

On Sep 20, 2011, at 12:00 PM, "<[mcurtis401@aol.com](mailto:mcurtis401@aol.com)>" <[mcurtis401@aol.com](mailto:mcurtis401@aol.com)> wrote:

> Yes and the Western team has done a great job, spent tremendous amount of time & consideration & my questions are basically answered. Good job. Good presentation. If we have more questions we will write.

> Michael Curtis

>

> -----Original Message-----

> From: Debby Emler <[Emler@wapa.gov](mailto:Emler@wapa.gov)>

> To: mcurtis401 <[mcurtis401@aol.com](mailto:mcurtis401@aol.com)>

> Sent: Tue, Sep 20, 2011 8:45 am

> Subject: Re: AMPUA Question-Wapa Consolidation and Cost Allocation Seminar

>

> Michael: Thank you for attending yesterday's cost allocation presentation. Thanks also to the others on this list that may have attended either in person or by phone.

>

> I wanted to check back with you to acknowledge receipt of your letter and to see how you think the presentation went and to see if you believe most of your questions were answered during the meeting.

> Darren responded to as many of the questions as he could get to during the meeting.

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> We will be responding to written comments and questions received prior to, during and after the meeting as well. I did want to see; however, if the questions you asked either in person or in the document received prior to the meeting, answered most of your questions?

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> Again, we appreciate your attendance and comments.

> Debby

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>>>> <[mcurtis401@aol.com](mailto:mcurtis401@aol.com)> 9/18/2011 9:39 PM >>>

> Darrick and Debby please see the attached memo from AMPUA with questions for the meeting.

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> Upon conclusion of the presentation AMPUA may have additional questions and comments.

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> Thank you for the opportunity to participate.

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> Michael Curtis, Executive Secretary, Arizona Municipal Power Users Association.

**ARIZONA MUNICIPAL POWER USERS ASSOCIATION**

**TO: DARRICK MOE, AREA MANAGER,  
DESERT SOUTHWEST AREA,  
WESTERN AREA POWER ADMINISTRATION**

**EMAIL**

**FROM: ARIZONA MUNICIPAL POWER USERS ASSOCIATION**

**DATE: SEPTEMBER 18, 2011**

**SUBJECT: CONSOLIDATION AND COST ALLOCATION AND BURDEN SHIFTS TO  
PARKER DAVIS SYSTEM CUSTOMERS.**

Dear Mr. Moe:

On behalf of the AMPUA membership, most all of whom are customers of the Parker-Davis Western transmission system, we appreciated the informal advice concerning the cost analysis results of Western consolidation efforts and the new allocation methodologies considered and the consequential cost-shift in allocations that are occurring or are intended to occur.

**ALLOCATION METHODOLOGY CHANGE FROM POINTS**

Concerning the Western change in allocation methodologies for measuring allocation of cost regarding the Parker-Davis (P-DP) and BCP (Hoover) systems in the Desert Southwest our membership is most interested in the resulting financial impact and cost burden to be imposed on Parker-Davis, as well as Hoover.

We are informed the proposed impact attributed to the new allocation methodology will not result in an increase in rates and costs to the P-DP system customers. From the conversation, we understand under the new allocation methodology there would normally be an allocation to Hoover and BCP customers of an additional \$2.5 million in costs. We also understand upon reflection and review Western determined to only shift under that new methodology \$1 million to \$1.5 million to Hoover (which Western describes as being more resource intensive and therefore being allocated a greater amount of increased costs).

If only \$1 million will be allocated to Hoover (leaving \$1 \$.5 million to be socialized), Many AMPUA members are neither excited nor enthusiastic about being required to bear any portion of the costs otherwise allocable to Hoover being socialized and coming to rest on the Parker-Davis system customers.

Please explain how the DSW Parker-Davis system customers will not be required to bear any of the increased costs developed and not allocated to Hoover in the new cost-allocation methodology proposed by Western.

**TRUST WORK CONSOLIDATION AND ADMINISTRATION IN RMR**

AMPUA members understand that Trust Work is going to be consolidated in the Rocky Mountain Region (RMR) office for administration and resource management purposes. We understand there will be a new allocation methodology for the expense of Trust Work. We understand that the allocation may result in a lesser amount of dollar resource being allocated to the Desert Southwest and the Parker-Davis system customers.

Please explain the history of implementing Trust Work when managed by the Desert Southwest Region. Our members understand that historically the expense of DSW Trust Work has been underwritten by Western to benefit its DSW customers by keeping DSW people and employees busy and focused on delivery of benefits in the Desert Southwest. Please explain whether or not our understanding is correct that by virtue of this historic DSW work process there was little or no need to contract out work. Are we correct that each year some \$200,000 annually was retained in the Desert Southwest region for work to benefit DSW customers?

Are the members correct through using the money each year for trust work in the Desert Southwest construction costs were kept competitive? What now will be the process for doing trust and reimbursable construction work and will cost-competitiveness still be available in our region. Is this consolidation simply a way to reallocate monies from one region to another?

Is it true that by consolidating all construction work in the Rocky Mountain Region, the otherwise historically available monies to benefit Desert Southwest customers will be lessened?

While initially there may be no increased cost or rate impact to customers in the Desert Southwest, historically the current and historical method of operation and use of funds seems to have worked to the benefit of the DSW customers and helped keep DSW workers involved in DSW projects and construction costs competitive. Can Western assure the customers in the Desert Southwest that this historic DSW "customer-friendly" and "customer-benefit" method of operation will continue in the future when Trust Work resources are consolidated with and managed by the RMR?

We are distributing this memorandum to you in advance of the meeting on Monday, September 19, 2011 and we will supplement it with other questions after we hear the Cost Allocation and Consolidation presentation.

Michael A. Curtis, Executive Secretary, Arizona Municipal Power Users Association

Cc Members  
Debby Emler, WAPA