



CREDA
Colorado River Energy Distributors Association

February 11, 2008

RIZONA

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

City of St. George

South Utah Valley Electric Service District

Utah Associated Municipal Power Systems

Utah Municipal Power Agency

WYOMING

Wyoming Municipal Power Agency

Leslie James

Executive Director
 CREDA
 4625 S. Wendler Drive, Suite 111
 Tempe, Arizona 85282

Phone: 602-748-1344

Fax: 602-748-1345

Cellular: 602-469-4046

Email: creda@qwest.net

Website: www.creda.org

Ms. Carol Loftin
 Western Area Power Administration
 Via email: CRSPMCadj@wapa.gov

Dear Ms. Loftin:

Following are initial questions and comments to supplement those offered by CREDA at Western's Public Information Forum held February 5, 2008 in Salt Lake City. CREDA plans to supplement these comments following receipt of responses and in advance of the close of the public comment period, April 3, 2008. We also appreciate Western's willingness to extend the public comment period should circumstances and timing so dictate.

- 1) What internal process(es) would be required in order to change the CRSP ratemaking methodology from the pinchpoint to another methodology? Is Western open to this type of discussion?
- 2) Are USBR and Western seeking appropriations for the Upper Colorado Endangered Fish Recovery Program as obligated in PL 102-395?
- 3) Re Table 3: What total level of guards and patrols expense (USBR-wide) does this rate reflect? Do the amounts included in the rate-setting PRS take into account the new legislation with a cap? In tab 10, how is the future year projected amount derived? Does it contemplate the reimbursability cap? For BOR: What basis was used for the 94.70% share to power?
- 4) Re Table 3, footnote 2: What has the actual operational expense been over the past 5 years? Also, what hydrology is used post-2014?
- 5) What month's 24 month study is utilized in this table? When will a revised study be available with updated hydrology?
- 6) Please explain the assumed reduction in transmission revenue given project number 4 in the strategic planning process to improve transmission marketing services. Do the transmission revenues used in this PRS factor in the new increased transmission rate?
- 7) What is the status of the Glen Canyon cost allocation study?
- 8) What is the status of USBR's analysis of project purpose cost allocations?
- 9) Given Western's work on operational consolidation, what are the implications for this rate process, and specifically, what impacts will there be on RMR's work on the new billing system? It appears the "Power Billing" category has increased \$118,000 per year in RMR (tab 10 in supporting documentation).
- 10) When will the FY 2010 work program materials be available and when will a new PRS be run with updated data? NOTE that FY 09 PRELIMINARY data is used in this PRS; was the final data lower?
- 11) Have the turbine efficiency improvements at Glen Canyon been factored into the energy calculations in this PRS?
- 12) What is assumed in the PRS regarding post-2010 SHP allocations? (We assume it is held constant per Table 6).
- 13) What are the anticipated impacts on merchant function revenues given the proposed

operational consolidation?

- 14) Please provide an accounting of revenues and expenses which would explain the Basin Fund climbing from \$40 million at the end of OY '05 to over \$80 million at the end of the current operating year?
- 15) The early portions of the rate brochure indicate the CRC would remain in effect for an entire FY. However, page 17 proposes triggering criteria with a 45-day customer notice. Given the current status of the Basin Fund, this may not be necessary at this point.
- 16) Would Western consider a CRC-type adjustment that would result in a *credit* to customer bills based on a certain Basin Fund "target" level? In other words, if expenses are significantly less than projected and the Basin Fund level continues to climb, suggest there be a credit or benefit applied to customer bills. (Consider if FX is less than projected, the differential could be spread over all MWh, OR if FA is greater than FARR, the differential could be a credit.)
- 17) Is there a requirement for a customer to be physically connected to Western's system in order to receive ancillary services such as reactive supply, etc.?

QUESTIONS ON SUPPORTING DOCUMENTATION NOTEBOOK

- 1) Tab 4: What causes the large increase in project use in 2021? (and should the table be headed MW, not GW?)
- 2) Tab 7: Has contract 98-SLC-0390 been extended? (it terminates 12/08)
- 3) Tab 10: If Aspinall EIS is expected to be done this FY, then shouldn't '09 and 10 expenses be 0?
- 4) Tab 11: In the previous rate, only 5 years of purchases were assumed, and then \$2M thereafter; in the proposed PRS why does the estimate go out 6 years?
- 5) Tab 12: RIP Base Funding should be 0 after 2013 until specific legislation extending the obligation has been passed.
- 6) Tab 16: All future investments assume an interest rate of 7.892, which was the Treasury rate at the end of 2006. The current Treasury rates have declined. Shouldn't this rate be updated to reflect the most current condition?
- 7) Tab 19: What does footnote 1 mean? (Legal waiver of assistance for irrigation investigation costs still not available). Those study costs were deemed by the Congress to not be borne by the CRSP power customers.

Sincerely,

/s/ Leslie James

Leslie James
Executive Director

Cc: CREDA Board
Brad Warren
Kerry McCalman-BOR

