



**Department of Energy**  
Western Area Power Administration  
P.O. Box 11606  
Salt Lake City, UT 84147-0606

OCT 2 2002

Ms. Leslie James  
Executive Director  
Colorado River Energy Distributors Association  
4625 South Wendler Drive, Suite 111  
Tempe, AZ 85282

Dear Ms. James:

Western Area Power Administration (Western) and the Colorado River Energy Distributors Association (CREDA) are parties to Letter Agreement No. 92-SLC-0208, September 24, 1992 (1992 Agreement), which affirms a Statement of Principles regarding "review of financial and work program data related to the SLCA/IP."

Western and the CREDA Operations Committee want to work together to create operational efficiencies and cost-saving measures. Therefore, Western and CREDA have developed the following procedures to further implement the provisions of the 1992 Agreement. Consistent with the provisions of the 1992 Agreement, the following process is implemented:

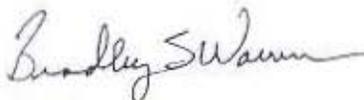
- I. The CREDA Operations Committee and Western agree to meet a minimum of two times each year and at mutually agreed upon dates and locations.
- II. Information to be provided by Western for discussion at CREDA Operations Committee meetings shall, to the extent possible, be made available to the CREDA Operations Committee in advance of a scheduled meeting and shall include, but not be limited to, the following:
  - A. Detailed monthly and seasonal information (dollars and MWH) on wholesale sales, purchases, and Basin Fund balances for the most recent 3 months. The information should include breakout detail showing purchases for firming, Western Replacement Power (WRP), and any other purchases.
  - B. Detailed monthly and seasonal information (dollars and MWH) on projected wholesale sales, purchases, and Basin Fund balances for the upcoming 3 months. The information should include breakout detail showing anticipated purchases for firming, WRP, and any other purchases.
  - C. Costs associated with environmental programs, including firming or replacement purchases, as well as program costs and accounting treatment (reimbursable v. non-reimbursable).
  - D. Hydrologic forecasts reflecting most recent information available.
  - E. Planned/scheduled outage information.

F. Reports from the Aspinall Working Group and other processes relating to Colorado River Storage Project (CRSP) facility planning and operations.

III. The above procedures and process are coterminous with Letter Agreement No. 92-SLC-0208.

Dated as of this 14<sup>th</sup> day of October, 2002.

Sincerely,



Bradley S. Warren  
CRSP Manager

Agreed:



Leslie James, Executive Director  
Colorado River Energy Distributors Association



# CREDA

COLORADO RIVER ENERGY DISTRIBUTORS ASSOCIATION

## ARIZONA

Arizona Municipal Power  
Users Association  
Arizona Power Authority  
Arizona Power Pooling Association  
Irrigation and Electrical  
Districts Association  
Navajo Tribal Utility Authority  
(also New Mexico, Utah)  
Salt River Project

## COLORADO

City of Colorado Springs  
Plate River Power Authority  
Tri-State Generation &  
Transmission Cooperative  
(also Nebraska, Wyoming)

## NEVADA

Colorado River Commission  
of Nevada  
Silver State Power Association

## NEW MEXICO

Farmington Electric Utility System  
Malas Electric Generation &  
Transmission Cooperative  
(also Arizona)  
City of Truth or Consequences

## UTAH

Intermountain Consumer Power  
Association (also Arizona, Nevada)  
City of Provo  
Strawberry Electric Service District  
Utah Municipal Power Agency

## WYOMING

Wyoming Municipal Power Agency

## CLIFFORD BARRETT

Executive Director  
One Utah Center, Suite 900  
201 South Main St.  
Salt Lake City, Utah 84111  
Phone 801-350-9050  
Fax 801-350-9051

September 29, 1992

### MEMORANDUM

RE: Cost Review Procedures for CRSP Rates

On September 24, 1992, representatives of the Salt Lake City Area Office of the Western Area Power Administration, the Upper Colorado Regional Office of the Bureau of Reclamation and the Colorado River Energy Distributors Association executed a letter agreement implementing procedures for customer review of CRSP costs. Customers will be provided detailed cost information on a semi-annual basis and may challenge costs with which they disagree. Disputes will be settled by negotiation in the first instance but can be resolved under the Administrative Dispute Resolution Act of 1990 which includes arbitration. Western and Reclamation will use their best efforts to convert the procedures into regulations and will also cooperate with CREDA to implement alternative dispute resolution procedures for handling any unresolved CRSP rate issues before FERC.

