From: "Stuart Robertson" <stuart@robertson-bryan.com>
To: <SNR-FY12RateCase@wapa.gov>
Date: 4/4/2011 4:02 PM
Subject: RE: Commnents on 2012 for Central Valley Project Power from Eastside Power Authority

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Western Area Power Administration

The following comments on the proposed 2012 CVP power rates are on behalf of the Eastside Power Authority

The rate brochure prepared by the Serra-Nevada Region of Western Area Power Administration (Western) describes methods by which allocated costs are used to develop rates for Project use, First Preference, and other Base Resource customers of Western that have allocated shares of the commercial power developed by the Central Valley Project (CVP). The following comments address concepts and concerns relative to those rates.

CVPIA aid to Irrigation

While reclamation law sets the method of allocating CVPIA funding to CVP power customers, and the methods for deriving rates for collecting those revenues between Western customers is appropriate, Western makes no statements owing to its efforts or policy to dampen the swings in revenue requirement, or to challenge the revenue required. CVPIA funding was to mitigate conditions and was not a perpetual funding instrument. Western should offer policy as to challenging costs in the CVPIA restoration funds.

The CVPIA funding from power varies significantly from year-to-year due to several factors; accordingly, Western should recover the funding on a moving average basis to avoid rate shock due to the water and power production vagaries cause by either regulatory or hydrologic nuances.

Allocated Transmission Costs

Although cost allocation between transmission and power production is separate from rates, Western should recognize and commit in its rate brochure to investigate cost allocation to Base Resource. The SVS

project is an example of a needed project that is miss-allocated to Base Resource rather than to SMUD. Western joined the SMUD balancing authority, but should not bear the cost of upgrades needed to cover local load growth. Western should commit to investigating the cost allocation of the SVS. If as part of the SMUD Balancing Authority (BA) Western was indeed obligated to improve it systems, those within that BA should shoulder the costs in proportion to the benefits.

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