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BOULDER CANYON PROJECT

4

POST-2017 MARKETING

5

PROPOSED ALLOCATIONS

6

7

PUBLIC INFORMATION FORUM

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11

REPORTER'S TRANSCRIPT OF PROCEEDINGS

12

13

14

Las Vegas, Nevada

15

August 26, 2014

16

17

18

19

TRANSCRIBED BY: CHRISTINE JOHNSON, RPR, RMR

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Certified Reporter #50383

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23

PREPARED FOR:

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Western Area Power Administration

25

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1 Be it remembered that heretofore on August 26,  
2 2014, commencing at 1:00 p.m., at the Tropicana Hotel, Las  
3 Vegas, Nevada, the following proceedings were had, to wit:

4

5

6 OPENING REMARKS Page  
7 BY MR. DOUG HARNESS 3

8 PRESENTATION

9 BY MR. MIKE SIMONTON 5

10

11 COMMENTS BY:

12 PYPER, Craig 19, 24

13 DeVAUL, Randy 23

14 ENGLAND, Pauline 25

15 CARLSON, Tyler 26

16

17

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1 PROCEEDINGS

2

3 MR. HARNESS: Okay. Well, let's go on record,  
4 please. I'm not going to use the microphone if I can help  
5 it. Can everybody hear me okay?

6 All right. Thank you. Good afternoon,  
everybody.

7 I would like to welcome you to our Public Information  
Forum.

8 My name is Doug Harness and I'm the attorney representing  
9 Western Area Power Administration's Desert Southwest  
10 Regional Office, and I work in the office of General  
Counsel  
11 in Lakewood, Colorado.

12 This Public Information Forum has been scheduled  
13 for Western to present information on and to allow you to  
14 ask questions about the power allocations proposed by  
15 Western for the Boulder Canyon Project Post-2017 Resource  
16 Pool published in the Federal Register on August 8th,  
2014.

17 The Resource Pool was created in accordance with the  
Hoover  
18 Power Allocation Act of 2011 and Western's conformed power  
19 marketing criteria published in the Federal Register on  
20 June 14th, 2012.

21 The Resource Pool consists of 11,510 kilowatts  
of  
22 contingent capacity and associated firm energy for  
23 allocation to new allottees in the state of California and

firm

24 69,170 kilowatts of contingent capacity and associated

25 energy for allocation to new allottees in the Boulder City

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1 marketing area.

2           Western will make final allocations of the  
3 Resource Pool after the close of the comment period for  
this public process and consideration of all timely submitted  
4 comments, and we will publish the final allocations in the  
5 Federal Register.  
6

7           Entities interested in commenting on the  
proposed allocations may submit written comments to Mr. Ronald E.  
8 Moulton, Acting Regional Manager, Desert Southwest  
Customer Service Region, Western Area Power Administration, Post  
9 Office Box 6457, Phoenix, Arizona 85005-6457. You may  
also fax comments to Western at area code (602) 605-2490 or  
10 e-mail them to post2017BCP@wapa.gov. Western will accept  
11 comments that are received on or before September 19th,  
12 2014. Western reserves the right not to consider comments  
13 received after this date.  
14

15           In addition to the Public Information Forums,  
the one today, one tomorrow in Ontario and one Thursday at --  
16 in Tempe, Arizona, Western will hold three Public Comment  
17 Forums. These Forums will be on September 18th -- I'm  
18 sorry, September 16th here in Las Vegas, September 17th in  
19 Ontario and September 18th in Tempe. Comments made at  
those

become

23 Forums will be recorded by a court reporter and will

24 part of the official record for this public process.

25 A verbatim transcript of today's Forum is being

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1 prepared by our court reporter. Everything said while  
we're  
2 in session today, together with all exhibits, will be part  
3 of the official record. Copies of today's transcript will  
4 be available to anyone who would like a copy upon payment  
of  
5 the required fee to the court reporter. The court  
6 reporter's name, address and telephone number are  
available  
7 upon request.

8 Copies of the transcript and exhibits will be  
9 available for review in Western's Desert Southwest  
Customer  
10 Service Regional Office located in Phoenix, Arizona.

11 So with that, I will turn the presentation over  
to  
12 Western's Project Manager, Mike Simonton.

13 MR. SIMONTON: Hello, all. Thank you for  
coming.

14 Again, my name is Mike Simonton. I'm the Project Manager  
15 for Western on the Boulder Canyon Project Post-2017  
effort.

16 I'm going to be walking us through our -- our slide deck  
17 today, which is to provide quite a few topics here all  
18 circled around the proposed allocations.

