

**WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION**

**The Central Valley Project, California-Oregon Transmission Project, Pacific Alternating Current Intertie  
and Path 15 Transmission – Rate Order WAPA – 156: Notice of Proposed Power, Transmission and  
Ancillary Service Rates**

**WESTERN AREA POWER ADMINISTRATION  
114 PARKSHORE DRIVE  
FOLSOM, CALIFORNIA**

**Responses to Question Not Answered at the  
January 25, 2011, Public Information Forum**

During Sierra Nevada Region's Public Information Forum held (PIF) at Lake Natoma Inn on January 25, 2011, Western indicated replies to unanswered questions would be provided at a later date and subsequently posted on its web site. The following narrative lists those questions and Western's reply

Western will post all comments received. The public consultation and comment period ends on April 4, 2011. Anyone may submit written comments at any point during the consultation and comment period. Written comments should be addressed to:

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In addition, Western will hold a Public Comment Forum where anyone may provide oral or written comments. The Public Comment Forum will be at 1 p.m., on March 1, 2011, at the Lake Natoma Inn, 702 Gold Lake Drive, Folsom, California.

**Responses to Questions Not Answered during the PIF**

Question 1: Northern California Power Agency. [Y]ou said that you could either purchase a copy of the transcript or view it at Western's offices; does that mean that it will not be posted on the Web site for access?

**Answer:** The transcript will not be posted on Western's web site.

The transcript is available for purchase at:

Huntington Court Reporters & Transcription, Inc.  
1450 W. Colorado Blvd, Suite 100  
Pasadena, CA 91105  
Telephone: (626) 792-6777  
Email: reports@huntingtoncr.com

The transcript can also be viewed at Western's Folsom office.

Question 2: Northern California Power Agency. I would like if you could expand for me what you meant by "meet statutory obligations"? And I'm talking about -- I'll talk about the transmission revenue requirement, on those slides, what do you mean by "meets Western statutory obligations"?

**Answer:** The Central Valley Project Act of 1937, as amended and supplemented, authorizes the United States to construct, operate and maintain the Central Valley Project, including the power generation and transmission facilities. In conjunction with the Reclamation Project Act of 1939, Western has wide discretion in how it sets its rates, provided such rates will recover all statutory costs, including construction, operation and maintenance within the prescribed statutory timelines. Western uses the federal transmission system to meet its statutory obligations is used to serve project use, first preference and other preference customers, as defined by Reclamation law..

Question 3: Northern California Power Agency. ...[W]hat are you referring to as your statutory obligation that gives you the -- the right to roll in your transmission costs into your power revenue requirement for the delivery of the base resource?

**Answer:** *See response to question 2.* In addition, Western's use of the transmission system to serve base resource is treated as NITS. By contract, base resource is a bundled product and it includes transmission. Western's Merchant has reserved NITS service for the delivery of base resource; therefore, the cost for delivery of base resource is included in the base resource revenue requirement.

Question 4: Clarification to question of additional capacity associated with the SVS project.

Northern California Power Agency question pertained to slide 12 and the long-term contract capacity change from 533 to 659 MW's; specifically whether the additional 126 MW's was committed and if so, to whom. Western said it would provide a clarification to the question.

Clarification: Western executed a contract in May 2008 with up to 270 MW capacity contingent upon adding Network Transmission facilities and upgrades including the construction of the O'Banion-Elverta and O'Banion-Natomas 230kV Transmission Lines that may create ATC on the requested path, which is already obligated under contract. For 2012 rate forecasting purposes, Western forecasted 126 MW of transmission capacity sales due to the additional network capacity.

Question 5: Northern California Power Agency. On COTP ... for O&M, the cost, is that just for the scheduling service, and what I'll call balancing authority duties? Does it include any load following service?

**Answer:** Operation and maintenance costs include the cost of Western's labor, including scheduling service. Western does not perform load following service as it relates to COTP.

Question 5: Sacramento Municipal Utility District. On unreserved use penalties -- that exception would work for your arrangement you have for pooling requirements to mean -- I

assume it would -- the exception would apply to any pooling arrangements you have to support your needs per reliability?

**Answer:** If you mean an action taken by the pooling arrangements to support a contingency event, such as a reserve activation, then there is no penalty.

Question 6: Calpine. I've looked at Appendix C, and I'm trying to understand that classification, as I'll call it, between transmission and non transmission. It appears in several instances that there are changes in the allocation which pushes more of the cost towards transmission. Is there any documentation, and either in the rates brochure or elsewhere on Western's Web site, that would describe in some level of detail the classification that was used -- the classification methodology that was used to allocate between transmission and non transmission functions?

**Answer:** On February 2, 2011, Western responded to additional questions received from Calpine. As part of its response, Western included a narrative "Delineating Western Direct Assigned Facilities and Network Facilities." A copy can be viewed at:  
<http://www.wapa.gov/sn/marketing/rates/ratesProcess/formalProcess/CIL2011/index.asp>