The following outline describes the agreement which is set forth in Western's Letter Agreement No. 92-SLC-0208 dated September 24, 1992, a March, 1992 Statement of Principles and the Joint Procedures. A copy of each document is attached.

### COST REVIEW LETTER AGREEMENT AND JOINT PROCEDURES

#### I. Overview

- A. Western, Reclamation and CREDA reaffirm their March, 1992 Statement of Principles in which they commit to share and discuss with Colorado River Storage Project ("CRSP") customers information relating to the costs of Salt Lake City Area Integrated Projects ("SLC/IP") and to resolve disputes over such costs, including using arbitration under the Administrative Dispute Resolution Act of 1990 (Pub. L. No. 101-552, 104 Stat. 2736) (the "ADR Act") (Letter Agreement ¶1).

- B. Western and Reclamation will utilize certain agreed upon procedures (the "Joint Procedures") to implement the Statement of Principles and to establish the manner in which the CRSP customers will be able to review cost information (referred to as "Work Program Information") for setting CRSP power rates (Letter Agreement ¶5).
- C. Western and Reclamation will use their best efforts to expeditiously implement the Joint Procedures in the form of regulations (Letter Agreement ¶2).

## II. Work Program Information To Be Supplied To Customers

- A. Definition: Specified cost information and back-up material (Section 2 (h) and (k)) for the most recent completed fiscal year, the current fiscal year and the next five fiscal years, broken down by program element (O&M, construction, replacements, environmental studies, overheads, etc.) (Section 2 (g) and (j)), whether reimbursable or non-reimbursable.
- B. Work Program Information will be made available semi-annually (Section 3 (a) and (b)).
- C. Customers, Western and the Reclamation will confer about Work Program Information and customers may review documentation and records underlying Work Program Information (Section 3 (c)).
- D. Customers may challenge costs and Western and the Reclamation must respond in writing (Section 3 (c), (d) and (e)).

## III. Use of Work Program Information In Power Repayment Studies

- A. Western will use the Work Program Information to prepare power repayment studies for long term firm power rates (Section 4(a)).
- B. Customers are bound by any resolution of a dispute that they reach with Western under the Joint Procedures relating to Western Work Program Information (Section 4(b)) but otherwise may challenge rates at FERC. Customers may challenge Reclamation Work Program Information later in court provided they first avail themselves of the remedies under the Joint Procedures (Section 4(c)).

IV. Dispute Resolution Prior to FERC Rate Filing

- A. Disputes include "disputes or disagreements regarding the Work Program Information, including...how such information should be utilized in the ratemaking process" (Section 5(a)).
- B. Disputes must first be presented to the Administrator of Western or the Commissioner of the Bureau of Reclamation, as the case may be (Section 5(a)).
- C. Disputes over Work Program Information will be resolved by discussion among the parties (Section 5(a) and (b)) and ultimately, if requested by the customer and agreed by the government, through arbitration under the ADR Act (Section 5(a) and (c)).

V. Dispute Resolution After FERC Rate Filing.

- A. Customers preserve their rights to challenge Western and the Reclamation in FERC and elsewhere within the terms of the Joint Procedures (Sections 4 (b), (c) and 5(b)).
- B. Customers and Western will cooperate to implement Western's commitment in Section IV of the Statement of Principles to pursue dispute resolution techniques authorized by the ADR Act, including arbitration under the ADR Act if requested by a customer, while a rate case is pending at FERC (Letter Agreement ¶4). (The FERC has pending before it a rulemaking in which it will implement the ADR Act. See "Administrative Dispute Resolution Notice of Inquiry," FERC Docket No. RM91-12-000.)