19 To hit on the topics that we'll discuss today is  
20 an update of the marketing process, some of the more  
21 significant steps we've made along the way: A bit of  
22 background leading into and affecting the marketing  
process

23 consisting of the Hoover Power Allocation Act. At times I  
24 will simply refer to that as HPAA, Western's conformance  
to  
25 HPAA, our criteria. We'll take a look at an overview or

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1 summary of the applications received. We'll discuss an  
2 overview and summary of the proposed allocations as  
3 published in the Federal Register Notice, and we'll  
discuss  
4 what allocation methodologies will be used in coming up  
with  
5 those proposals. We'll finish up with some next steps and  
6 contacts.

7 As a lot of you are aware, we did publish final  
8 criteria and made a call for applications from those  
9 interested in receiving an allocation of Hoover Power. We  
10 made that call in a Federal Register Notice that was  
11 published on December 30th, 2013.

12 In that Notice, we made the call for  
applications,  
13 which prescribed that the due date for applications would  
be  
14 March 31st, 2014. Western used its prescribed application  
15 form in collecting information for this process, which  
16 consisted of the applicant information, service area, how  
17 much they were requesting, the loads of the applicant, the  
18 power suppliers of the applicant and their plans to get  
that  
19 power to their loads.

20 As Doug mentioned, on August 8th, 2014, Western  
21 proposed allocations in a Federal Register Notice. We  
22 announced proposed allocations by applying the marketing  
23 criteria to the applications that we received by the due  
24 date.

25  
conducting

Throughout this week, we're going to be

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1 Public Information Forums as discussed. This is our  
2 opportunity to provide additional background and  
information  
3 on the proposals and also an opportunity to engage in a  
4 public manner in some two-way dialogue with questions and  
5 answers.

6 We have Public Comment Forums scheduled for  
middle  
7 to late September, September 16th through 18th. That  
would  
8 be an opportunity for folks to provide comments on the  
9 proposals. The comment due date is September 19th. And  
10 then another element here is that we sent out a letter to  
11 all proposed allottees asking them to substantiate their  
12 loads by October 3rd.

13 That would be something that they need to  
provide  
14 some -- some verification of the loads that they submitted  
15 in their application. This could include meter  
verification  
16 reports, historical billing reports any host utility  
reports  
17 or some other documentation of the loads that they -- that  
18 they would like us to consider in finalizing the  
19 applications.

20 We mentioned the Hoover Power Allocation Act of  
21 2011. That was something that was enacted in December of  
22 2011. It defined quite a few major elements of the  
23 marketing effort consisting of, in summary, the -- it

the 24 defines Schedules A, B and C; A being the allocation to  
25 original for contractors; B, being allottees that were

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Schedule 1 prescribed in the '80s for the uprating program and

2 C, which is excess energy.

3 It established that the Boulder Canyon Project  
4 Post-2017 Resource Pool, which is known as Schedule D,  
5 that's the power that we've been working to allocate in  
this  
6 public process. The prescribed portions of Schedule D be  
7 allocated by the Arizona Power Authority and the Colorado  
8 River Commission of Nevada with their respective states.

9 As Doug described earlier, it prescribes that  
10 Western would allocate 69,170 kilowatts to new allottees  
in  
11 the Boulder Canyon Project marketing area and 11.5 --  
sorry,  
12 11,510 kilowatts to new allottees in Southern California.

13 Western's allocations to non-tribes in Arizona  
and  
14 Nevada will be offered through APA and CRC respectively.  
So

15 when we talk about allocations to non-tribes in those  
16 states, we'll be working through those state agencies to  
17 make those -- facilitate those allocations.

18 Allocations of not Native American tribes will  
be  
19 contracted directly with Western and Western will be  
20 required to conform its marketing criteria to HPAA, which  
21 we'll describe here in a moment.

22 In June of 2012, Western conformed its criteria  
to

23 HPAA, precisely June 14th, 2012. As described, HPAA  
the 24 prescribed quite a lot of major elements to be affecting  
25 marketing process. It directed Western to do a lot of

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1 various things. This Federal Register Notice  
2 administratively facilitated and enacted a lot of those  
3 provisions that were required by HPA.

4 It also established eligibility criteria, which  
5 would be that the new allottees would need to be qualified  
6 applicants that are eligible under Section 5 of the  
Boulder  
tribes.  
7 Canyon Project Act or be Federally recognized Indian

8 Other qualified applicants must be -- all  
9 qualified applicants must be located in the Boulder Canyon  
10 Project marketing area.

11 The conformance also had general allocation  
12 criteria, which as described before, would be the non-  
tribes  
13 in Arizona and Nevada will be through the APA and CRC, and  
14 Western also noted that that additional marketing criteria  
15 would be needed to navigate the competing applications for  
16 Hoover Power. So additional marketing criteria would need  
17 to be prescribed through a public process.

18 To describe that marketing criteria that was  
19 developed through the public process, Western announced  
the  
20 final marketing criteria and the call for applications in  
21 December of last year. Those -- those marketing criteria  
22 are only applicable to Western's Schedule D marketed  
power.

