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THE UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
PHOENIX AREA OFFICE

PARKER-DAVIS PROJECT  
APPLICATION OF POWER MARKETING INITIATIVE  
PUBLIC INFORMATION FORUM  
(To Post - 2008 Remarketing Effort)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Phoenix, Arizona  
October 9th, 2002  
1:00 o'clock p.m.

PREPARED BY: CHRISTINE JOHNSON, RPR  
CERTIFIED COURT REPORTER #50383

PREPARED FOR: BRUSH & TERRELL  
Court Reporters  
WESTERN AREA POWER ADMINISTRATION 23331 N. 90th Drive  
Peoria, Arizona 85323  
(623) 561-8046

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1           Be it remembered that heretofore on October 9,  
2 2002, commencing at 1:00 p.m., at the Western Area Power  
3 Administration, 615 South 43rd Avenue, Phoenix, Arizona, the  
4 following proceedings were had, to wit:

5

6

7 WESTERN AREA POWER ADMINISTRATION

8 APPEARANCES:

9

MR. DOUGLAS N. HARNESS  
Office of General Counsel

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MR. ROY TINSLEY  
Project Manager, Western Area Power  
Administration

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1	I N D E X	
2		
3	OPENING REMARKS	Page
4	BY MR. DOUGLAS HARNESS	4
5		
6		
7		
8	COMMENTS	
9	BY MR. MICHAEL CURTIS	7, 16
10	BY MR. ROBERT LYNCH	12
11	BY MR. JIM TRANGSRUD	16
12	BY MR. LELAND GARDNER	17
13	BY MR. GERALD LOPEZ	18
14		
15		
16		
17		
18		
19		
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22		
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1           MR. HARNESS: All right. Well, let's get started.  
2 Can everybody hear me okay? We do have a microphone, but  
3 I'm going to try not to use it 'cause I don't know that we  
4 need it, but certainly anybody that has problems hearing me,  
5 let me know and I'll either speak up or go to the mike.

6           Anyway, good afternoon, everyone. Welcome to  
7 today's Public Comment Forum. I'm Doug Harness. I'm an  
8 attorney with Western Area Power Administration from our  
9 office in Lakewood, Colorado.

10           The purpose of this Public Comment Forum is to  
11 give interested parties the opportunity to make oral  
12 presentations or submit written comments for the record on  
13 Western's proposal to apply the Power Marketing Initiative  
14 of Western's Energy Planning and Management Program to  
15 Parker-Davis firm electric service commitments beyond  
16 September 30th, 2008.

17           Western's proposal would create a resource pool of  
18 six percent of available Parker-Davis resources for  
19 allocation to new customers and would extend 94 percent of  
20 the current Parker-Davis customers contractual entitlements  
21 to firm Parker-Davis resources for 20 years beyond September  
22 30th, 2008.

23           In addition to today's Forum and the forum that  
24 will be held tomorrow in Ontario, written comments may be  
25 submitted at anytime during the comment period that ends

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1 November the 6th, 2002.

2           These comments should be sent to Mr. J. Tyler  
3 Carlson, Regional Manager of Western's Desert Southwest  
4 regional office at post office box 6457, Phoenix, Arizona,  
5 85005-6457.

6           Comments may also be submitted by fax to the  
7 following phone number, area code 602(352-2490) or by e-mail  
8 to the e-mail address of "post2008PDP@WAPA.gov." All  
9 comments must be received by 5:00 p.m. local Phoenix time on  
10 November 6th to be considered.

11           All written comments received by Western will be  
12 posted on Western's website at the end of the comment  
13 period.

14           A verbatim transcript of today's Forum is being  
15 prepared by our court reporter. Everything said while we  
16 are in session today, together with all exhibits, will be  
17 part of the official record.

18           Copies of today's transcript and, for that matter,  
19 all of the comment forum transcripts, will be available to  
20 anyone who would like a copy upon payment of the required  
21 fee to the court reporter.

22           The court reporter's name and address, telephone  
23 number are available upon request. Copies of the transcript  
24 and the exhibits will be available for review here at the  
25 Desert Southwest office in Phoenix.

