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August 5, 2004

Debbie Dietz, Rates Manager
Sierra Nevada Region
Western Area Power Administration
114 Parkshore Drive
Folsom, CA 95630

Dear Ms. Dietz:

The Calaveras Public Power Agency offers the following comments in response to Western's May 12, 2004 Federal Register Notice regarding proposed power, transmission, and ancillary rates to become effective January 1, 2005.

We appreciate Western's efforts in developing the rates consistent with the principles outlined in its 2004 Power Marketing Plan. However, we have two concerns regarding the rate proposals.

First, we are concerned that First Preference customers may be subject to significant variations in their power revenue obligation. Extended periods of drought, increased project use, or other unknown factors over the next 20 years could result in First Preference customers being responsible for a much larger portion of Western's power revenue requirement. We encourage Western to amend its First Preference customer rate formula to mitigate such possibilities.

Secondly, we are concerned that the benefits of Western's Pacific Northwest-Pacific Southwest Intertie (PACI) are not being distributed to all of Western's customers. CPPA will be facing substantial increases in delivery costs beginning in January of 2005. These additional costs are diminishing the benefit the U.S. Congress intended by granting preference entities in Calaveras and Tuolumne Counties an entitlement to CVP power under the 1962 Flood Control Act. We encourage Western to seek appropriate benefits or credits from the PACI to help offset some of these costs.

Thank you for the opportunity to comment.

Sincerely,

Dennis Dickman
Dennis Dickman, General Manager
Calaveras Public Power Agency