23 They do not have any bearing or applications on  
24 the APA's or CRC's process for their Schedules A, B or D

25 power. The marketing criteria that was prescribed is

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the 1 strictly for Western's allocation of the 69 megawatts in  
2 marketing area and the 11.5 megawatts in Southern  
3 California.

4 An overview of the key marketing criteria that  
5 were included were primarily that we would provide a first  
6 consideration for Native American tribes up to 25 percent  
of 7 their peak load; that Western would consider the amount of  
8 the applicant's load already served by existing Federal  
9 power allocations. This could be calculated either  
10 directly, through a direct allocation from Western to the  
11 applicant, or indirectly from a host utility potentially.

12 The remainder would be allocated to non-profit  
13 eligible applicants in proportion to their peak loads.

All 14 applications would be based on historical loads to be  
15 submitted selected from calendar year 2011, 2012 or 2013 as  
16 by the applicant. All allocations would have a minimum  
17 allocation of 100 kilowatts and a maximum allocation of  
18 3,000 kilowatts.

19 I've got a couple slides here summarizing the  
20 applications that were received. As I mentioned, we  
21 proposed these allocations in August and the applications  
22 that we received, based on tribes and non-tribes and the  
23 division per state is listed here in this table.

24 So we felt it was pertinent to depict not only

have 25 number of applicants, but obviously peak load as those

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were 1 a bearing on resulting -- on proposed allocations as we  
when 2 distributing them based on pro rata based on peak load  
3 considering investing in firm electric service power.

presented 4 The graphical depiction of that table is  
5 here. Now, you see quite a bit of a number of applicants  
6 and -- and peak load in Arizona, California and a more  
7 moderate amount in Nevada.

8 Some of the considerations we made in developing  
9 these proposed allocations and, again, I clarify. You're  
10 probably going to hear me say "proposal" a lot. These are  
11 proposals. We're conducting a public process. So these  
12 proposals are subject to change based on comments we  
13 received and load verification and other things. So just  
to 14 clarify it, I can say "proposed" a lot, but it would be  
nice 15 just to note these are proposals and subject to change,  
but 16 in doing so, in developing these proposed allocations, we  
17 had several elements that we considered in doing so.

18 As I described before, we considered the direct  
19 and indirect benefits of existing Federal power  
allocations 20 for each applicant. I think we had something around 36  
host 21 utilities represented. I've got a few of these proposals  
22 here that kind of hit on this point, but the host  
utilities

23 that are serving the applicant if they have existing firm  
24 electric service allocations and that allocation benefits  
25 the applicant, that would be an indirect benefit of firm

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1 electric service power, Federal hydropower that we want to  
2 be considered.

3           Allocations held by host utilities were assumed  
to  
4 benefit its customer equally. These are -- these are kind  
5 of assumptions that were made that -- that were -- were  
6 verified with different host utilities, but may not be the  
7 case for all 36 host utilities.

8           But the assumptions were that the benefits of a  
or  
9 host utility's peak load served by firm electric service  
10 Federal hydropower would be distributed equally amongst  
all  
11 its customers.

12           We acquired host utility load information  
through  
13 the Energy Information Administration data or through  
14 Integrated Resource Plan information as available.

15           We had a multitude of applicants that had load  
in  
16 various host utilities, more than just one. Some had  
three  
17 or four host utilities serving their loads. Those  
18 applicants were required to provide their loads served by  
19 each host utility, such that we could calculate the direct  
20 and indirect benefits of firm electric service on a  
weighted  
21 average basis for that particular entity or applicant.

22           There were some cases in which a host utility

we  
could

23 applied and some of its customers applied. In that case,  
24 did make adjustments to the host utility's load as we  
25 not consider the same load twice or in multiple

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1 applications.

2 In distribution of the 69 megawatts in the  
3 marketing area, as previously described, we took a first  
run  
4 or first consideration for Native American tribes up to  
5 25 percent of their peak load of Federal power. This  
6 resulted in a first run of proposed allocations to  
7 neighboring tribes of 28,970 kilowatts of power or  
8 contingent capacity.

9 The remaining 40 -- roughly 40 megawatts was  
10 distributed by targeting all applicant's peak load served  
11 by Federal power to approximately 6.8 percent. When  
12 considering the amount of load that was applied for, the  
13 number of applicants that were applied for, the amount of  
14 each of those applicant's firm electric service serving  
15 their peak loads, approximately 6.8 percent would be the  
16 target percentage and, also, again -- excuse me,  
considering  
17 the 100-kilowatt and 3,000-kilowatt mins and maxes,  
18 that  
19 approximately 6.8 would be percentage of load targeted  
20 would be needed to result in the allocation of that  
21 additional 40 megawatts.

22 So essentially applicants with less than  
23 served  
24 approximately 6.8 percent of their peak loads already  
25 by Federal power were provided an allocation of Hoover to  
26 increase their Federal power service up to 6.8 percent  
when

25 considering all the other criteria, including the

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1 100-kilowatt minimum.

