the intent of the Final Rule for the Energy Planning and Management Program (EPAMP) (10 CFR part 905), published by Western on October 20, 1995 at 60 FR 54151. The EPAMP Final Rule became effective on November 20, 1995. EPAMP implements Section 114 of the Energy Policy Act of 1992, and requires Western's customers to prepare Integrated Resource Plans (IRP). The Power Marketing Initiative (PMI) of EPAMP provides a framework for extending a major portion of the power available at the time current contracts expire to existing customers, and for establishing project-specific resource pools. During the public process for EPAMP, it was determined that application of the PMI to the CVP would be evaluated during the 2004 Power Marketing Plan public process.

Background

The CVP is a large water and power system, initially authorized by Congress in 1935, which covers approximately one-third of the State of California. Legislatively defined purposes set the priorities for the CVP as: (1) river regulation; (2) improvement of navigation; (3) flood control; (4) irrigation; (5) domestic uses; and (6) power. In addition, the CVP Improvement Act of 1992 added fish and wildlife habitat as a priority to the list of CVP purposes.

The CVP power facilities include 11 powerplants with a maximum operating capability of about 2,044 MW, and an estimated average annual generation of 4.6 million megawatthours (MWh). The U.S. Department of the Interior, Bureau of Reclamation (Reclamation) operates the water control and delivery system and all of the powerplants with the exception of the San Luis Unit, which is operated by the State of California for Reclamation. Western markets and transmits the power available from the CVP.

Western owns the 94 circuit-mile Malin-Round Mountain 500-kilovolt (kV) transmission line (an integral section of the Pacific Northwest-Pacific Southwest Intertie (Pacific Intertie)), 803 circuit miles of 230-kV transmission line, 7 circuit miles of 115-kV transmission line and 44 miles of 69-kV and below transmission line. Western also has part ownership in the 342-mile California-Oregon Transmission Project (COTP). Some of Western's existing customers have no direct access to Western's transmission lines and receive service over transmission lines owned by other utilities.

Western has historically combined output from CVP hydroelectric facilities with supplemental power from a number of other power resources. This has enabled Western to enhance the CVP power resources and to market an amount of firm power to its customers that would not be available solely from CVP facilities in all years. A portion of this supplemental power has been transmitted over the COTP and Pacific Intertie.

The Washoe Project was authorized by Congress in 1956 and is a separate project from the CVP. The Washoe Project, located in west-central Nevada and east-central California, was designed to regulate runoff from the Truckee and Carson rivers and to enhance irrigation; water drainage; municipal, industrial, and fisheries uses; and provide flood protection; fish and wildlife habitat; and recreation. The Washoe Project includes Prosser Creek Dam and reservoir; Stampede Dam, reservoir, and powerplant; Marble Creek Dam; and Pyramid Lake Fishway. The Stampede Powerplant, located in Sierra County, California, was completed in 1987, and has a maximum operating capability of 3.65 MW with an estimated annual generation of 10,000 MWh. Sierra Pacific Power

Company (SPPC) owns and operates the only transmission system available for distribution of power generated at the Stampede Powerplant.

History of Central Valley Project Power Allocations

Power was first generated in the CVP at the Shasta Powerplant in 1944. Formal allocations of 450 MW of CVP power were first made in 1952. In 1964, with the addition of the Trinity River Division facilities, allocations to preference customers were increased to 925 MW. In 1967, under terms of Contract 2948A, power imports over the Pacific Intertie (Northwest imports) were incorporated along with provisions for load level increases up to 985 MW in 1975 and up to 1,050 MW in 1980.

Later in 1980, the load level was increased by 102 MW to 1,152 MW. This increase in allocations was accomplished under the 1981 Power Marketing Plan (47 FR 4139) dated January 28, 1982. New customers received 26 MW of nonwithdrawable power and 42 MW of withdrawable power for a total of 68 MW, with 4 MW of withdrawable power left unallocated. Also, diversity power allocations of 30 MW were made to those customers who could shed load during Sierra Nevada Region's system simultaneous peak.

During the same time period, SMUD challenged Western's right to meld the costs of Northwest imports into CVP power rates charged to SMUD. In a 1983 settlement, it was agreed that SMUD would pay the melded CVP power rates; SMUD's electric service contract, due to expire in 1994, would be extended to 2004; and SMUD would have the right to purchase 100 MW of peaking capacity through 2004. Further, SMUD would have the right to purchase a portion of the power to be marketed from 2005 to 2014.

Under the 1994 Power Marketing Plan (57 FR 45782 and 58 FR 34579) dated October 5, 1992 and June 28, 1993, respectively, existing customers with contracts expiring in 1994 were allocated 501 MW, and approximately 8 MW was allocated to new customers.

In addition to the power marketed in the 1994 Power Marketing Plan, total power under existing contracts includes approximately 910 MW of long-term firm power, 100 MW of peaking capacity, and 60 MW of withdrawable power, for a total of about 1,580 MW. See Appendix A of this notice for Existing Customers' CRD Amounts.

On November 30, 1993, the National Defense Authorization Act (NDA Act) was signed into law. This act provides that, for a 10-year period, the CVP electric power allocations to military installations in the State of California which have been closed or approved for closure shall be reserved for sale through long-term contracts to preference entities which agree to use such power to promote economic development at the military installations closed or approved for closure. On December 1, 1994, Western published the final NDA Act procedures developed to fulfill the requirements of section 2929 of the NDA Act (59 FR 61604). To date, about 42 MW of long-term firm power and about 9 MW of withdrawable power under contract to military installations being closed has been converted to NDA Act power.

History of Washoe Project (Stampede Powerplant) Allocations

Pursuant to Final Allocation of Stampede Powerplant Power (50 FR 43456) dated October 25, 1985, Western allocated all the energy generated at Stampede Powerplant in excess of that needed to serve project use (Lahontan Fish Hatchery and Marble Bluff Fish Facility) to Truckee-Donner Public Utility District. Because Truckee-Donner was unable to obtain transmission service, it was unable to enter into a contract with Western to receive Stampede energy. In 1988, Western rescinded the allocation of Stampede energy to Truckee-Donner and marketed Stampede energy to SPPC under short-term agreements.

