The Board of Directors of the Colorado River Energy Distributors Association (CREDA) makes the following recommendations to the Western Area Power Administration:

A. As a long-term equitable strategy and solution, Western should consider adopting a phased SHP level, beginning with the current Water Year 2004 SHP level and ramping up in five equal annual increments to current calculated Median generation level (4948.78 GWH for SHP or 5200.12 GWH for Total Load) in 2009. Through the processes established under the 1992 Work Program (Agreement No. 92-SLC-0208), CREDA will continue to work with Western to review hydrologic, financial, operational and cash flow information at least annually.

B. In the PRS and the resulting rate calculations, Western should anticipate AHP sales to the CRSP customers and continue its historical use of the long-term average generation level (currently 5602.40 GWH) as the rate denominator.

C. Western should not deviate from its current practice and pricing associated with providing AHP to all customers.

D. CREDA supports Western’s continued implementation of the WRP program as providing customer choice for additional firming resources.

E. CREDA looks forward to working with Western in developing a strategic purchasing plan.

F. Western and the USBR are strongly urged to seek appropriated, non-reimbursable dollars for environmental programs in both Upper and Lower Basins.

G. Any “unused” post-2004 resource allocations should remain in the general CRSP customer “AHP pool”.

H. Western should continue to analyze and consult with customers regarding the minimum take levels associated with the reductions in generation.

Unanimously approved by the CREDA Board October 3, 2003