

CPPA

Calaveras Public Power Agency

Mailing Address:
Government Center
San Andreas, CA 95249-9709

Phone: (209) 293-7211
Fax: (209) 755-5700
Email: dda@volcano.net

December 26, 2003

Tom Carter, Power Operations Manager
Sierra Nevada Region
Western Area Power Administration
114 Parkshore Drive
Folsom, CA 95630-4710

SUBJECT: Western's Proposed Decision regarding Post-2004 Operational Alternatives

Dear Mr. Carter:

The Calaveras Public Power Agency (CPPA) submits the following comments regarding Western's proposed decision as outlined in the December 2, 2003 Federal Register Notice.

We are encouraged by Western's indication that it intends to initially serve First Preference customers together with Project Use loads, and direct-connected Preference Power customers wishing to participate in Western's proposed sub-control area. We are also encouraged by Western's commitment to evaluate how Federal law will affect the operational alternative it ultimately selects. Western's obligations to provide not only the commodity, but also for the delivery of power to First Preference Customers within the counties of Calaveras, Tuolumne and Trinity are defined in the 1955 Trinity River Division Act and the 1962 Flood Control Act.

We are also concerned about exposure to the myriad of ISO costs and charges, and Western's indication that ISO cost-shifts to Project Use and Preference customers who are not directly connected with Western's transmission system may be unavoidable under any of the alternatives considered. CPPA appreciates Western's commitment to make every effort to minimize any cost shifts as part of its ongoing rate process. We are hopeful that through competitive negotiations with the ISO and SMUD transmission and other costs can be contained and duplicative or "pancaked" rates can be avoided.

We cautiously support Western's decision to explore a contract based sub-control area, but we have concerns about the limited amount of time that Western has before January 1, 2005 to complete negotiations with SMUD and/or the ISO and implement the necessary transmission contracts and operational arrangements. We recommend that Western develop a timeline for negotiations and implementation to assure a smooth transition to the post-2004 environment. Many of Western's customers must negotiate successor delivery arrangements with PG&E for post-2004 distribution services, and those arrangements are dependent in part on Western's completing its post-2004 operations planning process.

In closing, we are hopeful that Western will move expeditiously over the next year and will continue to provide the opportunity for its customers to participate in its decision making process.

Sincerely,

Dennis Dickman
General Manager
Calaveras Public Power Agency