In 1990, Western began conducting a bidding process for the sale of Stampede energy, giving priority to preference entities. Since no preference entity met the bidding criteria, SPPC continued to purchase Stampede energy under short-term agreements.

In April 1994, Western executed agreements with SPPC and the Fish and Wildlife Service (F&WS) which established a mechanism to provide project use service to the F&WS facilities. These agreements also provide Western the option to market and transmit all energy, in excess of that which is required to provide project use service, outside of SPPC's control area.

Regulatory Procedure Requirements

Regulatory Flexibility Analysis

Pursuant to the Regulatory Flexibility Act of 1980 (5 U.S.C. 601, *et seq.*), each agency, when required to publish a proposed rule, is further required to prepare and make available for public comment an initial regulatory flexibility analysis to describe the impact of the proposed rule on small entities. Western has determined that (1) this rulemaking relates to services offered by Western and therefore is not a rule within the purview of the Act, and (2) an allocation of power from Western would not cause an adverse economic impact to such entities. The requirements of this Act can be waived if the head of the agency certifies that the rule will not, if promulgated, have a significant economic impact on a substantial number of small entities. By his execution of this Federal Register notice, Western's Administrator certifies that no significant economic impact on a substantial number of small entities will occur.

Environmental Compliance

In compliance with NEPA (42 U.S.C. 4321, *et seq.*), Council on Environmental Quality NEPA implementing regulations (40 CFR parts 1500-1508), and DOE NEPA implementing regulations (10 CFR part 1021), Western completed an environmental

impact statement on EPAMP. The Record of Decision was published in the Federal Register on October 12, 1995 (60 FR 53181). Additionally, as described in the Supplementary Information Section of this notice, Western and the Environmental Protection Agency announced the availability of Western's draft EIS on the 2004 Power Marketing Program in Federal Register notices published on May 24, 1996 (61 FR 26174 and 26178, respectively). The draft EIS described the environmental consequences of a range of reasonable marketing plan alternatives and identified no significant impacts. The Proposed Plan falls within the range of alternatives considered. This NEPA review will assure all environmental effects related to Western's Proposed Plan have been identified and analyzed.

CVP and Washoe electrical capacity and energy to be marketed is influenced by available reservoir storage and water releases controlled by Reclamation within the CVP in California. Pursuant to Title 34 of Public Law 102-575, the CVP Improvement Act of 1992, Reclamation is preparing a Programmatic Environmental Impact Statement (PEIS) addressing improvements to fish and wildlife habitat stipulated in Public Law 102-575, and potential changes in CVP operations and water allocations to meet those obligations. The draft PEIS may result in modifications to CVP facilities and operations that would affect the timing and quantity of electric power generated by the CVP. Such changes may, in turn, affect electric power products and services to be marketed by Western. This Proposed Plan is designed to accommodate these changes. Western is a cooperating agency in Reclamation's PEIS.

Review Under the Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1980, 44 U.S.C. 3501-3520, Western has received approval from the Office of Management and Budget (OMB) for the collection of customer information in this rule, under control number 1910-1200.

Determination Under Executive Order 12866

DOE has determined that the Proposed Plan is not a significant regulatory action because it does not meet the criteria of Executive Order 12866 (58 FR 51735).

Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by OMB is required.

Proposed 2004 Power Marketing Plan

This Proposed Plan addresses: (1) the power to be marketed after 2004; (2) the terms and conditions under which the power will be marketed; and (3) the criteria to determine who will receive an allocation.

Within broad statutory guidelines and operational constraints of the CVP, Western has wide discretion as to whom and on what terms it will contract for the sale of Federal power as long as preference is accorded to statutorily defined public bodies. Power must be sold in such a manner as will encourage the most widespread use at the lowest possible rates consistent with sound business principles.

I. Acronyms and Definitions

As used herein, the following acronyms and terms, whether singular or plural, shall have the following meanings:

Administrator: The Administrator of Western Area Power Administration.

Allocation: An offer to an entity to purchase power from Western.

Allocation Criteria: Conditions applied to all applicants seeking an allocation.

Allottee: A preference entity receiving an allocation or power resource extension.

Ancillary Services: Those services necessary to support the transfer of electricity while maintaining reliable operation of the transmission provider's transmission system in accordance with good utility practice. Ancillary services are generally

described in Federal Energy Regulatory Commission Order No. 888, Docket Nos. RM95-8-000 and RM94-7-001, issued April 24, 1996.

Base Resource: CVP and Washoe Project power output and existing power purchase contracts extending beyond 2004 determined by Western to be available for marketing, exclusive of project use and First Preference entitlements.

Capacity: The electrical capability of a generator, transformer, transmission circuit or other equipment.

Central Valley Project (CVP): A multipurpose Federal water development project extending from the Cascade Range in northern California to the plains along the Kern River south of the City of Bakersfield.

Contract Principles: Provisions made part of the electric service contracts which include the General Power Contract Provisions.

Contract Rate of Delivery (CRD): The maximum amount of capacity made available to a preference customer for a period specified under a contract.

Curtailable Power: Power which may be curtailed on a real-time scheduling basis at Western's sole discretion under certain conditions.

Custom Product: A combination of products and services, excluding provisions for load growth, made available by Western per customer request, utilizing the customer's Base Resource and supplemental purchases made by Western at customer expense.

Customer: An entity with a contract and receiving electric service from Western's Sierra Nevada Region.

Diversity Power: Power made available because of the diversity of customers' peak demands at the time of Sierra Nevada Region's peak demand.

Eligibility Criteria: Conditions that must be met to qualify for an allocation.

Energy: Measured in terms of the work it is capable of doing over a period of time; electric energy is usually measured in megawatthours.

