

Mr. Brad S. Warren  
CRSP Management Center  
Western Area Power Administration  
150 East Social Hall Avenue, Suite 300  
Salt Lake City, Utah 84111-1580

May 1, 2008

Re: CRSP Rate Adjustment Comment

Dear Mr. Warren:

The Murray City Power Advisory Board, a citizen board appointed by the Mayor and City Council, which offers direction to the Power Department management and staff, appreciates the opportunity to comment on the proposed CRSP Rate Adjustment proposed to be initiated on October 1, 2008. Murray City has been a CRSP customer since the project's inception and the City has been very fortunate to have a good working relationship with WAPA (Western Area Power Administration) and acknowledges the work and effort WAPA expends on behalf of municipal power systems like Murray's.

The Murray City Power Advisory Board has some concerns with the proposed rate adjustment.

Below are some points of comment that the Board would like to put into the public record:

1. As a UAMPS member, Murray City Power supports the comments offered by both UAMPS and CREDA (Colorado River Energy Distributors Association) in the previously held comment forums and submitted in writing.
2. Because the formal work program process affecting the final rate will not be completed until after the May 5 comment deadline, CRSP customers, like Murray, would like to have the opportunity to review and comment on the final work program product should that product affect the rate.
3. Because the power repayment study is highly influenced by the funding of CRSP Authorized Projects that may not be constructed or may be possibly constructed in the distant future, WAPA 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 that 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.
4. 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. Murray City Power urges WAPA to consider a similar arrangement whereby future billing credits could be provided in the event actual power purchase costs are less than anticipated costs.

5. Finally, WAPA has indicated a willingness to implement the rate adjustment in a two step process. The first step will be implemented on October 1, 2008. The second step would be implemented in October 2009. Because there are a number of uncertainties associated with the proposed rate that may eliminate or reduce the need for such a high rate adjustment, Murray City Power urges WAPA to implement the first step rate adjustment effective October 1, 2008 to a 0% increase with the second step adjustment in October 2009 of a rate not to exceed 18%. These uncertainties include such things as low hydrology, work program review timing (see #2 above), cost allocations, Congressional action of additional dam security costs, and Colorado River experimental flow studies. They may not impact the rate in the magnitude WAPA has anticipated. It is Murray City Power Advisory Board's feeling that after October 1, 2008 implementation date, the impacts of the factors listed above will be known and the rate adjustment requirement will be reduced prior to the second step implementation.

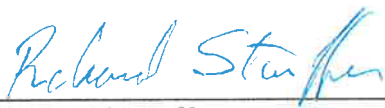
Again, the Murray City Power Advisory Board appreciates the opportunity to comment and participate in this public process. The Board respectfully submits the above comments and looks forward with interest to the decision.

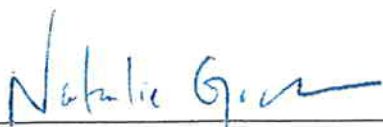
Sincerely,  
Murray City Power Advisory Board

  
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O. Lew Wood, Chairman

  
\_\_\_\_\_  
Ralph Siebert

  
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Karl Snow

  
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Richard Stauffer

  
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Natalie Gochnour