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1 All comments made to today should be relevant to  
2 the proposed action, which is: One, the application of the  
3 Power Marketing Initiative to the Parker-Davis Project; two,  
4 the size of the resource pool to be available to new  
5 customers; and, three, the percentage of resources to be  
6 extended to existing customers.

7 As a moderator, I reserve the right to disallow  
8 any comments that are not -- that are not relevant to these  
9 subjects.

10 We would ask that if you have any relevant  
11 materials to be introduced in the record, that you provide  
12 them to the court reporter and she'll assign a Exhibit  
13 Number.

14 After the close of the public comment period,  
15 Western will review all of the information, comments and  
16 exhibits that have been received with regard to the  
17 proposal. Western will then announce a decision in the  
18 "Federal Register."

19 Comments made during this public process will be  
20 discussed in this announcement.

21 I will proceed today -- we did have a speaker list  
22 at the outside of the room where the attendance roster was,  
23 and we'll proceed down that list, which won't be a long  
24 procession since we only have one name. And then we'll -- I  
25 guess we'll open the floor to anybody else who would like to

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1 make comments.

2 MR. CURTIS: Not if they didn't sign in.

3 MR. HARNESS: So also please keep in mind that  
4 Western has no presentation today and will not be answering  
5 any questions. We're simply here to listen to your  
6 comments.

7 So with that, unless anyone has any procedural  
8 questions, we will start with our speaker who signed up.  
9 That's Mr. Curtis. And you can either come up, if you'd  
10 like to use the microphone, or stay where you are.

11 MR. CURTIS: I'd like to choose the appropriate  
12 distance from the appropriate people before I make my  
13 remarks.

14 My name is Michael Curtis and I will -- I'm  
15 Executive Secretary of the Arizona Municipal Power Users  
16 Association. I'm here particularly on behalf of certain  
17 dispossessed people who are preference customers without any  
18 preference power and those who have insufficient allocation  
19 of preference power, such as the Avra Valley Irrigation and  
20 Drainage District, the Cotaro-Marana Irrigation District,  
21 the Hohokam Irrigation District, the Page Electric Utility  
22 Authority.

23 Other members of our association have no  
24 Parker-Davis such as the City of Williams, Arizona, City of  
25 Safford, also members of -- members of ours, such as the



1 White Mountain Apache Tribe and Navapache Electric don't  
2 have any Parker-Davis.

3           You have asked that there be three particular  
4 comments made concerning the Power Marketing Initiative, the  
5 size of the pool and percentage of existing contracts to be  
6 renewed. And you've said you have no precommitments and,  
7 therefore, at the outset, I'd like to say that it is the  
8 position of the people whom I indicated I was speaking for  
9 today that your available resource, under the concept of  
10 marketing surplus Parker-Davis is too small to do justice to  
11 a sufficient number of people, and that there may be an  
12 alternative that would result in there not be a necessity of  
13 even having a resource pool might be able to even extend  
14 contracts while still increasing the number of participants.

15           The problem with Parker-Davis, as much as it is  
16 very unique, because under the Gila Project Act and the Yuma  
17 Project Act and the Parker and Davis Acts, the generation is  
18 dedicated to the needs of reclamation to fulfill certain  
19 functions and, therefore, it's only the surplus that is  
20 marketed.

21           And in the marketing of that surplus, there are  
22 many who have needs, but the manner in which you have  
23 proposed to address those needs is, in the opinion of the  
24 people that I indicated, insufficient.

25           What you should consider is not doing the PMI, not

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1 doing the Power Marketing Initiative and do a reallocation.  
2 The reallocation should be a fresh look, and there are some  
3 fresh looks that should be closely examined.

4           Your resource pool is some ten or 15 megawatts.  
5 But before you ever got to the resource pool, if you were to  
6 look at the history, for instance, of our friends from the  
7 Imperial Irrigation District that have a 30-megawatt  
8 allocation from years ago, but that's because no one ever  
9 closely examined the language of the allocation, which  
10 indicated that their 30 megawatts was only for so long as  
11 Pilot Knob had not been built and was not operational, not  
12 whether it was in operation, but operational. At which  
13 time, 50 megawatts was to come back to the then Bureau.  
14 Now, Bureau Western.