Energy Planning and Management Program (EPAMP): Western-wide program developed to encourage customer energy planning (60 FR 54151, dated October 20, 1995).

Existing Customer: A preference customer with a contract to purchase firm power, offered under a previous allocation process or marketing plan, that extends through December 31, 2004.

Extension CRD: Existing customer's CRD exclusive of Diversity and Curtailable Power, peaking/excess capacity, and NDA Act Power not used for military loads.

Final Plan: Western's Final 2004 Power Marketing Plan.

Firm: A type of product and/or service that is available to a customer at the times it is required.

First Preference Customer/Entity: A preference customer and/or a preference entity (an entity qualified to use, but not using preference power) within a county of origin (Trinity, Calaveras and Tuolumne) as specified under the Trinity River Division Act (69 Stat. 719) and the New Melones Act of the Flood Control Act of 1962 (76 Stat. 1180).

General Power Contract Provisions (GPCP): Standard terms and conditions which are included in electric service contracts.

Integrated Resource Plan (IRP): A process and framework within which the costs and benefits of both demand and supply-side resources are evaluated to develop the least total cost mix of utility resource options.

Kilowatt (kW): The electrical unit of capacity that equals one thousand watts.

Load Factor: The ratio of the average load in kW supplied during a designated period to the peak or maximum load in kW occurring in that period.

Long-Term: A designation for a contractual period of time greater than 5 years.

Marketing Area: The area which generally encompasses northern and central California extending from the Cascade Range to the Tehachapi Mountains and west-central Nevada.

Megawatt (MW): The unit by which the rate of production of electricity is often measured; one megawatt equals one million watts.

NDA Act: Section 2929 of the National Defense Authorization Act, Public Law 103-160, 107 Stat. 1547, 1935 (1993), which provides that, for a 10-year period, the CVP electric power allocations to military installations in the State of California which have been closed or approved for closure shall be reserved for sale through long-term contracts to preference entities which agree to use such power to promote economic development at the military installations closed or approved for closure.

NDA Act Power: Power allocated in accordance with the NDA Act Procedures (59 FR 61604, dated December 1, 1994), which provide for NDA Act power allocations.

Peaking: The operation of electric powerplants for brief periods when demand for electricity is greatest.

Power: Capacity and energy.

Power Marketing Initiative (PMI): A component of Western's EPAMP providing criteria regarding certain Western power marketing programs.

Preference: The requirements of Reclamation law which provide that preference in the sale of Federal power shall be given to municipalities and other public corporations or agencies and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 (Reclamation Project Act of 1939, section 9(c), 43 U.S.C. 485h(c)).

Project Use: Power as defined by Reclamation law and/or used to operate CVP and Washoe Project facilities.

Proposed Plan: Western's Proposed 2004 Power Marketing Plan.

Reclamation law: Refers to a series of Federal laws with a lineage dating back to the turn of the century. Viewed as a whole, these laws create the framework under which Western markets power.

Sierra Nevada Region: The Sierra Nevada Customer Service Region of Western Area Power Administration.

Unbundled: Electric service that is separated into its components and offered for sale with separate rates for each component.

Washoe Project: A Federal water project located in the Lahontan Basin in west-central Nevada and east-central California.

Western: Western Area Power Administration, United States Department of Energy, a Federal power marketing administration responsible for marketing the surplus generation from Federal hydroelectric multipurpose projects pursuant to Reclamation law and the DOE Organization Act (91 Stat. 565, 42 U.S.C. 7101, *et seq.*).

Withdrawable: Power that may be withdrawn under certain conditions.

II. Marketable Power Resource

The primary purpose of the CVP and Washoe Project is water control and delivery. The water control system consists of storage reservoirs that provide daily, seasonal, and annual flow regulation, and smaller regulating reservoirs for diverting water and smoothing upstream dam and powerplant releases. Power generated from these resources depends on hydrology and water operation requirements. Some of the power generated is used for project use to operate pumping and fishery facilities. Currently, project use power is metered at 181 locations in northern and central California and Nevada.

Expected CVP generation (energy and capacity) for 2005 and beyond will vary annually, monthly, and daily, based on hydrology and other constraints that govern CVP

operations. CVP generation is available at generator bus and must be adjusted for project use, maintenance, reserves, transformation losses, and certain ancillary services before a Base Resource is available for marketing. Transmission losses will be pursuant to the terms of a transmission service agreement. The power resources will also be adjusted for First Preference customers as described in this Proposed Plan.

The following Table provides estimates of CVP power resources and adjustments before any power resources are available to customers beyond 2004:

Table A

Estimated CVP Power Resources and Adjustments	
Power Resources/Adjustment	Range/Value
Annual energy generation	2,400,000 - 8,600,000 MWh
Monthly energy generation	100,000 - 1,100,000 MWh
Monthly capacity	1,100 - 1,900 MW
Annual project use	670,000 - 1,670,000 MWh
Monthly project use	10,000 - 180,000 MWh
Monthly project use (on peak)	30 - 230 MW
Monthly maintenance	0 - 300 MW
Reserves	5% of monthly capacity
CVP transmission and transformation losses from the generator bus to a 230-kV load bus	1.8% (as of 1995)

All of the power resource adjustments and variables mentioned above will influence the amount of Base Resource available to customers. During some critically dry months, purchases may be required to meet project use and only a minimal amount of Base Resource will be available during such months. The useability of the Base Resource for meeting customers' loads will be directly related to a customer's ability to integrate this power resource into their power resource mix.

Western proposes to include any power available from existing power purchase contracts with terms extending beyond 2004 in the Base Resource. Currently, Western has a contract with Portland General Electric Company for 65 MW at a 40 percent minimum load factor that has a final termination date of October 15, 2015.

