



WESTERN AREA POWER ADMINISTRATION
An agency of the U.S. Department of Energy

Sierra Nevada Region

Final Meeting Informal Rate Public Process Notes

Meeting Date: April 29, 2010, 10:00 AM - 11:00 AM
Location: Telephonic from Folsom, CA

Agenda

- 1. Welcome**
 - Introductions
- 2. Agenda**
 2. Formal Process Calendar (attachment)
 3. Update on the 25%-75% BR billing methodology
 4. Update on the PRR mid-year adjustment threshold
- 3. Final Meeting for the Informal Process**

1. Introduction:

- Charles Faust, Rates Manager, welcomed attendees to this 14th and final scheduled Informal Rates meeting, and introduced the meeting agenda. He briefly discussed issues from past meetings, as described below:
 - Charles addressed the pending question from the October 30, 2009 Informal Rates Meeting, regarding how Hourly Exchange (HE) energy is scheduled by Western. He noted that HE energy is automatically scheduled using the Generation and Transmission Maximization (GT Max) Model, which will be presented at Western's next general customer meeting on May 20, 2010.
 - Charles addressed an open, action item related to CVP Corp.'s proposal to collect and deposit funds in an interest bearing account for Aid-to-Irrigation (ATI) repayment. He stated that the ATI issue is not a part of the rates process and that he will call Jerry Toenyas within the next week. No projected due date on resolution at this time.
 - Charles noted he will add a new items section to the rate's website.
 - Charles shared the formal rate calendar and noted that the formal process and communication protocols begin with the publication of the FRN in December.



- Ed Roman, SMUD, inquired and Western confirmed that intermittent resources would be addressed in the FRN

2. Agenda

➤ Update on the 25%-75% Base Resource billing methodology

- Steve Richardson, Public Utility Specialist explained that currently the Base Resource revenue requirement is allocated 25% during the first six months and 75% during the second six months of the Fiscal Year to align more closely with generation. During previous meetings, Western discussed allocating the Base Resource revenue requirement equally, 1/12 each month, during the Fiscal Year. Finance completed an analysis, which included net zero, and found that allocating the Base Resource 1/12 each month was not as beneficial for cash flow purposes as originally anticipated. Therefore, Western proposes no change to the annual Base Resource revenue requirement allocation.
 - No objections heard from customers.
 - No further action required. Completed

➤ Mid-Year Adjustment Threshold

- Padmini Palwe, Student, Public Utility Specialist, recapped reasons for having a threshold, and related customer concerns. She also explained that at this point Western is still considering the options previously proposed, as well as other options, and asked for customer input.
- Nannette Engelbrite, NCPA, stated that during discussions at the Customer Coordination Committee (CCC) meetings, customers had delved into the issue of project repayment and had determined a common consensus that the threshold was not as important as ensuring that the repayment obligation was met. She also stated that Western consider a threshold which excluded annual repayment. During the discussion it was also stated that perhaps Western consider a methodology and threshold where project repayment be met over multiple years, for example 3 to 5 years, rather than annually. This option could satisfy both project repayment and rate stability.
- On the same issue of project repayment, Ed Roman, SMUD, concurred with NCPA, and suggested a lower threshold, which would help monitor the repayment but at the same time could potentially cause more variability in the rates.
- No further action required; move to formal process.

➤ Customers polled



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- Charles Faust polled each of the customers on the phone and asked if there were any outstanding issues that the customer would like to discuss. Below are issues that were brought up:
- Nannette Engelbrite, NCPA, inquired about how Western was going to address Energy Imbalance (EI) rate schedule and the related bandwidth, after it was presented in comparison to FERC 890s EI methodology at a prior meeting. Charles responded stating that Western's EI rate schedule is comparable to FERC in terms of being a two- tier methodology, having a penalty for out of bandwidth deviations, and established bandwidths (via IOAs).
- Jerry Toenyas, NCPA, inquired about Reclamation's Restoration Fund (RF) mid-year adjustment and the forecast for FY11. Charles responded that currently we have not received a forecast for FY11 and are still awaiting a formal notification of the FY10 mid-year adjustment.
- Nannette inquired of when Reclamation was going to present their forecasting methodology for RF, which was originally brought up at the October 30, 2009 Informal Rates Meeting. Charles responded that Western conveyed this customer request to Reclamation, and currently they are working on it, and Western will inform the customers when we have additional information.
- Ed Roman also requested that it would help the customers if Reclamation could provide the FY11 RF obligation sooner for budgeting purposes. He also stated that the RF forecasting methodology would be helpful in order to understand the forecast levels. Ed also asked if it would be possible to levelize RF power obligation fluctuations. Charles informed the customers that Reclamation is aware of their concerns and is currently working on a process. Charles also stated that Western has offered its assistance to Reclamation in this effort.
- There were no additional requests from the customers. All outstanding issues were either discussed or closed out. Charles thanked the customers for their input and participation during the informal process.

3. Conclusion:

- Next Meeting: With the conclusion of the last informal rates meeting, Western is now moving to the formal rates process, and it continues to solicit customer comments and input until the publication of the FRN. The draft FRN is scheduled to be released in December 2010. The next meeting is the Public Information Forum (PIF) scheduled to



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take place in January 2011. Please refer to the calendar posted on our Rates Website for updates.

Please send any follow-up questions or requests to Charles Faust at: faust@wapa.gov or (916) 353-4468. Thank you.

Attendees:

Name	Company
Alen Hanger	City of Alameda
Chris Cioni	University of California, Davis
Ed Roman	Sacramento Municipal Utility District
James Takehara	City of Roseville
Ken Sims	Silicon Valley Power
Lowell Watros	City of Redding
Nannette Engelbrite	Northern California Power Agency
Sherry Eklof	Sacramento Municipal Utility District
Name	Company
Charles Faust	Western Area Power Administration
Janice Nations	Western Area Power Administration
Nicole Hines	Western Area Power Administration
Padmini Palwe	Western Area Power Administration
Regina Rieger	Western Area Power Administration
Russell Knight	Western Area Power Administration
Sean Sanderson	Western Area Power Administration
Sonja Anderson	Western Area Power Administration
Steve Richardson	Western Area Power Administration
Juan Ortiz	Western Area Power Administration