15           So depending on how you look at it, you now have a  
16 resource availability of perhaps 30 megawatts.

17           Now, that's 30 new customers, one megawatt a  
18 piece, but, unfortunately, you're talking now about a  
19 resource pool that may cause other customers to lose some.

20           But then again, if you look at the concept of  
21 those who are entitled to Hoover, certainly in Nevada,  
22 Arizona, they're entitled to Hoover as agencies of the  
23 state, and there is no restriction on resale.

24           But if you look at our friends -- my dear friend,  
25 Jerry Lopez, whom I've enjoyed company with for many years,

1 and I do not mean this in a -- anything other than a  
2 professional sense now -- I think two of his seven customers  
3 aren't preference, and I think that remarketing of  
4 Parker-Davis has a scarce resource that should go to the  
5 preference customers that you might find that now you have a  
6 pool of 40 to 45 megawatts, but you still have to take  
7 something away from somebody, a bunch of other small  
8 entities that perhaps can illafford to have any reductions.

9           So if you just forgot the six percent pool and  
10 just accumulated some 30 megawatts, Western could do the  
11 greatest good for the greatest number. You could have  
12 potentially 30 new entities, each one of which could have a  
13 megawatt or some semblance thereof.

14           The existing customers, with two exceptions, which  
15 historically I think are -- their allocations are not  
16 validly based on premise -- but with those two exceptions,  
17 you would have done the equivalent of a Lord feeding the  
18 multitude with the seven loaves and seven fishes, and I  
19 think that that is truly the task of Western is to figure  
20 out how to remarket the Parker-Davis looking at a way in  
21 which they could do the greatest good with the least injury  
22 under the circumstances.

23           The bigger resource base, no harm to others.  
24 There are some entities that only have a megawatt. How  
25 would you take the six percent away from them? Disasterous

1 effects on their economics.

2 Take Wickenburg. The loss of anything -- or  
3 perhaps Fredonia. The loss of anything would be terribly  
4 hurtful and damaging.

5 And yet if you were able to create using your  
6 powers of historical research analysis and the discretion of  
7 the administrator and looking out for the broadest interests  
8 of the people's of the United States, including the Indians  
9 and non-Indians, you could bring as many as 20 or 30 new  
10 entities under the umbrella of the federal bounty, and we  
11 think that you should seriously consider doing that, rather  
12 than simply reshuffling a stale deck and automatically  
13 renewing the deck less than six percent because the six  
14 percent is rather meaningless, given the need out there.

15 We think that the comments we've made indicate  
16 that there needs to be no harm and no loss to 98 percent of  
17 the Parker-Davis customers, and we think that the source to  
18 which we have directed your attention, the sources, too, are  
19 such that they historically have not a strong claim.

20 I'm sorry I'm not available for questions, and I  
21 would probably like to move now to the back of the room  
22 closest to the door. Thank you.

23 MR. HARNESS: All right. Thank you. Like I said,  
24 nobody else signed up on the speaker list, but obviously I  
25 don't want to bar anybody for that reason. So the floor is

1 now open.

2 Would anybody like to make any comments?

3 Mr. Lynch?

4 MR. LYNCH: I'm Bob Lynch. I'm an attorney here  
5 in Phoenix and I'm here on behalf of Electrical District  
6 Number Three and the City of Needles, both contractors for  
7 Parker-Davis cob.

8 We support this process. We believe it should go  
9 forward. You're talking about 243 megawatts as the "Federal  
10 Register" notice acknowledges. It's a very small resource.  
11 It's already spread very thin. And the concept of  
12 remarketing it, which I will get to a little later, we do  
13 not believe makes any sense.

14 The "Federal Register" notice talked about the  
15 applicability of this process under your regulations. It's  
16 our position that the concept of applicability, under the  
17 PMI regulations, means how, not whether.

18 There is no rational basis for a class that would  
19 exclude Parker-Davis Project customers from treatment under  
20 these regulations and no criteria for classification, other  
21 than compliance with IRP rules and not to treat Parker-Davis  
22 under these rules would be arbitrary and capricious and  
23 abusive discretion.

24 We believe the 20-year term is not a matter for  
25 debate; that the rules applied to the 20-year term is

1 automatic under those rules as written. Given this small  
2 resource, we think Western should consider reducing the  
3 reserve pool to five percent from six percent. We're  
4 talking about 14 and a half megawatts. You're talking about  
5 possibly reducing that to 12 or ten.

6 Mr. Curtis made the point that there are some  
7 contractors who can't afford to lose any right now and yet  
8 they will under this process.

9 The City of Needles is in the same boat as  
10 Wickenburg or other small contractors for whom this is the  
11 primary resource or very significant part of their existing  
12 resource base.

13 However this happens, whether it is four or five  
14 or six percent, it's going to hurt, and it's going to hurt  
15 in small communities and in rural areas the most where  
16 people can lose the fort.

17 So we think that modeling this pool more or less  
18 after Pick-Sloan in terms of the six percent figure is -- is  
19 too high.

20 Also, we think that the reserve pool should come  
21 from the withdrawable portion of any contractor's allocation  
22 that has withdrawable power.

23 If memory serves me, the last withdrawal was done  
24 in -- at the time of the 1984 marketing criteria. It's been  
25 at least 15 years since there's been a withdrawal for the

1 priority uses articulated in the marketing criteria.

2 In short, those priority uses have been satisfied  
3 by the power pool of 40 and a half megawatts that is  
4 dedicated currently to priority use.

5 And in the future, there will be less water  
6 drainage pumping necessary in the Yuma Valley because water  
7 that is currently going to the All-American Canal and is  
8 released from Parker Dam will be taken out by -- met under  
9 the California four-four plan.

10 There doesn't seem to be any particular basis in  
11 that the future for increased power need before those  
12 priority uses in the last 15 years, at least, have  
13 demonstrated that these loads are covered.

14 So at the very least, it would hurt -- it would  
15 not hurt Western's flexibility or the Bureau's to take the  
16 percentage share, whatever it is, four, five or six out of  
17 the withdrawable portion and then redesignate it as  
18 nonwithdrawable. So that the people getting this new  
19 resource, you're getting nonwithdrawable power.

20 I don't want to suggest that they should get  
21 withdrawable power. That bag is -- that's a mixed bag in  
22 the current allocation as it is.

23 But I think that Western would be fully justified  
24 in working with the Bureau to have that portion of the  
25 reserve pool reclassified as nonwithdrawable without

1 damaging any -- any future flexibility or operational  
2 considerations.

3           As I say, the 15-year history of -- in the last 15  
4 years of power loads show that this large withdrawable  
5 designation is really unnecessary. This is -- just a small  
6 piece of that could be taken care of in any event.

7           Concerning remarketing, I want to remind you that  
8 the marketing area is the same as for Hoover, Southern  
9 Nevada, Arizona, all of Southern California. It's noted  
10 people in the room who will be competing for that resource.

11           And as small as it is, people will come out of the  
12 woodwork if they believe that the entire resource is up for  
13 grabs.

14           And the kind of damage that that will do to the  
15 peoples' whose economy have come to depend on this resource  
16 is just obvious.

17           The -- there's not enough power to go around  
18 admittedly and there isn't sufficient of this resource to go  
19 around.

20           And what Western is doing is the appropriate  
21 thing, under the circumstances, in extending these contracts  
22 and with the reserve pool.

23           Remarketing will turn into a feeding frenzy, and  
24 that's not in the public interest.

25           Thank you for the opportunity to comment, and I

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1 will be submitting written comments prior to the close of  
2 the record.

3 MR. HARNESS: Yes, Mr. Curtis?

4 MR. CURTIS: On behalf of Wickenburg, my name is  
5 Michael Curtis. We have a megawatt of withdrawable power.  
6 We would prefer -- Wickenburg would prefer not to ever  
7 experience that withdrawal and believes that if there were a  
8 larger resource base of some 30 megawatts from which to  
9 satisfy in the discretion and reasonable exercise of the  
10 learned discretion of Western and its administrator, that if  
11 they could figure out how to divide that up, it would  
12 hopefully then be unnecessary for Wickenburg to have to  
13 either contribute to a percentage pool or suffer the  
14 withdrawal, keeping in mind mind that all of the  
15 Parker-Davis generation is subject to withdrawal.

16 And there is no such thing, to our understanding,  
17 with the exception of half of Parker that goes to MWD, our  
18 research indicates there is no such thing of a resource  
19 called nonwithdrawable Parker-Davis. Thank you.

20 MR. HARNESS: Okay. Thank you.

21 Anyone else?

22 MR. TRANGSRUD: Jim Trangsrud with Salt River  
23 Project. We do support the application of the PMI and  
24 applicability of the PMI to the Parker-Davis process.

25 We support the 20-year contract extension to

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1 existing customers and the 94 percent of the resource to the  
2 existing customers and the creation of the six-percent pool  
3 as outlined for new customers.

4 MR. HARNESS: Thank you.

5 Next? Anyone else wanting to make -- to make any  
6 comments today?

7 Oh, yes.

8 MR. GARDNER: My name Leland Gardner on behalf of  
9 the Colorado River Indian Tribes. We are here to just bring  
10 a special situation to the attention of Western.

11 We applied for the CRITS power and received an  
12 allocation to the -- to be effective in 2004.

13 We applied by citing our total load on the  
14 reservation, but Western denied to recognize the load  
15 located in the California part of the reservation and so the  
16 allocation that we received was based only on Arizona loads.

17 This cut off about half of the residential  
18 customers on the reservation.

19 In its final allocation, Western -- and I assume  
20 this was the Salt Lake City division of Western -- said that  
21 we could look to Parker-Davis for the load that was not  
22 covered.

23 So we are here to remind this office of Western  
24 that we would like that -- that little promise to be  
25 recognized when Parker-Davis is allocated.

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1 Thank you very much.

2 MR. HARNESS: Before we proceed, can you folks  
3 over here on this side hear well? Okay. It may be too late  
4 for that, but --

5 Okay. Anyone else like to make any comments?

6 Okay. Seeing as -- I guess, Mr. Lopez would. Please.

7 MR. LOPEZ: Thank you very much. I just have two  
8 comments, please. We believe the State of Nevada is in  
9 crowded company among preference customers who resell  
10 federal power to end users might not themselves be  
11 considered a preference entity under the federal reclamation  
12 law.

13 That does not violate the preference clause and  
14 that opinion is expressed in the decision of the Comptroller  
15 General of the United States dated May 1 of 1980.

16 I would also like to suggest to Western, in fact,  
17 ask Western to allow interested parties a short but  
18 reasonable time to respond to any written comments that are  
19 submitted on or before November 6th.

20 I understand that the procedure that you plan to  
21 follow, at this point, is to publish all written comments  
22 together with Western's responses.

23 We believe Western's responses could be helped if  
24 interested parties were allowed to reply to any written  
25 comments that might require such a response. We would ask

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1 for a short but reasonable time to respond to any written  
2 comments.

3 Thank you.

4 MR. HARNESS: Thank you.

5 Anyone else like to make any comments?

6 MR. CURTIS: Aren't you glad I was here? No one  
7 would have said anything.

8 MR. HARNESS: To those who attend, speak what  
9 they'd like to say. So all right. Last chance. Okay.

10 I don't see anyone else indicating that they would  
11 like to make any comments. So we'll wrap things up.

12 Certainly would like to thank you all for coming  
13 today. We appreciate your attendance and participation. We  
14 would ask that if you haven't already done so, that you'd  
15 sign the attendance roster that was just outside the door in  
16 the hallway so we have an accurate record of who was here  
17 today and would remind you that the comment period does  
18 close again on November the 6th.

19 So, again, thank you so much for all the comments  
20 and your attendance and we're done.

21 (Whereupon, the proceedings terminated at 1:45  
22 p.m.)

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I, CHRISTINE JOHNSON, having been first duly sworn and appointed as Official Court Reporter herein, do hereby certify that the foregoing pages numbered from 2 to 19, 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 15th day of October, 2002.

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