Western also proposes to market part of the 3.65 MW available from the Washoe Project with the CVP power resource on an annual basis. Energy from the Washoe

Project, which is estimated to be about 10,000 MWh annually, is currently being provided to F&WS Lahontan National Fish Hatchery and Marble Bluff Fish Facility. These F&WS facilities are project use loads of the Washoe Project and have first call on the power resources from the Washoe Project. All costs associated with providing F&WS project use service are, by law, nonreimbursable, and are not included in the Washoe Project energy rates. Energy in excess of the F&WS needs will be sold under the Final Plan.

Western will continue to make every effort to provide the Washoe Project power resource to F&WS. F&WS is currently using approximately 50 percent of Washoe Project generation, and the same percentage of costs is considered nonreimbursable. Western expects that F&WS loads will increase, reducing the amount of power resource to be integrated with the CVP as well as the cost to be repaid from power revenues.

III. Products and Services

Western proposes to market its Base Resource alone or in combination with the option to purchase a Custom Product. The Custom Product will be in addition to the optional purchase described in Section IV.A.2. All costs incurred by Western in providing additional services to customers will be paid by those customers. The degree to which Western continues to purchase power will depend on customer requirements and Federal authorities. All products will be subject to operational requirements and constraints of the CVP, transmission availability, and purchase limitations.

Each allottee will be allocated a portion of the Base Resource. Following execution of a contract pursuant to the Final Plan, Western will work with each individual allottee to determine the best use of the Base Resource for that allottee. All allottees will be required to commit to the Base Resource no later than December 31, 1999.

Upon request, Western will develop a Custom Product for any allottee. A Custom Product may include use of the Base Resource as firm power, ancillary services, reserves, etc., or may include Western purchasing additional resources, including firming energy, to provide some of these services. Final commitments to a Custom Product must be made by December 31, 2001, for a period of no less than five (5) years of service. Thereafter, the Custom Product will be offered for periods of one (1) year or more.

Any unused power resource available will be marketed under terms and conditions and for periods of time determined by Western. Products and services from unused power resources may be made available on a monthly, weekly, daily, hourly, or nonfirm basis.

Western may offer unused First Preference power, subject to withdrawal on a pro-rata basis, upon six (6) months written notice.

Western proposes to establish and to manage an exchange program to allow all customers to fully and efficiently use their power allocation. Any power allocated by Western to a customer that cannot be used on a real-time basis due to that customer's load profile must first be offered under this program to other customers or Western. Western will not be obligated to exchange or to purchase any surplus power from the customers on its own behalf. If the surplus power is not exchanged with other customers or purchased by Western under this program, it may be offered to others, giving priority to preference entities.

IV. Proposed Resource Extension and Resource Pool Allocation

On December 31, 2004, Western's long-term CVP power sales contracts for 1,580,230 kilowatts (kW) will expire. This Proposed Plan addresses the eligibility for and allocation of CVP and Washoe Project power after these contracts expire. When

allocating power under the Final Plan, Western proposes to apply the principles of the Power Marketing Initiative (PMI) of the Energy Planning and Management Program. In accordance with the PMI, Western proposes to set aside a portion of its available power resource for new allocations. Based on Western's evaluation of potential new loads, Western proposes to initially provide 96 percent of its available power resource to existing customers and to establish a resource pool for new allocations with the remaining 4 percent. An additional incremental resource pool of up to 2 percent is proposed for 2014. When calculating the 96 percent resource extension for existing customers, only CRD classified as Extension CRD will be considered. Also, no extensions will be greater than an existing customer's load. Extension CRD amounts are set forth in Appendix A. Contractual extensions to First Preference customers are subject to specific legislation and are addressed in Section VI.

A. Extension for Existing Customers:

Western proposes that existing customers will have a right to purchase a percentage of the Base Resource based on the ratio of each existing customer's Extension CRD to the total of all existing customers' Extension CRD under the terms of this Section. However, for the period from 2005 through 2014, Western is proposing that SMUD will have a right to purchase 360/1,152 of the Base Resource, as referenced in the settlement agreement with SMUD, Contract DE-MS65-83WP59070, dated April 15, 1983. All other existing customers will have a right to purchase the remaining amount of the Base Resource, after it is adjusted to accommodate SMUD's rights and the resource pool. After 2014, SMUD's right to purchase the Base Resource will be adjusted to reflect the ratio of SMUD's Extension CRD (currently 361 MW) to the total of all existing customers' Extension CRD. SMUD's rights will also be adjusted by 4 percent and up to an additional 2 percent to accommodate the resource pool.

Due to the diversity among existing customers' loads, including SMUD, existing customers' total Extension CRD exceeds the 1,152 MW referenced in the SMUD settlement agreement. Western's proposal will result in SMUD receiving a proportionately greater share of the Base Resource than other existing customers if the total Extension CRD remains at a level greater than 1,152 MW. Therefore, Western is also proposing that through 2014, all existing customers, excluding SMUD, be given the option to have Western purchase an additional increment of power, on a pass-through-cost basis, equal to the amount of power unavailable to them as a result of application of the 360/1,152 ratio. Existing customers must commit to the optional purchase for an annual or greater period.

After 2014, each existing customer, including SMUD and those customers that receive a new allocation under the Final Plan, will have a right to purchase a pro-rata amount of the Base Resource, adjusted for the incremental resource pool, based on their long-term purchase right to the Base Resource.

Western proposes the following extension formulas to determine existing customers' purchase right to the Base Resource. Application of these formulas will also determine each existing customer's right to the optional purchase. Examples of the formulas are provided in Appendix B. This calculation may be further adjusted for First Preference customers.

1. For the period 2005 through 2014, existing customers' purchase right to an extension resource will be calculated as follows:

$$a. \text{ SMUD's purchase right} = \frac{360}{1,152} \times BR$$

$$b. \text{ Other existing customers' purchase rights} = \frac{A}{B} \times ABR$$

Where:

- A = Lesser of individual existing customer's Extension CRD as of December 31, 2001; or 104 percent of their maximum demand during CY 1997 through 2000. Western reserves the right to adjust the value of "A" when it is determined that the maximum demand is not reflective of an existing customer's load.
- B = The sum of all values for "A".
- BR = Base Resource available.
- ABR = Adjusted Base Resource
- $$= [BR - (\frac{360}{1,152} \times BR)] \times (100\% - RP\%).$$
- RP% = Resource pool percentage.

