



January 10, 2018

Mr. Steve Johnson, Senior VP and CRSP Manager
Colorado River Storage Project Management Center
Western Area Power Administration
299 South Main Street, Suite 200
Salt Lake City, Utah 84111

Via email only: johnsons@wapa.gov

RE: UMPA's Comments to the Proposed Olmsted Project Rate Order No. WAPA-177

Dear Mr. Johnson:

In accordance with the comment period outlined in the Proposed Olmsted Project Rate Order No. WAPA-177, UMPA offers the following comments for WAPA's consideration. UMPA appreciated the information provided by WAPA staff at the January 13, 2017 Public Information and Comment Forum (PIF).

UMPA supports the proposed rate formula which is consistent with the rate structure of the Provo River Project, including the true-up provisions to ensure only actual costs are attributed to the project and billed to customers. Further, it is proper that the Olmsted project be treated as an individual, stand-alone project bearing its appropriate costs and allocations.

UMPA has concerns regarding certain costs in Table 1 in the PIF presentation. These concerns and issues are as follows:

- 1) CUWCD Olmsted O&M includes costs for the years 2020-2022 "for the preservation of the historical power house...that will be preserved and maintained as a museum". (Page 9, PIF transcript). Is this cost appropriately classified as an OM&R expense reimbursable from power revenues under Section 5(c) of the CRSP Act? As such, UMPA requests clarification as to the legal authority and rationale for the museum to be paid from power revenues.
- 2) Given the short-term period of the initial marketing period, it is not just and reasonable that the museum cost be "expensed" and allocated to the initial Olmsted customers over a 3-year period when the future marketing plan, and customer allocation mix, may change for this long-term project, which is being amortized over 44 years. It was also noted at the PIF that integration of Olmsted into the CRSP project is a possibility, which further augments our concerns. At a minimum, and in fairness to both initial and future customers, UMPA recommends any appropriate costs to be reimbursed be capitalized and amortized for repayment over the life of the entire project.

- 3) UMPA requests clarification on whether other sources of non-reimbursable funds, such as appropriations, grants, state-preservation funds, etc. have been considered or pursued.
- 4) UMPA requests clarification of the total cost of the museum and the proportion being paid through power revenues. UMPA supports the preservation of the old Olmsted generating facilities and historical site. However, UMPA questions the value and benefit of developing a museum-like quality center. The site has limited access from PacifiCorp (owner of the greater area) and currently will not be accessible by the public. UMPA wants to better understand the development plans for the museum and if it will become accessible by the public. Will it become a future visitors center? Will there be ongoing museum maintenance costs? We believe that funding by the rate-payers should allow them to participate in the development of the site to ensure value and benefit for its contribution.

With respect to the PIF Presentation, Table 1, UMPA supports a fair and reasonable wheeling charge to move Olmsted energy from the point of interconnect on Provo City's system to the Hale point of receipt for delivery to Olmsted customers.

UMPA has also been apprised of the comments submitted by the Colorado River Energy Distributors Association (CREDA) regarding the Olmsted Project Rate Order. UMPA supports those comments, and incorporates them by reference.

We appreciate the opportunity to provide our comments.

Sincerely,

A handwritten signature in blue ink that reads "Layne Burningham". The signature is written in a cursive style with a large initial "L" and "B".

Layne Burningham
COO/General Manager

Utah Municipal Power Agency