

August 29, 2011

Western Area Power Administration  
Mr. Derrick Moe, Desert Southwest Regional Manager  
PO Box 6457  
Phoenix, AZ 85005-6457

Subject: Public Comment Submittal Boulder Canyon Project

Dear Sir:

First, let me express our appreciation for the opportunity to comment regarding the proposed Boulder Canyon Project Marketing Proposal. As much as the opportunity to apply for an allocation is appreciated we also have several areas of concern which are noted below.

Our Tribal clients greatly appreciate Western's recognition of the significant growth associated with their respective economic development programs and the benefits associated with the potential receipt of a share of the Boulder Canyon Project's 93 mW contingent capacity. Conversely we wish to express concern regarding the unabated perpetuation of a significantly large allocation for non-preference utility, the Southern California Edison Company. While we do not suggest that their allocation be cancelled, we do believe that at a minimum their allocation should be diminished at a rate of 10% per each contract period to correspondingly meet the self sufficiency objectives of Tribal Economic Development programs.

Simply a 10% reduction of the IOU utility's allocation over the life of the next contract period equates to about 1 to 2 percent of their load. However, combining the 93 mW contingent power with the 10% reallocation of the IOU's proposed share can provide net power benefits equaling 25 to 50 percent of many Tribal power requirements. Clearly, the requested reallocation will provide a proportionately greater economic stimulus for Tribal self-sufficiency programs.

Our second point of concern is in regard to maximizing the economic benefit for the prospective Boulder Canyon Project's Tribal allottees. Due to their relative size and locations, most of the Reservations that potentially will receive electrical service from the Boulder Canyon Project will need to receive such service through distribution arrangements that may resemble "retail wheeling." Generally, most traditional utilities actively discourage this method of service. Accordingly, steps should be taken to develop service alternatives that will enable the tribes to receive such service in a manner that will be acceptable to these utilities.

Additionally, we anticipate that power market disruption created by California's 33% RPS requirements will significantly reduce the potential for other WAPA power

recipients to participate in the traditional “power displacement agreements” that have been traditionally used to accommodate these concerns. Even if we identify applicable and willing participants for the power displacement agreements, we are concerned that the net negotiated values will be so diminished that the primary allottee’s economic benefit may become negligible.

**Resolution:** Simply, we believe the current and future allocations; (for some California Native American recipients), will require a component of direct transmission access to make the allocation and its associated economic benefits viable. In this era of frequent regulatory changes for the electrical utility transmission and distribution grid we believe Western should endeavor to find and implement a solution that equitably considers the nature of the transaction parties, their relative size compared to the other major market participants, and the legislative intent of the preference power customer definition.

We and our clients are committed to working with you and supporting equitable resolutions for these issues.

Sincerely:

*Ralph E. Hitchcock*

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8.29.11