2. Existing customer's (excluding SMUD) right to the optional purchase will be calculated as follows:

$$\text{Individual existing customer's optional purchase} = \frac{A}{B} \times TOP$$

Where:

TOP = Total Optional Purchase

$$= (\frac{360}{1,152} - \frac{361}{C}) \times BR \times (100\% - RP\%).$$

- A = Lesser of individual existing customer's Extension CRD as of December 31, 2001; or 104 percent of their maximum demand during CY 1997 through 2000. Western reserves the right to adjust the value

of “A” when it is determined that the maximum demand is not reflective of an existing customer’s load.

- B = The sum of all values for “A”.
- BR = Base Resource available.
- RP% = Resource pool percentage.
- C = The sum of all existing customers’, including SMUD, Extension CRD.

Western and SMUD have been negotiating an agreement whereby SMUD would waive its rights to the 360/1,152 ratio in return for additional services through 2004. If such an agreement is reached, these formulas will be appropriately adjusted.

3. For the period 2015 through 2024, the rights of all existing customers, including SMUD and customers receiving a new allocation from the initial resource pool under the Final Plan, will have a right to a resource extension equal to their pro-rata share of the Base Resource. To determine a customer’s pro-rata share, each customer’s percentage will first be adjusted based on the change in SMUD’s percentage described earlier in this Section. All customers’ percentages, including SMUD, will then be adjusted to accommodate the incremental resource pool as determined by Western, up to 2 percent.

B. Resource Pool Allocations:

Western proposes to establish a resource pool by reserving a portion of the power available after 2004 for allocation to eligible new and existing customers. Western will apply the following to determine resource pool allocations.

1. Resource Pool Amount: The resource pool will initially consist of up to 4 percent of the power resources available after 2004. This power will be subject to the terms and conditions specified in an electric service contract. An incremental resource pool is also

proposed in the year 2014. The proposed incremental resource pool will consist of up to 2 percent of the power resources available after 2014, plus a portion of the resource that becomes available from adjusting SMUD's percentage. That portion will be equal to what SMUD would have been required to contribute to the initial resource pool. SMUD will also be subject to the 2 percent resource pool adjustment. Allocations for the incremental resource pool will be determined through a separate public process at a later date.

Western will, at its discretion, allocate a percentage of the initial resource pool to individual applicants that meet the eligibility criteria. This allocation percentage will be multiplied by the resource pool percentage to determine the applicant's percentage of the power resource. Allocations from the resource pool are separate from the resource extension.

2. General Eligibility Criteria: The following general eligibility criteria will be applied to all applicants seeking an allocation under the Final Plan.

a. Applicants must meet the preference requirement under section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), as amended and supplemented.

b. Applicants must be located within Sierra Nevada Region's Marketing Area. (Map of Marketing Area available upon request.)

c. Applicants that require power for their own use must be ready, willing, and able to receive and use Federal power.

d. Applicants that provide retail electric service must meet the requirements of Section IV.B.2.c above, and must require the power for electric service to their customers, not for resale to others.

e. Applicants must submit an application in response to the notice calling for applications issued by Western in the Federal Register in conjunction with the Final Plan. That notice will include the deadline for receipt of those applications.

f. Native American applicants must be a Native American tribe as defined in the Indian Self Determination Act of 1975 (25 U.S.C. 450b, as amended).

g. Applicants must have a load of 1 MW or greater. Western will normally not allocate amounts less than 1 MW; however, smaller allocations may be considered, provided Western can aggregate the applicant's load with other loads to schedule and deliver an aggregated 1 MW.

3. General Allocation Criteria: The following general allocation criteria will be applied to all applicants seeking an allocation under the Final Plan.

a. Allocations will be made in amounts as determined solely by Western in exercise of its discretion under Reclamation law.

b. Allocations under the Final Plan will be available to new qualified applicants and to existing customers whose Extension CRD set forth in Appendix A is not more than 15 percent of their peak load in CY 1996 and not more than 10 MW.

c. The maximum amount of capacity used to determine a resource pool allocation will be the applicant's peak demand during CY 1996 or the amount requested, whichever is less, rounded up to the nearest 100 kW.

d. An allottee will have the right to buy power from Western only upon the execution of an electric service contract between Western and the allottee, and satisfaction of all conditions in that contract.

e. A customer receiving power from the initial resource pool will be subject to the incremental resource pool adjustment in 2014.

V. General Criteria and Contract Principles

Western proposes to apply the following criteria and contract principles to all new and/or existing customers' contracts, except that certain criteria may not apply to First Preference customers' contracts, under the Final Plan:

A. Electric service contracts shall be executed within six (6) months of a contract offer, unless otherwise agreed to in writing by Western.

B. Percentages shall be subject to adjustment in the future as provided for in the Final Plan and the electric service contract.

C. All power supplied by Western will be delivered pursuant to a scheduling arrangement.

D. All power will be provided on a take-or-pay basis. A commitment must be made to take-or-pay for the service as of the date set forth in the contract. All costs associated

with the products and services provided, including ancillary services and optional purchases, will be passed on to the customer(s) using the product or service.

E. Western will offer a contract amendment to existing customers and a new contract to new allottees to implement the Final Plan. Contract amendments and contracts shall require commitments to the Base Resource by the customer on or before December 31, 1999, and the optional purchase, as well as the Custom Product, on or before December 31, 2001. This will allow for power resources and products to be developed prior to final commitment by the customer.

F. Withdrawable power marketed under the Final Plan will be subject to withdrawal on a pro-rata basis upon six (6) months written notice, as determined by Western.

