

WESTERN AREA POWER ADMINISTRATION

BOULDER CANYON PROJECT  
FISCAL YEAR 2023 BASE CHARGE AND RATES  
PUBLIC COMMENT FORUM

Lakewood, Colorado

Monday, June 13, 2022

ANDERSON COURT REPORTING  
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Alexandria, VA 22314  
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PARTICIPANTS:

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## P R O C E E D I N G S

(11:00 a.m.)

MR. GORLIN: All right, let's get started.

Good morning, everyone. Welcome to our Public Comment Forum for the Boulder Canyon Project. My name is Dave Gorlin. I'm an attorney with the Western Area Power Administration from our headquarters office in Lakewood, Colorado. I'll be the moderator of this forum. This Webex is being recorded for transcription purposes. The recording may be posted on DOE or WAPA's website or used internally. If you do not wish to have your voice recorded, please do not speak during the call or disconnect now. If you do not wish to have your image recorded, please turn off your camera or participate only by phone. If you speak during the call or use a video connection, you are presumed to consent to the recording and to the use of your voice or image. You will, of course, have an opportunity to submit written comments, if you decide not to speak during this comment forum.

The purpose of this forum is to give interested parties the opportunity to make oral

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presentations and comments for the record on the Boulder Canyon Project proposed formula rates for electric service and the proposed base charge for fiscal year 2023. At the Public Information Forum, attendees asked questions which required more detailed responses and additional comments were received after the Public Information Forum. The responses to these comments are posted on WAPA's website at [www.wapa.gov/regions/dsw/rates/pages/boulder-canyon-rates.aspx](http://www.wapa.gov/regions/dsw/rates/pages/boulder-canyon-rates.aspx). And that website is also posted in the chat box. Thank you, Tina. WAPA has addressed all comments received to date. Today's forum is for any additional comments on our posted responses.

A verbatim transcript of this forum will be prepared by our transcription service. Everything said while we were in session today will be part of the official record. Copies of the transcripts and the complete record of the public process will be available for review at the Desert Southwest Regional Office at 615 South 43rd Avenue in Phoenix, Arizona 85009. All presentations and comments at this forum should be relevant to the proposed renewal of the formula rates

and the proposed FY 2023 based charge for the Boulder Canyon Project. As the moderator, I reserve the right to disallow any presentations or comments which are not relevant to the subject matter of this form. You may email to WAPA any materials to be introduced into the record and they will be assigned an exhibit number.

The email address is [dswpwrmrk@wapa.gov](mailto:dswpwrmrk@wapa.gov), and that email address will also be posted in the chat box. After the close of the consultation and comment period, all comments, exhibits and other information received will be reviewed and considered. WAPA will then issue a notice in the Federal Register addressing comments made during the public process. Next slide, please. Thank you, that's it.

I will now open the forum for oral presentations and comments. For those utilizing Webex, you may notify the host via the web chat feature and the host will call on you. Please do not provide your presentations or comments directly in the chat box. You can also use the raise hand feature by clicking the hand icon to the right of your name in the participant window.

If you are only participating by phone, unmute your phone by pressing \*6. After you have been recognized, provide your name and the name of the organization that you represent. Also for transcription convenience, please spell your last name. If you have a copy of your presentation, please email it to dswpwrmrk@wapa.gov. And again, I see Tina's put that email address in the chat box. All right, so at this time, does anyone want to make a presentation or provide comments? I see Gail Bates, you have your hand raised.

MS. BATES: Yes. Thank you. Good morning.

MR. GORLIN: And could you just --

MS. BATES: Yes.

MR. GORLIN: -- Good morning. Could you also just tell us what organization you represent, please?

MS. BATES: Absolutely. My name is Gail Bates. Last name spelled B-A-T-E-S. And I'm the Assistant Director of Hydropower for the Colorado River Commission of Nevada. The CRCNV appreciates the opportunity to participate with WAPA and Reclamation in developing the work plans and budgets for the Boulder Canyon Project. Please accept the following comments

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for consideration for both the FY23 base charges and the BCP formula rate process.

First, let me begin by commending WAPA and Reclamation for their support of the goals set forth in the restated Boulder Canyon Project Implementation Agreement and the committees that were established to provide for the exchange of facts and information avoid disputes and disagreements under the contracts regarding the criteria, policies and procedures by which the project will be operated, maintained and marketed and kept in good repair so that capacity and energy rates will be at the lowest possible cost, consistent with sound business principles. We thank Reclamation and WAPA, first of all, for establishing an ad hoc work group under the Hoover E&OC Committee to address questions, conduct further analysis, and engage in contingency planning related to the drought.

