



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

June 16, 2009

**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

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

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Mr. Craig Knoell, OCP Program Manager  
Western Area Power Administration  
Via email: [knoell@wapa.gov](mailto:knoell@wapa.gov)

RE: Operations Consolidation Project (OCP)

Dear Mr. Knoell:

Following are additional comments resulting from CREDA's review of the information provided by Western staff during the May 2009 OCP Updates. These comments are provided in conjunction with the verbal comments offered at the Phoenix and Salt Lake City update meetings. In addition, CREDA has submitted previous written comments on March 14, May 16 and June 25, 2008 that we believe are still relevant to this ongoing process. We have three additional comments at this time.

First, it is our understanding that the initial "averaging" of labor and other costs is intended to be just that, an initial starting point, but that there would be periodic adjustments to the formulas to reflect actual experience. We also endorse the comments provided by the Irrigation & Electrical Districts Association of Arizona in its May 22, 2009 letter. Along the same lines, the following comment was provided earlier in our June 25, 2008 letter: *"How does Western plan to track costs associated with implementing this decision? Will separate work plan line items be established? It is important that there be consistent tracking and reporting of these costs among all three offices and the Lakewood office."* This comment applies as well to costs that must be accounted for by individual project.

Secondly, and specific to the most recent update presentation, slides 22 and 23 discussed communication equipment methodology, with a general statement that "remaining portion of each option picked up by the power system in which the equipment resides." Slide 23 provided a specific example of a CRSP facility replacement, allocating 84.5% to CRSP (as the "owning" power system), and then 15.5% split 50/50 between the regions and then by SCADA point). CRSP is unique in that it "resides" in both balancing authorities. With this type of allocation methodology, CRSP is receiving an "extra" allocation by virtue of cost allocations by project within RMR and DSW. CREDA suggests that if CRSP is the "owning" system, it not be allocated yet a tier 2 or tier 3 additional allocation. This situation is not dissimilar to C&RE charges. Several years ago, CREDA raised the issue of "double dipping" for C&RE charges to CRSP because of the nature of CRSP receiving allocations not only from CSO, but from RMR and DSW. That situation was resolved similarly to what CREDA is recommending here.

Finally, CREDA again requests that Western give serious and due consideration to evaluation and implementation of consolidation of CRSP generation and transmission into a single balancing authority in WACM. We believe this consideration should be undertaken no less than concurrently with the ongoing OCP work, preferably with the analysis and decision process completed prior to OCP implementation. The CREDA Board strongly urged this approach following our November 2008 annual meeting.

Thank you for the opportunity to comment on these issues. We look forward to working with Western as this process proceeds.

Sincerely,

/s/ Leslie James

Leslie James  
Executive Director

c: CREDA Board  
Tim Meeks, Brad Warren