G. Upon request, Western shall assist each allottee and existing customer in obtaining third-party transmission arrangements for delivery of power allocated under the Final Plan; nonetheless, each entity is ultimately responsible for obtaining its own delivery arrangements beyond the CVP transmission system.

H. Contracts entered into under the Final Plan shall provide for Western to furnish electric service effective January 1, 2005 through December 31, 2024.

I. Specific products and services may be provided for periods of time as agreed to in the electric service contract.

J. Contracts entered into as a result of the Final Plan shall incorporate Western's standard provisions for power sales contracts, IRP, and GPCP.

K. Contracts will include a clause that allows Western to reduce or rescind a customer's power from Western upon six (6) months notice if Western determines that the customer is not using this power to serve its own loads, except as otherwise specified in Section III.

L. Any power not under contract may be allocated by the Administrator at any time, at the Administrator's sole discretion, or sold as deemed appropriate by Western.

M. Contracts will include a clause providing for Western to adjust the customers' percentage of the resource for the incremental resource pool.

VI. First Preference Entitlement and Allocation

The Trinity River Division Act (69 Stat. 719) and the New Melones Act of the Flood Control Act of 1962 (76 Stat. 1180) specified that contracts for the sale and delivery of the additional electric energy available from the CVP power system as a result of the construction of the plants authorized by these acts and their integration into the CVP system shall be made in accordance with preferences expressed in Federal Reclamation laws. These acts also provided that a first preference of 25 percent of the additional energy shall be given, under Reclamation law, to preference customers in the counties of origin (Trinity and Tuolumne and Calaveras) for use in those counties who are ready, able and willing to enter into contracts for the energy.

In order to meet the requirements of these acts, Western published the Final Withdrawal Procedures at 51 FR 7702 on March 5, 1986. The Final Plan will supersede the Final Withdrawal Procedures.

Western proposes to calculate and allocate the Maximum Entitlements of First Preference Customers (MEFPC), which is the maximum amount of energy available to First Preference customers/entities, in accordance with the following:

A. The MEFPC will be calculated separately for the New Melones Project, Calaveras and Tuolumne counties, and the Trinity River Division, Trinity County, (First Preference Projects), to determine the 25 percent of the additional energy made available to the CVP as a result of the construction of each of these projects. Since the acts do not specify the basis for calculating the 25 percent of additional energy, Western proposes that a previous 20-year average historical generation or actual years of data available, whichever time period is less, be used to determine the MEFPC. Based on the most current information available, this calculation would result in an estimated MEFPC of 95,766 MWh available to the CVP as a result of construction of the New Melones Project and an estimated MEFPC of 288,285 MWh available to the CVP as a result of construction of the Trinity River Division. The MEFPC will be recalculated every five (5) years, with the initial recalculation pertaining to this Proposed Plan being completed by December 31, 2002.

B. Upon recalculation, if the MEFPC from a First Preference Project is 10 percent above or below the currently effective MEFPC from that First Preference Project, the MEFPC will be adjusted to reflect that increase or decrease. Western will notify the affected First Preference customer(s) at least six (6) months prior to an adjustment being made to the MEFPC. Upon request, and at its discretion, Western may make purchases necessary to compensate for any power loss experienced by a First Preference customer due to recalculation of the MEFPC. The costs for all purchases made on behalf of a First Preference customer(s) will be passed on to that First Preference customer(s).

C. An allocation made to a First Preference customer under the Final Plan will be based on the power requirements of that First Preference customer. The sum of allocations, including losses, shall not exceed the MEFPC from each First Preference Project, or a county of origin's share of the MEFPC, except as allowed under Section VI.G below.

D. Following execution of a contract amendment or contract pursuant to the Final Plan, Western will work with each First Preference customer/entity to identify its power requirements and the best use of the First Preference entitlement for that First Preference customer. Each First Preference customer/entity may elect one of the options set forth below.

1. Full Requirements: Power requirements (capacity and energy), adjusted for project use and transformation and transmission losses from the generation bus to the First Preference customer delivery point, will be at the Base Resource rates. Western will provide the First Preference customer full requirements up to its right to the MEFPC. Adjustment for transmission losses shall include losses for CVP transmission and third-party transmission. The contract between the First Preference customer and Western will include the appropriate losses and the load factor to be used to calculate the First Preference customer's maximum capacity and energy.

2. Percentage: A portion of the MEFPC will be converted to a percentage of the Base Resource. This option will be served on a take-or-pay basis. Each First Preference customer selecting this percentage allocation option will also be subject to the following:

a. A commitment to this option must be made no later than December 31, 2001. If a commitment is not made by December 31, 2001, the full requirements option will be deemed chosen.

b. This option will be applied in a manner similar to that of the other customers receiving a power allocation from the CVP.

c. The percentage allocation made to each First Preference customer under the Final Plan will be applied to the power resource which has been adjusted for project use and transformation and transmission losses from the generation bus to the First Preference customer delivery point, rounded up to the nearest 100 kW. Adjustment for transmission losses shall include losses for CVP transmission and third-party transmission.

d. The percentage calculation will be based on a First Preference customer's load profile for the most recent 12 months preceding the percentage calculation.

e. A First Preference customer may request an increase in its percentage allocation by notifying Western in writing at least seven (7) months in advance of the month in which the increase is to become effective (increases in percentages are effective the first day of a month).

E. A First Preference entity may exercise its rights to use a portion of the MEFPC by providing written notice to Western at least eighteen (18) months prior to the anniversary date of the First Preference Project located in its county. Anniversary date means the successive fifth year anniversary of the date the Secretary of the Interior declared the availability of power from the powerplants in the counties of origin. New applications for services to begin on January 1, 2005 under this Proposed Plan must be received eighteen (18) months prior to January 1, 2002 (i.e., July 1, 2000) for Trinity County and eighteen months prior to April 5, 2002 (i.e., October 5, 2000) for Calaveras and Tuolumne counties. Other anniversary years applicable to this Proposed Plan are 2007, 2012, 2017, and 2022.