During these unprecedented times of pandemic, drought and energy resource shortages, it is necessary for all parties of the Boulder Canyon Project to remain committed to keeping Hoover Dam in good repair and generating power at the lowest possible cost. We

recognize that Reclamation and WAPA face many challenges, including operating and maintaining aging infrastructure in the face of workforce shortages and inflationary pressures. While we appreciate that WAPA is proposing a small reduction in base charges for FY 2023 compared to FY 2022, the primary reason is because of prior year carryover.

Actual operational expenses are continuing to increase. And even with the reduced base charges, the rate is expected to increase due to lower generation. Reclamation, WAPA, and the contractors of the Boulder Canyon Project must continue to find ways to control expenditures and deliver realistic but -- develop realistic budgets, particularly over the next several years. The CRC understands that the next several years will be difficult ones for Reclamation, WAPA, and the contractors. We remain committed to working in cooperation with our federal partners and fellow contractors to preserve the value of the Boulder Canyon Project for the communities it serves. Thank you for your time.

MR. GORLIN: Thank you very much for your

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comment.

I see we have another hand raised and comment in the chat from Daniel Herder. Mr. Herder, would you like to make make a comment at this time? And again, if you could, just please spell your name and tell us the organization you represent for the record. Thank you.

MR. HERDER: Good morning. Thank you. So first as introduction. Yes, my name is Daniel Herder. Spelled H-E-R-D-E-R. I'm at the law firm of Clark Hill, where I'm an associate for Sheryl Sweeney. We represent five contractors who are under the Arizona Power Authority contract with WAPA for electric service. So we represent and I'm going to go through this for the record, Electrical District Number Seven of Maricopa County, Arizona; Maricopa County Municipal Water Conservation District Number One, Arizona; Roosevelt Irrigation District; Buckeye Water, The Buckeye Water Conservation and Drainage District. So we have, as you touched on, we have received and reviewed the June eight responses by WAPA to comments submitted so far. These comments in part touched on the treatment of RECs.

We commend WAPA for giving additional

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consideration to this important issue. I'd like to add comments on this and regarding the base charge. We are in support of WAPA's indication that the sale or the anticipated sale of RECs that were unclaimed, which was \$800,000 from that would have been added to the fiscal year 2023 calculation have been removed. That would have socialized the benefit of those revenues across all contractors by essentially deducting it from the base charge. And we understand from the response that that is now not part of the calculation. We support this decision because the Arizona Power Authority Contract for Electric Service allows for the base charge to include revenues that are properly attributable to the BCP, whereas in this case RECs are for the benefit of the individual contractor and under the contract these RECs may be utilized by Western or Reclamation for the benefit of the contractor as that's appropriate and feasible. And it's our view that both is clearly true in this case.

It's both appropriate and feasible for these unutilized RECs to be used for the benefit of each individual contractor. Based on the June 8 responses,

it appears that WAPA has reached this conclusion as well, and we look forward to continuing discussion to understand the details of what WAPA proposes for the benefits to be directly attributed to the contractor to which those Reclamation are attached. We ask for additional clarification as appropriate what that system will look like. But we commend and thank Western for issuing these additional responses already. So thank you.

MR. GORLIN: Thank you very much for your comment. So at this time, does anyone else have any additional presentations or comments related to the proposed renewal of the formula rates and the proposed FY23 base charge for the Boulder Canyon Project? So I'm not at this time seeing any hands raised or any further requests for comment in the chat box. But I wanted to offer one more opportunity. Is there anyone else that has additional presentations or comments related to the proposed renewal of the formula rates and the proposed FY23 base charge for the Boulder Canyon Project? Still seeing no hands or no requests for comments in the chat box.

So seeing that no one else has indicated that they would like to present or provide comments during the during the forum. I want to thank everyone for their attendance this morning. Next slide, please. You may also submit written comments on the proposed renewal of the formula rates and the proposed base charge to Scott R. Lund, Acting Senior Vice President and Regional Manager, Desert Southwest Region, Western Area Power Administration by mail to P.O. Box 6457 Phoenix, Arizona 85005-6457 or by email to [dswpwrmrk@wapa.gov](mailto:dswpwrmrk@wapa.gov). Comments must be received by the close of the consultation and comment period on July 12th, 2022. Next slide, please. For further information, please visit WAPA's rate website at [www.wapa.gov/regions/dsw/rates/pages/boulder-canyon-rates.aspx](http://www.wapa.gov/regions/dsw/rates/pages/boulder-canyon-rates.aspx). And again, that website has been posted in the chat box for your reference. Again, thank you very much for your attendance and participation this morning. This forum is now closed. We will go off the record, stop recording and end the Webex session.

(Whereupon, at 11:15 a.m., the  
PROCEEDINGS were adjourned.)

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## CERTIFICATE OF NOTARY PUBLIC

I, Kendra Hammer, do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Nate Riveness

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia