

From: Tom Boyko <boyko@wapa.gov>
To: Rieger@wapa.gov, SANDERSO@wapa.gov
Date: 4/4/2011 6:19 PM
Subject: Fwd: 2011- 2016 Rate Process

Begin forwarded message:

> From: "Jody Silke <JSILKE@santaclaraca.gov>" <JSILKE@santaclaraca.gov>
> Date: April 4, 2011 9:07:49 PM PDT
> To: "Tom Boyko" <BOYKO@wapa.gov>
> Subject: 2011- 2016 Rate Process

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> April 4, 2011

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>
> Mr. Thomas Boyko
> Regional Manager
> Sierra Nevada Customer Service Region
> Western Area Power Administration
> 114 Parkshore Drive, Folsom, CA 95630-4710

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> RE: Comments on the Notice of Proposed Power, Transmission, and Ancillary Services Rates. Federal Register Notice (76 FR 127), January 3, 2011

> Dear Mr. Boyko,

> The City of Santa Clara (The City) appreciates the opportunity to comment on Western's proposed rates as noted in the above Federal Register Notice (FRN). The City appreciates Western's efforts to treat Preference Power Customers impartially regardless of their size or location. The City anticipates similar results from this Formal Rate Adjustment process.

> The City is convinced that Western would best serve all of its Customers by requiring Sub Balancing Authority customers to provide for their own Sub Balancing Authority (SBA) obligations or having these services considered Custom Products that Western may procure for these SBA Customers, freeing up the Base Resource (BR) to be used by all of the Preference Power Customers.

> While The City anticipates continued participation as a Preference Power Customer, it is concerned with the potential of negative impacts to its customers' power rates if BR costs exceed that of alternate sources of energy. The average cost of BR has been increasing on a regular basis and may very well exceed the cost of alternate energy sources at times. The City's concerns are validated through the observation of the rising costs of Base Resource, CVPIA Restoration Fund obligations, and the responsibility to repay the irrigators' capital costs when they are unable to cover those costs. We support and urge Western to consider the comment from NCPA that Western include a safety valve in the rates to trigger when costs become uneconomic, which would temporarily defer recovery of some costs.

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> With respect to the Sacramento Voltage Support (SVS) project, Western responded to a question from Calpine, CPN-8, as follows.

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> "The SVS Project supports Western's bulk electric system. Western is constructing the SVS facilities for the continued reliable operations of Western's transmission system and as a result all Western's network customers receive benefits from the expansion."

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> While the SVS project itself may have been precipitated by load growth within the Host and Sub Balancing Authority areas, cost causation principles would suggest that the costs for the SVS project should be allocated to those load serving entities causing the need for the SVS project in the first place. As such, the City supported Western's effort to negotiate with SMUD a contributed funds agreement of \$30 million for the SVS project. However, Western was unable to reach such an agreement and the SVS project is now estimated to have an increased total plant value of \$87.4 million.[1] The increase in the total plant value is the principle cause of the 22% increase in the CVP transmission rate, as identified in the Rate Brochure pages 60-61. The increase in transmission assets support the transmission function including the Network Integrated Transmission Service (NITS) utilized by all purchasers of CVP power including the BR purchases made by the City; therefore, the City urges Western to further involve its BR rate payers (both within and outside of the Host Balancing Authority Area) on all proposed future expansion of the CVP transmission network to assure the least cost solution is identified (both transmission and non-transmission solutions) to address voltage support or other reliability issues.

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> The City continues to support Western's efforts to maintain reliable operations of its transmission system and looks forward to a more transparent transmission planning effort in Western's future transmission expansions in order to maintain reliable operations of its system.

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> Sincerely,

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> John Roukema

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> Director, Electric Utility

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