F. If the request(s) of First Preference customers/entities for power, including adjustments for project use and losses, becomes greater than the MEFPC from that county's First Preference Project, then Western will allocate the remaining MEFPC to the First Preference customer(s)/entity(ies) first making a request for a power allocation.

G. Power allocated to First Preference customers/entities in Tuolumne and Calaveras counties will be subject to the following additional conditions:

1. Tuolumne and Calaveras counties shall each be entitled to one-half of the New Melones Project MEFPC.

2. If First Preference customers in either Tuolumne County or Calaveras County are not using their county's full one-half share, and a First Preference customer/entity in the other county requests power in an amount exceeding that county's one-half share, then Western will allocate the unused power, on a withdrawable basis, to the requesting First Preference customer/entity. Such power may be withdrawn for use by a First Preference customer/entity in the county not using its full one-half share upon six (6) months written notice from Western.

H. Trinity County is currently the sole recipient of the Trinity River Division's First Preference rights.

I. For planning purposes, First Preference customers may be required to provide forecasts and other information required by Western as set forth in the electric service contract.

J. The general criteria and contract principles set forth in Sections V.A, C, and F through J of this Proposed Plan will apply to First Preference customers.

VII. Transmission Service

The Federal Energy Regulatory Commission (FERC) issued two closely related final rules. The first rule, Order No. 888, issued April 24, 1996 (Docket Nos. RM95-8-000 and RM94-7-001), requires public utilities owning, controlling, or operating transmission lines to file nondiscriminatory open access tariffs that offer others the same transmission service they provide themselves. The second rule, Order No. 889, issued April 24, 1996 (Docket No. RM95-9-000), requires public utilities to implement standards of conduct and an Open Access Same-time Information System (OASIS) to share information about available transmission capacity. Western has agreed to follow the spirit and intent of FERC Orders 888 and 889. Therefore, Western proposes to provide transmission services separately from power services. Sierra Nevada Region's transmission capability will be offered as a separate unbundled service to all preference customers receiving power pursuant to the Final Plan. Each customer will have an option to purchase transmission sufficient to deliver the maximum amount of power it receives under the Final Plan. Surplus transmission will be available to all preference customers, as well as to other entities.

Issued in Washington, DC on February 19, 1997.

Joel K. Bladow
Assistant Administrator

APPENDIX A

Existing Customers' CRD Amounts

Existing Customers	CRD 11 (as of Proposed Plan publication date) (kW)	Extension CRD 11,2 (CRD less excluded types of power) 13,4 (kW)
Air Force - Beale	21,575	21,575
Air Force - McClellan	12,000	12,000
Air Force - Onizuka	1,500	1,500
Air Force - Travis	12,651	12,651
Air Force - Travis / David Grant Medical Center	4,000	4,000
Air Force - Travis Wherry Housing	1,400	1,400
Alameda, City of	21,145	21,145
Arvin-Edison Water Storage District	30,000	30,000
Avenal, City of	622	622
Banta-Carbona Irrigation District	3,700	3,700
Bay Area Rapid Transit District	4,000	4,000
Biggs, City of	4,200	4,200
Broadview Water District	500	500
Byron-Bethany Irrigation District	2,200	2,200
Calaveras Public Power Agency	7,000	0
California State University, Sacramento - Nimbus	40	40
Castle Joint Powers Authority	3,000	0
Cawelo Water District	500	500
Corrections - California State Prison-Sacramento	2,300	2,300
Corrections - Deuel Vocational Institute	1,700	1,700
Corrections - Northern California Youth Center	1,700	1,700
Corrections - Sierra Conservation Center	3,000	0
Corrections - Vacaville Medical Facility	1,800	1,800
Defense Logistics Agency - Sharpe Facility	4,000	4,000
Defense Logistics Agency - Tracy Facility	3,800	3,800
Delano-Earlimart Irrigation District	987	987
East Bay Municipal Utility District	1,965	1,965
East Contra Costa Irrigation District	2,000	2,000
East Contra Costa Irrigation District, P.P. #3	500	500
Energy - Lawrence Berkeley National Laboratory	11,000	11,000
Energy - Lawrence Livermore National Laboratory	16,711	16,711
Energy - Site 300	2,500	2,500
Energy - Stanford Linear Accelerator Center	47,403	38,403
Glenn-Colusa Irrigation District	3,343	3,343
Gridley, City of	9,400	9,400
Healdsburg, City of	3,241	3,241
James Irrigation District	987	987

Existing Customers	CRD 11 (as of Proposed Plan publication date) (kW)	Extension CRD 11,2 (CRD less excluded types of power) 13,4 (kW)
Kern-Tulare Water District	987	987
Lassen Municipal Utility District	3,000	3,000
Lindsay-Strathmore Irrigation District	987	987
Lodi, City of	13,236	13,236
Lompoc, City of	5,197	5,197
Lower Tule River Irrigation District	1,965	1,965
Modesto Irrigation District	10,805	10,805
NASA - Ames Research Center	80,000	80,000
NASA - Moffett Federal Airfield	5,009	0
Navy - Concord Weapons Station	2,398	2,398
Navy - Dixon Radio Station	915	915
Navy - Lemoore Air Station	18,000	18,000
Navy - Mare Island Shipyard	6,000	6,000
Navy - Oakland Army Base	2,275	2,275
Navy - Oakland Supply Center	7,000	7,000
Navy - Stockton Communications Station	3,700	3,700
Navy - Treasure Island Station	4,000	4,000
Palo Alto, City of	175,000	175,000
Parks & Recreation, California Department of - Folsom	100	100
Parks Reserve Forces Training Area	500	500
Patterson Water District	2,000	2,000
Plumas-Sierra Rural Electric Cooperative	25,000	25,000
Provident Irrigation District	750	750
Rag Gulch Water District	500	500
Reclamation District 2035	1,600	1,600
Redding, City of	116,000	116,000
Roseville, City of	69,000	69,000
Sacramento Municipal Utility District 15	361,000	361,000
Sacramento Municipal Utility District	100,000	0
San Juan Water District	1,000	1,000
San Luis Water District-Fittje	3,250	3,250
San Luis Water District-Kaljjan	3,400	3,400
Santa Clara, City of	216,532	136,532
Santa Clara Valley Water District	987	987
Shasta Lake, City of	11,450	11,450
Sonoma County Water Agency	1,500	1,500
Terra Bella Irrigation District	987	987
Trinity County Public Utilities District	17,000	0
Tuolumne Public Power Agency	7,000	0
Turlock Irrigation District	3,941	3,941
Ukiah, City of	8,773	8,773
University of California, Davis	14,682	14,682

