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To: "SNR-FY12RateCase@wapa.gov" <SNR-FY12RateCase@wapa.gov>
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Subject: Formal Rate Process - SMUD Comments

April 4, 2011

To SNR Rates Staff,

Please see below Sacramento Municipal Utility District's comments relating to the FY 2012 proposed rates:

1) **Final Power Revenue Requirement:** SMUD recommends that each year Western publish its final annual estimate for Power Revenue Requirement (PRR) by September 15th. It is important that Western make the next fiscal year's PRR available no later than September 15th to give the preference customers time to prepare their budget estimates for the next fiscal year.

2) **Unreserved Use Penalties:** SMUD wishes to re-emphasize the need for Western to waive any unreserved-use penalty fees that would result from the unscheduled use of federal transmission to support any contingency event, such as reserve activation. Western's needs to make it clear in their rate schedule for Unreserved Use Penalties that it will waive such penalties to make sure that it protects reserve sharing agreements.

3) **Hourly exchange program for Base Resource:** SMUD recommends that Western modify the way they allocate the base resource hourly exchange program's excess energy to allocate 50% of the hourly excess energy on the basis of the number of exchange program participants, and 50% on the basis of the base resource percentages. The current practice of allocating 100% of hourly exchange energy on the basis of the number of exchange program participants, results in the allocation of significant amounts of exchange energy during wet hydro years as under the current allocation arrangements equal amounts of exchange energy is put to all participating base-resource customers, which has a disproportionate impact to the smaller customers.

SMUD appreciates the opportunity to provide the comments detailed above and would like to extend our appreciation for the efforts of the Western staff during both the informal and formal rate process.

Regards,
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