2 Applicants that already had more than 6.8  
percent  
3 of their peak load served by Federal power were not  
provided  
4 a proposed allocation. So, again, this was covering --  
5 these figures here are all the distribution of the  
6 69 megawatts in the marketing area.

7 This next depiction is after that was  
distributed,  
8 Western then proceeded to allocate the 11.5 megawatts to  
9 Southern California. In its distribution, Western did  
10 consider -- in its distribution of the 11.5 megawatts to  
11 Southern California, it did consider the proposed  
12 allocations of the 69 megawatts that we just spoke of.

13 When reviewing the remaining or the existing  
14 allocations or -- or the contours of the tribal needs at  
15 that time, all tribes in Southern California had already  
16 been achieved to be -- to be meeting the 25 percent first  
17 threshold or consideration, or be at the maximum  
18 3,000-kilowatt maximum allocation.

19 So essentially the first consideration did not  
20 yield additional allocations to Native American tribes in  
21 Southern California.

22 Therefore, all of the 11.5 megawatts was  
23 remaining. It was distributed by targeting Southern  
24 California applicants to a peak load of Federal power  
25 coverage of approximately 20.8 percent.

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1                   So essentially the same methodology as was  
applied  
2                   with the 69 megawatts, but, again, now with the 11.5  
3                   megawatts strictly to its Southern California applicants  
4                   based on the amount of peak load, the amount of that peak  
5                   load already served by firm electric service and the min  
and  
6                   max allocation thresholds.

7                   Applications with less than 20.8 percent of  
their  
8                   peak load served by Federal power were provided allocation  
9                   of Boulder Canyon Project to increase their Federal power  
10                  coverage to the 20.8 percent when considering all other  
11                  marketing criteria, including the 100-kilowatt minimum  
12                  application.

13                  So, again, if we have an allottee in Southern  
14                  California that was successful in achieving a maximum  
15                  3,000 kilowatts in addition to the 69 megawatts, they were  
16                  already at their maximum allocation going into 11.5 and  
did  
17                  not receive additional.

18                  Conversely, even if the targeted 20.8 percent of  
19                  their load did not yield 100-kilowatt minimum allocation,  
20                  they were not successful in meeting their proposed  
21                  allocation. Applicants with more than 20.8 percent of  
their  
22                  peak load served by Federal power were not provided a  
23                  proposed allocation.

24                  The next few slides depict the proposed

25 allocations as calculated in the manner in which we just

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"5 1 described. I did have this footnote here where it says,  
2 allottees received portions of both pools."

3           So if you're doing the math, the number of  
4 applicants and -- and allocations, you'll see that under  
the  
5 11.5 in Southern California, there are six allottees  
6 essentially, and under the 69 megawatts for California,  
7 there were 20. Essentially 5 allottees within the 20  
8 received additional capacity under the distribution of the  
9 11.5 and only one additional allocation was prescribed  
under  
10 the 11.5 distribution that received a total of 21  
California  
11 allottees with a total of 58 -- 58 allocations altogether.

12           A graphical depiction of what I just described,  
13 again, this should, to a degree, based on our criteria,  
14 follow the trending that you saw with number of applicants  
15 and the load represented. Obviously, if you're doing a  
pro  
16 rata based on load, would tend to have an allocation  
scheme  
17 that follows load; same with tribal and non-tribes, as  
well.

18 This is the marketing area number of allocations and  
19 marketing area kilowatts allocated in graphical form.

20           For those that are curious, we did depict, based  
21 on the entity type. We were pleased with the spectrum of  
22 different applicants we got, a very diverse group of

to 23 applicants and then our criteria was targeted in a manner  
24 provide for most widespread use. So we were very pleased  
many 25 with the diverse nature of the applicants we received,

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1 of which were not like utilities, kind of poses a bit of a  
2 unique feature in our effort compared to some other  
Western  
3 marketing groups.

4 But we looked at -- out of 107 applicants, we're  
5 proposing that 58 receive applications after applying the  
6 criteria, and the allocations are somewhat representative  
7 based on the applications received, based on customer  
type.

8 Same manner applies here under the sub note  
there,  
9 which is "5 allottees received portions." We didn't  
double  
10 the count or for some that received some of the 11.5 and  
the  
11 69, so that the total there on the right is the -- at the  
12 end of the day, new allottees, 5 of which were getting a  
13 piece of both.

14 So looking at the depiction of the 69 megawatts  
on  
15 a percentage basis, the different types of entities. This  
16 is depicted on the left, and California only 11.5 on the  
17 right. Again, we felt like this was a -- this appeared to  
18 us like it was a diverse distribution across a multitude  
of  
19 different entities and that was part of the goals of the  
20 criteria that was hopefully shining through on what we're  
21 seeing here.

22 As described previously, we have Comment Forums  
on

with 23 these proposals. The comment period opened August 8th  
24 a publication of the proposals in the Federal Register.  
25 We've got a September 16th Comment Forum here in Las  
Vegas;

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1 September 17th in Ontario, California; September 18th in  
2 Tempe, Arizona, the same locations that they are in the  
3 Information Forums. And as we mentioned, the comment  
period  
4 closes September 19th.

5 We've got our major milestones here for the  
6 remaining of the effort. Obviously, right now, we're in  
the  
7 August time period of proposed allocations. We hope to  
and  
8 plan to finalize our allocations by December of this year.  
9 That would initiate a contracted process with all the new  
10 allottees that would be -- would commence in early 2015  
and  
11 hopefully finalized by December of 2015.

12 As prescribed in our criteria, there's an  
October  
13 2016 deadline for non-tribes to be ready, willing and able  
14 to receive and distribute the power. And then by  
15 October 1st, 2017, we hope to be initiating service with  
all  
16 the new allottees and all existing contractors.

17 All comments received will be posted to our  
18 website, as well as the materials presented here today and  
19 our transcripts from the court reporter will be presented  
20 here at the end of all the Forums at our marketing  
website.

21 All previous notices and comments can be seen there, as  
22 well. As Doug described, all written comments can be  
23 provided to Mr. Ron Moulton at this address here.

yes. 24 Did anybody have some questions? Mr. Craig,

25 MR. HARNESS: Can I jump in for just a second?

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could 1 For the sake of the record for those asking questions,  
2 you please identify yourself and spell your name so we  
3 can -- so the court reporter can get it, please?

4 MR. PYPER: Craig Pyper, P-Y-P-E-R, with the  
5 Colorado River Commission. I just had a question on the  
6 host utility. When you said that you got the information  
on  
7 FES contracts that they currently serve from the EIA or  
from  
8 the IRP, can you post that data for everybody to see so  
you  
9 can see the host utilities, what -- how you develop that  
10 percentage for each host utility, what percentages of  
11 Federal hydropower they have?

12 MR. SIMONTON: You're asking us to post --

13 MR. PYPER: To post that data.

14 MR. SIMONTON: Which would entail the load that  
is  
15 being applied, the load data from EIA and IRP's.

16 MR. PYPER: Right.

17 MR. SIMONTON: And their corresponding  
allocations  
18 from firm electric service resulting in the same?

19 MR. PYPER: Right. Can you post that so you can  
20 show how you developed the percentages that -- for  
21 Federal -- or how you came up with the percentages for  
22 Federal hydropower that they already received that --  
23 especially if they reduce somebody's who was being served  
by

24    them.

25                   MR. SIMONTON:   Okay.   We'll consider posting

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1 those, yes.

2 MR. PYPER: And one further question on  
3 California's, you said that part of the loads were shared  
4 when you calculated that, because I just quickly looked at  
5 California, and I couldn't take any of the non-tribal  
6 entities and add up to the 11.51.

7 MR. SIMONTON: What do you mean by "loads are  
8 shared"?

9 MR. PYPER: The allocations to non-tribal  
entities  
10 in California. I just tried to add them up to come up  
with  
11 11.51 to see who got the California share, who got that,  
but  
12 you said that through this process, it was shared or the  
13 allocation was based on something -- because if you take  
the  
14 allocations in California, none of them -- if you add them  
15 up, no matter how -- it won't up come up to 11.51.

16 MR. SIMONTON: Are we talking like a matter of -  
-  
17 matter of kilowatt hours or kilowatts?

18 MR. PYPER: Yes.

19 MR. SIMONTON: Or are we talking about a matter  
20 of --

21 MR. PYPER: No, I'm --

22 MR. SIMONTON: -- the capacity allocation in the  
23 Federal Register Notice of kilowatts --

24 THE COURT REPORTER: Hey, Mike -- I'm sorry, can

25 you --

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1 MR. PYPER: Who got the allocation in California  
2 for the state piece, not the --

3 MR. SIMONTON: So in the distribution of the  
4 11,510 kilowatts of capacity in Southern California, does  
5 the quantities in the Federal Register Notice not add up  
to  
6 precisely 11,510 kilowatts?

7 MR. PYPER: That's correct, at least as far as  
my  
8 math. I could be wrong.

9 MR. SIMONTON: Yes.

10 MR. PYPER: Okay.

11 MR. SIMONTON: Believe it or not, kilowatts and  
12 kilowatt hours can have fractional decimals behind the  
13 spreadsheet. So, yeah, unfortunately, my -- my  
spreadsheet  
14 that was used in developing those formulas did not round  
15 off.

16 So even though I'm looking at thousands of  
17 kilowatts or kilowatt hours, the math that I copied and  
18 pasted to the table were unrounded figures. So visually  
19 looking at it if you did not have the decimal places, and  
I  
20 think that's what's in the -- what made its way into the  
21 front table and what you're adding up, are essentially  
22 rounded numbers, but the math in my spreadsheet. So  
that's  
23 something I will need to be correcting in our final  
24 allocations.

25

MR. PYPER: That's fine. But it wasn't just a

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1 rounding error, at least from what I was trying to do. I  
2 was trying to take the allocations to California and come  
up  
3 with 11.51 in megawatt hours -- or megawatts allocation  
and  
4 I couldn't do that.

5 Now --

6 MR. SIMONTON: Well, the table in the Federal  
7 Register Notice does not have allocations of the  
8 69 megawatts within Southern California broken out  
9 separately than the 11,510 kilowatt.

10 So if you're adding just the Southern California  
11 kilowatts allocated, it would be the 11,510 in addition to  
12 the kilowatts of the 69 megawatts that were allocated or  
13 distributed in Southern California.

14 So you won't come up to 11,510 if that's the  
15 question, and that's not the intent of the table.

16 MR. PYPER: I just wanted to know if -- it  
appears  
17 from this slide that there was, out of the allocations to  
18 California -- and I'm not creating an issue as far as  
19 whether you did it right or not. I'm just trying to find  
20 out who in California got the allocation from the Western  
21 piece and who got it from the state piece.

22 MR. SIMONTON: Okay. So the question is: Can  
we  
23 have a break out within the Southern California numbers,  
24 what of the Southern California allocations were

25     attributable to the 69 -- the distribution of the

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1 69 megawatts in the marketing area and how much or which  
2 ones were attributable to the distribution of the 11.5  
3 kilowatts in Southern California?

4 MR. PYPER: Correct.

5 MR. SIMONTON: Okay. Is that -- I want to --  
6 Chris, did we clear it up on the question? I want to make  
7 sure we've got it all captured properly, too. So we need  
8 go back and forth with the mic.

9 Yes, sir, in the back.

10 MR. DeVAUL: I'm Randy DeVaul with the City of  
11 North Las Vegas --

12 MR. SIMONTON: One second.

13 MR. DeVAUL: Randy DeVaul with the City of North  
14 Las Vegas. Just a quick question: What will happen if  
15 the -- you find that the allottees have overestimated when  
16 you receive their load substantiation documentation?

17 MR. SIMONTON: If a proposed allottee is not  
18 able to substantiate their actual loads, or in the case of a  
19 tribal entity, not able to substantiate their estimations,  
20 their potential allocation would be reduced, or for that  
21 matter, possibly increased if they underestimated them.

22 So whatever the actual load comes in, will  
23 likely entail a redistribution based on the loads that could be  
24 verified. And that's why I'd like to emphasize here that  
we

25 are talking about proposed allocations. We're going to

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1 receive questions and comments. We're going to see loads  
2 substantiated, you know, if there are some and it only  
takes  
3 one. If there's one that's not fully substantiated or  
that  
4 makes case for a modification, that does have an impact on  
5 all proposed allocations.

6 So, again, I emphasis these are proposed  
7 allocations that are based on comments received and  
8 adjustments, based on load substantiation. All of them  
may  
9 need adjustments accordingly.

10 Did you have another question?

11 MR. DeVAUL: No, that's it. Thanks.

12 MR. PYPER: What was the highest application in  
13 megawatt hours or kilowatt hours -- or kilowatts, I'm  
sorry,  
14 kilowatts or megawatts, that did not receive an  
allocation,  
15 either basically being reduced by the Federal hydropower  
16 they already have or just by your regular load in the  
17 Western process, not the California?

18 MR. SIMONTON: If I understand correctly, the  
19 question is: In the distribution of the 69 megawatts in  
the  
20 marketing area, what was the largest peak load of an  
21 applicant that was unsuccessful in receiving a proposed  
22 allocation?

23 MR. PYPER: Right.

my

24 MR. SIMONTON: I don't know that off the top of  
25 head.

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1 MS. ENGLAND: Pauline England from Nevada  
2 Department of Transportation and my question is whether or  
3 not the request Mr. Pyper made for the information about  
how  
4 you came up with the numbers would be able to show us that  
5 6.8 percent figure, why we did or didn't meet that amount  
6 based on what we submitted, or if I need to make a  
different  
7 request to see that?

8 MR. SIMONTON: You're asking for your  
application  
9 and walking through your application, the application of  
10 criteria to your application; right?

11 MS. ENGLAND: That would be nice, nice to see  
12 everybody else's, too, but --

13 MR. SIMONTON: Yeah, I'm fairly confident in  
14 the -- in the application of your information and what you  
15 submitted and how we calculated your proposed allocation.  
16 That's something we will provide -- likely provide.

17 If it's something that would entail information  
18 from another applicant or -- because in order to determine  
19 that 6.8 percent, you had to consider all applications,  
all  
20 loads, all firm electric service in the marketing area and  
21 that's why I think that we're not going to be able to  
22 disclose all that information.

23 MS. ENGLAND: So you'd be able to provide that  
to  
24 me directly?

25

MR. SIMONTON: For your information, yes. Yes.

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me 1 MS. ENGLAND: So do you need anything else from  
2 so I can get that provided?

3 MR. SIMONTON: No.

4 MR. CARLSON: Hello, Mike. My name is Tyler  
5 Carlson, Mohave Electric Cooperative in Bullhead City,  
6 Arizona. I've got a few questions and they don't have to  
be  
7 answered here, but at some point if we could get the  
answers  
8 posted before the Public Comment Period, that would be  
9 great.

10 The first one is a similar request to the  
11 individual information. I think that that's a pretty good  
12 request, generally, but for Mohave Electric specifically  
as  
13 she had asked. A few questions, the minimums and  
maximums,  
14 do you have any information about how those were derived?

15 MR. SIMONTON: The minimums and maximums were  
16 derived through the formation of the public process. We  
had  
17 originally proposed a 1,000-kilowatt minimum and there's  
18 quite a substantial amount of public information on the  
19 comments received and Western's responses on the maximum  
and  
20 minimum allocations, but we had originally proposed a  
21 1,000-kilowatt minimum, received quite a bit of support  
for  
22 having no minimum at all, and the 100-kilowatt minimum was

was

23 derived based on having some meaningful allocation that  
24 still accommodating to the comments received and not  
25 excluding a number of numerous potential applicants at the

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1 time, so --

2 MR. CARLSON: That was the minimum?

3 MR. SIMONTON: Correct, and the maximum was,

4 again, at the time, we did not have applications in hand,

most

5 but based on the comments received in the promotion of

6 widespread use, a maximum allocation was foreseen to be of

spectrum

7 benefit to ensure that -- that a diverse and broad

8 of applicants would be able to acquire a proposed

9 allocation.

10 MR. CARLSON: A couple of other questions. When

11 you talked about peak load, trying to deal with the peak

12 load and a host utility and an applicant within a host

13 utility's service territory, how did you actually match up

14 and what -- what process did you actually use to max up --

load

15 match up the peak load of the applicant versus the peak

16 of the -- of the host utility?

17 MR. SIMONTON: Wherever possible, we acquired

the

18 like month of the applicant and the host utility and more

19 often than not, if they had the same load counted twice,

we

20 reduced the host utility by that like month of peak

21 application -- peak load of the customer's application.

22 MR. CARLSON: Great. Thank you. You talked

about

23 the load itself. You talked about some pro rata -- trying

24 to calculate some pro rata share of the maximum peak load.

25 Can you -- which infers there's some type of algorithm  
that

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1 was utilized for that.

2 Can you share the algorithm or at least be able  
to  
3 describe to us what peak load did correspond to the  
maximum  
4 allocation?

5 MR. SIMONTON: I'm not sure if I'm going to  
answer  
6 this fully, so if I don't, please -- and maybe I'm off  
base  
7 on how I'm understanding your question.

8 But we did have a multitude of customers that  
had  
9 load in multiple host utility's area. For example, you  
10 might have one customer that had a peak load of  
11 10 megawatts, which consists of 2 megawatts and one host  
12 utility, 4 megawatts in another and 4 megawatts in another  
13 host utility. And each of those host utilities may have  
14 varying percentages of existing firm electric service  
15 serving their peak loads.

16 So for that particular applicant that had three  
17 different host utilities, we did do a weighted average of  
18 their -- based on their load -- load ratio sharing each of  
19 host utilities on how much indirect benefit might be going  
20 to that particular applicant.

21 So they took their percentage share of host  
22 utility, one, based on the load that might be in that  
area;  
23 another pro rata host utility, two; and host utility,  
three.

24 So for that particular applicant, you might have one host  
25 utility that has a lot of firm electric service. Might  
have

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1 another host utility that has very minimum firm electric  
2 service, and it's that -- that particular applicant was  
the  
3 weighted average of all that based on the 100 load besides  
4 and the amount of firm electric service in each host  
utility  
5 that calculated that particular applicant's indirect  
benefit  
6 of firm electric service.

7 Now, the second part of your question, I'm not  
so  
8 sure if I gathered it. So if you wouldn't mind repeating  
9 it.

10 MR. CARLSON: Yeah, I can. I think that was a  
11 good answer. That's not the question I was trying to get  
12 to. I think it's a good answer for how would a utility  
that  
13 has load in multiple host utilities, how did you calculate  
14 that. That's a great answer. It's probably an important  
15 answer, but that's not what I was trying to get to.

16 What I was trying to ask is just assume that  
there  
17 is a host utility that has no other applicants in there.  
18 There's got to be some algorithm you utilized to come up  
19 with what is the -- what peak load corresponds to a  
maximum  
20 allocation. That's what I'm trying to understand.

21 So what peak load gets to a spot where you get  
to  
22 the 3-megawatt maximum? Is there -- was there an  
allocation

23 or is there an allocation -- was there an algorithm or is  
24 there an algorithm?

25 MR. SIMONTON: So if you had a host utility or  
in

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1 this case just an applicant, because we're not talking  
2 about -- it doesn't seem like your question has anything  
to  
3 do with indirect benefits filtered down to an applicant.

4           You're talking about an applicant, whether  
they're  
5 a utility or not, what does their peak load have to be to  
6 where the 3-megawatt maximum came into play, and I don't  
7 have the math off the top of my head.

8           If they don't have any existing firm electric  
9 service, which I think was what the question entailed, you  
10 essentially say what is 6.8 percent of that peak load and  
is

11 that larger or smaller than 3 megawatts, and if it's --  
it's  
12 possible that -- in fact, we did have some applicants that  
13 are -- what I would consider to be extremely large loads,  
14 over several hundred megawatts.

15           Let's say, for example, you had a customer of  
16 500 megawatts of peak load and they had no firm electric  
17 service, we may target 6.8 percent of their peak load to  
be  
18 served by firm electric service, but it may only take  
19 1 percent to get that to the maximum 3-megawatt  
allocation.

20           So there are some applicants that if they are  
21 larger may not get to the 6.8 percent based on the  
22 application of the 3-megawatt maximum application. So  
23 hopefully that's a little bit more in-tune to what you're

24 seeking.

25 MR. CARLSON: Yeah, you're right on track. I

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1 think that the information that was requested earlier that  
2 we would like to see the same information will tell us how  
3 that all calculation rolled out in our application, which  
4 would be great, so if we could get that provided.

5 One other question on the proposed allocations.

6 You talk about that when the -- when the host utility has  
an  
7 applicant within its service territory, that those -- that  
8 peak load was reduced and then that -- that applicant's  
load  
9 was evaluated for whether or not it could get an  
allocation.

10 And so that's -- that's to ensure the same load wasn't  
11 considered in multiple applications.

12 If that -- that entity's application was  
rejected,  
13 meaning no allocation was made, did you then go back and  
add  
14 that peak load back into the -- the host utility's  
15 application to ensure that at least all of the load was  
16 considered either in one place or the other?

17 MR. SIMONTON: No, we only did one run of the  
18 consideration of that particular load. So in this case,  
we  
19 would have reduced the host utility by the customer of  
that  
20 host utility's peak load that was submitted, but there was  
21 not a second consideration to say: Was that customer of  
the  
22 host utility successful or not and if they were

23 unsuccessful, to add the load back to the host utility.

and

24 That -- that -- our reiteration process begins and ends

25 that -- and that spectrum did not -- did not occur.

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1                   MR. CARLSON: So another way to say that is that  
2                   in the event that somebody was rejected for whatever  
reason  
3                   and their application was rejected, then that load was  
4                   removed from the host utility and not considered in the  
5                   application process?

6                   MR. SIMONTON: I would say that the load was  
7                   considered in the application process. It was considered  
load.  
8                   for the customer that claimed responsibility for that  
9                   So it was considered and only considered once. It was not  
10                  considered then added back to the host utility and  
11                  considered again.

12                  Conversely, with any other unsuccessful proposed  
load  
13                  allottee or any other unsuccessful applicant, if their  
14                  was not successful based on a minimum allocation or, you  
15                  know, firm electric service, that that load was not  
16                  recalculated anywhere else or other distributions were  
17                  considered.

18                  It was the load was looked at once and no  
metered  
19                  process was used to add the load back in for a second  
20                  consideration for that particular load.

21                  Any further questions?

22                  MR. CARLSON: Thank you.

23                  MR. SIMONTON: Any other questions?

24                  (Pause.)

25

MR. SIMONTON: Again, here is my contact

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party  
on,  
our

1 information. If you're not already on our interested  
2 list and that's something you would like to be included  
3 please touch base with me and I'll be sure to get you on  
4 interested party's list. Seems like we may have some  
5 follow-up with individual allottees or applicants on their  
6 particular information.

7 And I guess with that, I'll hand it back over to  
8 Doug.

9 MR. HARNESS: Thank you, Mike. Well, we  
10 appreciate everybody coming this afternoon and thank you  
for  
11 not only coming, but for participating.

12 Hopefully, we got some more useful information  
out  
13 for all of you. We would ask that if you haven't already  
14 done so, please sign the attendance roster so we have an  
15 accurate accounting of who was here today. And with that,  
16 again, thank you very much. We're off the record.

17 (Whereupon, the proceedings concluded at 1:53  
18 p.m.)

19 \* \* \* \* \*

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sworn

I, CHRISTINE JOHNSON, having been first duly

and appointed as Official Court Reporter herein, do hereby  
certify that the foregoing pages, inclusive, constitute a  
full, true and accurate transcript of all the proceedings  
had in the above matter, all done to the best of my skill  
and ability.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Christine Johnson, RPR, RMR  
Certified Court Reporter No. 50383

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