Existing Customers	CRD \1 (as of Proposed Plan publication date) (kW)	Extension CRD \1,2 (CRD less excluded types of power) \3,4 (kW)
West Side Irrigation District	2,000	2,000
West Stanislaus Irrigation District	5,200	5,200
Westlands Water District, Assumed Point of Delivery	6,684	6,684
Westlands Water District, Pumping Plant #7-1	3,200	3,200
Westlands Water District, Pumping Plant #6-1	1,850	1,850
Temporarily unallocated NDA Act power	5,500	5,500
	1,580,230	1,349,221

Notes:

\1 CRD temporarily laid off and reallocated to other existing customers is reflected in this Appendix A, under both CRD and Extension CRD, as being returned to the existing customer who received the original allocation.

\2 The Extension CRD will be reduced if an existing customer is not using its full CRD (based on the peak demand experienced during CY 1997 through 2000).

\3 Exclusions are Diversity and Curtailable Power, peaking/excess capacity, First Preference entitlements, and NDA Act power not used for military loads.

\4 May be adjusted for conversion from project use power to preference power due to Federal facility transfers to existing project use customers.

\5 Sacramento Municipal Utility District's Extension CRD will be 360,000 kW if the 360/1,152 ratio is used for resource extension purposes.

APPENDIX B

Examples of Existing Customers' Resource Extension Proposal 2005 Through 2014

Assumptions:

- An existing customer with an Extension CRD of 100 MW.
- Base Resource after 2004 is 1000 MW.
- Sum of all existing customers' Extension CRD is 1,349 MW.
- Initial resource pool is 4%.
- Incremental resource pool is 2%.
- All amounts are rounded.

1. For the period 2005 through 2014, an existing customer's percentage right to a resource extension will be calculated as follows:

$$SMUD's \text{ purchase rights} = \frac{360}{1,152} \times BR$$

$$\text{Existing 100 MW customer's purchase rights} = \frac{A}{B} \times ABR$$

Where:

- A = Lessor of individual existing customer's (excluding SMUD) Extension CRD as of December 31, 2001; or 104 percent of their maximum demand during CY 1997 through 2000. Western reserves the right to adjust the value of "A" when it is determined that the maximum demand is not reflective of an existing customer's load.
- B = The sum of all values for "A".
- BR = Base Resource available.
- ABR = Adjusted Base Resource

$$= BR - \left(\frac{360}{1,152} \times BR \right) \times (100\% - RP\%).$$

RP% = Resource pool percentage.

Calculation:

$$\begin{aligned}\text{SMUD's purchase rights} &= (360/1,152) \times \text{BR} \\ &(360/1,152) \times 1,000 \\ &0.3125 \times 1,000 \\ &312.5 \text{ MW}\end{aligned}$$

$$\begin{aligned}\text{Existing 100 MW} \\ \text{customer's purchase rights} &= (A/B) \times \text{ABR} \\ &(100/988) \times \text{ABR} \\ &0.101 \times 660 \\ &67 \text{ MW}\end{aligned}$$

$$\begin{aligned}\text{ABR} &= \{\text{BR} - [(360/1,152) \times \text{BR}]\} \times (100\% - \text{RP}\%) \\ &\{1,000 - [(360/1,152) \times 1,000]\} \times (100\% - 4\%) \\ &[1,000 - (0.3125 \times 1,000)] \times 96\% \\ &(1,000 - 312.5) \times 96\% \\ &687.5 \times 96\% \\ &660 \text{ MW}\end{aligned}$$

2. Existing customer's (excluding SMUD) rights to the optional purchase will be calculated as follows:

$$\text{Individual existing customer optional purchase} = \frac{A}{B} \times \text{TOP}$$

Where:

- A = Lesser of individual existing customer's Extension CRD as of December 31, 2001; or 104 percent of their maximum demand during CY 1997 through 2000. Western reserves the right to adjust the value of "A" when it is determined that the maximum demand is not reflective of an existing customer's load.
- B = The sum of all values for "A".
- C = The sum of all existing customers', including SMUD, Extension CRD.
- BR = Base Resource available.
- RP% = Resource pool percentage.
- TOP = Total optional purchase

$$= \left(\frac{360}{1,152} - \frac{361}{C} \right) \times \text{BR} \times (100\% - \text{RP}\%).$$

Calculation:

$$\begin{aligned} &\text{Individual existing 100 MW} \\ &\text{customer's optional purchase} = (A/B) \times \text{TOP} \\ & \quad (100/988) \times \text{TOP} \\ & \quad 0.101 \times 43.1 \\ & \quad 4.4 \text{ MW} \end{aligned}$$

$$\begin{aligned} \text{TOP} &= \{[(360/1,152) - (361/1,349)] \times \text{BR}\} \times (100\% - \text{RP}\%) \\ & \quad \{[(360/1,152) - (361/1,349)] \times 1,000\} \times (100\% - 4\%) \\ & \quad [(.3125 - 0.2676) \times 1,000] \times 96\% \\ & \quad (0.0449 \times 1,000) \times 96\% \end{aligned}$$

44.9 X 96%

43%