



Department of Energy

June 26, 2017

Dear Loveland Area Projects and Salt Lake City Area Integrated Projects Customer:

In 2013, the Loveland Area Projects (LAP) and the Colorado River Storage Project (CRSP) along with eight other transmission owners, informally referred to as the Mountain West Transmission Group (Mountain West), began discussing combining their transmission systems under a single tariff.

After reaching conceptual agreement on the possibility of developing a joint tariff, the discussions focused on the Mountain West participants joining a Regional Transmission Organization (RTO) with a fully integrated energy and ancillary services market. With this in view, the Mountain West participants, individually and collectively, completed transmission cost studies, modeled adjusted-production costs, and performed various other analyses. The Mountain West participants sent a Request for Information (RFI) to the Southwest Power Pool (SPP) and three other RTOs. After considering the RFI responses and in conjunction with each Mountain West participant's individual analyses and the collective Mountain West analyses, the Mountain West participants reached consensus in January 2017 to further evaluate potential membership in SPP.

After preliminary discussions among SPP and the Mountain West participants, SPP is preparing to engage its stakeholders and committees in public negotiations with the Mountain West participants. Western Area Power Administration (WAPA) originally planned to issue a Federal Register notice (FRN) prior to commencing formal negotiations with SPP, which would have included a formal comment period. WAPA believes that delaying the issuance of an FRN is prudent at this time to allow WAPA and the other Mountain West participants the additional time to negotiate additional key issues that will help inform WAPA's decision to ultimately join or not join SPP.

If, through this negotiation process, WAPA is able to resolve several key issues, WAPA will proceed with the publication of the FRN, informational forums, and a public comment period before making formal commitments to SPP.

WAPA will continue to keep you informed of its efforts. For further information, please contact Mr. David Neumayer, Vice President of Power Marketing, Western Area Power Administration, Rocky Mountain Region, 5555 East Crossroads Boulevard, Loveland, CO 80538-8986, telephone (970) 461-7322; or Mr. Brent Osiek, Vice President of Power Marketing, Western Area Power Administration, Colorado River Storage Project Management Center, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, telephone (801) 524-5495.

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