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**COLORADO RIVER COMMISSION
OF NEVADA**

March 8, 2010

Mr. Darrick Moe
Desert Southwest Regional Manager
Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005-6457

Via E-mail: DSWFPP@wapa.gov or emler@wapa.gov

Subject: Prepayments as Potential Funding Mechanism for Construction

Dear Mr. Moe:

The Colorado River Commission of Nevada (Commission) has been a customer of, and a partner with, the Western Area Power Administration (Western) since its creation. The Commission has been a consistent supporter of Western's core mission of delivering federal hydropower. This core mission requires a reliable transmission system and the Commission supports Western in its efforts to ensure reliable and adequate transmission.

On February 17, 2010, Western presented to its customers potential funding mechanisms for its construction program to offset the lack of appropriated funds. Of these potential funding mechanisms, Western identified an option where it can use approximately \$15 million of available revenue, or "prepayments" towards projects identified in the current Parker-Davis Transmission Project Ten Year Operating Plan and is asking for customer consensus by March 10, 2010. The Commission supports Western using the available "prepayments" this year to invest in projects that will maintain the reliability of the Parker-Davis transmission system.

The Commission will work with Western and its customers in identifying those items in the current Ten Year Plan that would best use this available revenue. Due to the many projects and available funding mechanisms, the Commission requests that Western list which projects in the Ten Year Plan that would best be funded through appropriations, TIP, if any, and the prepayments as well as identify potential rate impacts according to each funding mechanism.

Mr. Darrick Moe
Western Area Power Administration

March 8, 2010
Page 2

In the past, the Commission was actively involved in the creation of the Advancement of Funds contract with other Parker-Davis Firm Electric Service customers. We believe an additional set of discussions to consider similar options with other FES customers is in order to ensure adequate funding necessary to ensure reliability of the Parker-Davis transmission system.

The Commission wishes to again thank Western for their innovative approach and open dialogue in these matters and we look forward to continuing this discussion and formalizing the Joint Planning Agreement.

Sincerely,



George M. Caan
Executive Director

cc: Craig N. Pyper, CRC