

Subject: Customer question received during formal rate process (telephone conversation with David Cohen)

Forum: Western Area Power Administration, Sierra Nevada Region, Formal Rate Process

Date/Time: January 25, 2011 at 9:35 am

Attendees: David Cohen, Charles Faust, Steve Richardson, Regina Rieger, Padmini Palwe, Juan Ortiz

Notes: David Cohen, Navigant Consulting called and inquired or noted:

1. Do the power rates developed for base resource include delivery of transmission? Yes, the base resource revenue requirement includes the cost of delivering the base resource to Western's boundary.
2. Does the transmission revenue requirement include that amount of transmission? Yes
3. Referencing the Brochure, Table V-1 (Power Repayment Study), 2012 transmission revenue is \$21 million, and Table VIII-1 (2012 Transmission Revenue Requirement) \$37 million, Western explained the difference is Merchant's use of the NITS to deliver base resource and custom product power. Both are included in transmission revenue requirement but in the power repayment study both are reported under power because of how Western's bills.
4. Does the Brochure break out Merchants use of the NITS to deliver BR? No. Based on the \$16 million difference above, it's approximately 2/3.
5. Referencing the Brochure Table 1-I Variable Resource Charge should include units. Western noted that the Variable Resource Charge is per schedule, per day.