CPPA **Calaveras Public Power Agency**

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Tom Carter, Power Operations Manager
Western Area Power Administration
Sierra Nevada Customer Service Region
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SUBJECT: Operational Alternatives for Post-2004 Operations

Dear Mr. Carter:

The following are the Calaveras Public Power Agency's comments on Western's Operational Alternatives which were outlined in the June 24, 2003, Federal Register Notice and presented at the July 9, 2003, Public Information Forum. We appreciate the opportunity to comment on the alternatives.

The Calaveras Public Power Agency is a small public agency serving the electrical needs of schools, local government facilities, water and sanitary districts, fire districts, and medical care facilities within the 1,000 square mile rural County of Calaveras. As a First Preference Customer of Western, we are hopeful Western will select an Operational Alternative that maintains low cost power and transmission services for Western customers over the long-term. We support Western in its endeavor to consider forming a Federal Control Area if the benefits are provided to all Western customers beginning January of 2005.

Statutory Obligations

Western's consideration and final selection of a Post-2004 Operational Alternative needs to recognize Western's statutory obligations to Project Use Loads and First Preference Loads. The 1962 Flood Control Act (Public Law 87-874) states that the sale and delivery of energy will be made available to preference customers located within Calaveras and Tuolumne Counties. Similar language was contained in the Trinity River Division Act of 1955 (69 Stat. 719), which directed the Secretary to deliver energy to preference customers in Trinity County and authorized the Bureau of Reclamation to construct "such electric transmission facilities as may be required to ... furnish energy in Trinity County." It has long been recognized that statutes having similar

Congressional objectives, including specifically laws addressing the sale of surplus federal power, are to be interpreted in *pari materia.*[1]

Western's consideration of post-2004 operational alternatives therefore should take into account Congress' intent not only that preference power be offered for sale, but also be delivered inexpensively to First Preference customers in the three counties. The four customer groupings contained in the July 9th handout and June 12th Navigant analysis should reflect these obligations. First Preference customers should be accorded as high a priority as any other group of loads. Western needs to assure that the Operational Alternative selected provides transmission services to Project Use and First Preference Loads beginning on January 1, 2005.

Federal Control Area (FCA)

The establishment of a Federal Control Area appears to be the best operational alternative if the benefits can be provided to all of Western's customers. Those benefits should not only be limited to those customers that are directly connected to Western's transmission system. Likewise, if the Federal Control Area begins operation January 1, 2005, Western should at the same time have the capability of dynamically scheduling for off-system customers through the CAISO. Contractual arrangements with the CAISO for dynamically scheduling should be negotiated and secured prior to the Federal Control Area becoming operational and not six months later as indicated in the Federal Register Notice. Western must insure that non-directly connected customers such as CPPA share the benefits of the FCA and do not pay pancaked rates or charges for control area or grid management services supplied by the CAISO and the FCA.

Metered Sub-System

The Metered Sub-System (MSS) Alternative does not appear as attractive as the Federal Control Area with dynamic scheduling. Under the MSS we assume that Western and its customers would be subject to CAISO tariffs and possible load curtailments. As a federal First Preference Customer, we expect to deal directly with Western on transmission issues and not other entities.

Metering and Other Issues

We would like to know what metering, communications and telemetry, if any, would be required of us under both the Federal Control Area alternative and Metered Sub-System alternative. Western should pursue the simplest metering equipment and settlement arrangements for Project Use and First Preference loads. The use of load profiling should be considered for these loads. As a small customer we cannot afford costly metering and scheduling protocols.

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[1] *E.g., U.S. v. SMUD*, 652 F.2d 1341, 1345 n.4 (9th Cir. 1981); *Utility Reform Project v. BPA*, 869 F.2d 437, 441 n.2 (9th Cir. 1989).

Reliability and Cost Considerations

Western should pursue an operational alternative that provides the most reliable and lowest cost transmission services for all of its customers over the long term. Western's selection of an operational alternative should not be based only upon current costs but what costs are anticipated over the 20-year life of the new power service contracts. Western is correct to utilize the five criteria of flexibility, certainty, durability, operating transparency, and cost-effectiveness to evaluate the various alternatives.

Process

Please explain what other opportunities we will have to comment and participate in Western's selection of a preferred operational alternative in advance of January 2005.

Again, thank you for the opportunity to comment.

Sincerely,

Dennis Dickman
CPPA General Manager