## Department of Energy

Western Area Power Administration  
P.O. Box 11606  
Salt Lake City, UT 84147-0606

SEP 24 1992

Letter Agreement No. 92-SLC-0208

Mr. Roland Robison  
Regional Director  
Bureau of Reclamation  
Upper Colorado Region  
P.O. Box 11568  
Salt Lake City, UT 84147

Dear Mr. Robison:

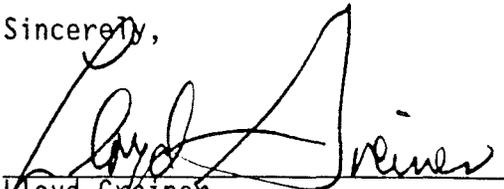
The Salt Lake City Area Office of Western Area Power Administration ("Western"), the Upper Colorado Regional Office of the Bureau of Reclamation ("Reclamation"), and the Colorado River Energy Distributors Association ("CREDA") recently exchanged letters stating their concurrences with a Statement of Principles aimed at working toward implementing procedures for customer review of financial and work program data relating to power rates of the Salt Lake City Area Integrated Projects (SLCA/IP). The purpose of this letter agreement is to implement the Statement of Principles by adoption of Joint Procedures on an interim basis pending development of regulations to generally apply the procedures envisioned in the Statement of Principles. To this end, Western, Reclamation, and CREDA on behalf of its members (collectively the "Parties") agree as follows:

1. The Parties hereby reaffirm the attached Statement of Principles to govern customer review of financial and work program data relating to SLCA/IP;
2. Western and Reclamation shall use their best efforts to expeditiously implement the attached Joint Procedures, as may be amended, for the review of work program information by customers of the SLCA/IP in the form of regulations adopted pursuant to the Administrative Procedures Act;
3. Western recognizes that the attached Joint Procedures do not yet contain a provision to implement Western's commitment in Section IV of the Statement of Principles to utilize alternative dispute resolution procedures before the Federal Energy Regulatory Commission ("FERC"), including arbitration if requested by a customer, but Western will cooperate with CREDA to implement this commitment once the FERC issues its anticipated rulemaking implementing the Alternative Dispute Resolution Act of 1990;
4. Western, Reclamation, and CREDA recognize that the attached Joint Procedures are being implemented on an initial basis and will cooperate with each other to identify and resolve problems which arise under operation of the Joint Procedures; and

5. The Parties shall utilize from the date of this agreement the attached Joint Procedures, as may be amended, on an interim basis until regulations envisioned in paragraph 2 above are adopted.

Dated as of this 24th day of September, 1992.

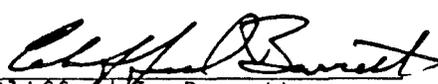
Sincerely,

  
Lloyd Greiner  
Area Manager  
Western Area Power Administration

Agreed:

  
Roland Robison  
Regional Director  
U.S. Bureau of Reclamation

Agreed:

  
Clifford I. Barrett  
Executive Director  
Colorado River Energy  
Distributors Association

cc:

Mr. Don Allen  
Duncan and Allen  
1575 Eye Street, NW  
Washington, DC 20005-1175

August 14, 1992

JOINT PROCEDURES FOR REVIEW OF  
WORK PROGRAM INFORMATION BY CUSTOMERS OF THE  
SALT LAKE CITY AREA INTEGRATED PROJECTS

1 Section 1 Preamble

2 (a) The Secretary of Energy, acting by and through the  
3 Administrator of the Western Area Power Administration  
4 (Western), pursuant to § 302 of the Department of Energy  
5 Organization Act, 42 U.S.C. § 7152, and acts amendatory  
6 thereof or supplementary thereto, and the Secretary of the  
7 Interior, acting by and through the Commissioner of the Bureau  
8 of Reclamation (Reclamation), pursuant to § 10 of the  
9 Reclamation Act of 1902, 43 U.S.C. § 373, and acts amendatory  
10 thereof or supplementary thereto, are authorized to adopt  
11 procedures affecting the Colorado River Storage Project  
12 (CRSP), the Collbran Project, the Provo River Project, the Rio  
13 Grande Project, and the Colorado River Basin Salinity Control  
14 activities. Western administratively defines the  
15 consolidation of the CRSP, Collbran Project and Rio Grande  
16 Project for power marketing and ratemaking purposes as the  
17 Salt Lake City Area Integrated Projects (SLCAIP).

18 (b) In accordance with the authorities cited in  
19 subsection (a), Western and Reclamation adopt these Joint  
20 Procedures to afford power Customers of the SLCAIP an

1 opportunity to review and comment on Western's and  
2 Reclamation's Work Program Information.

3 (c) Nothing in these Joint Procedures shall be deemed to  
4 diminish Western's or Reclamation's administrative  
5 responsibilities and authorities.

6 Section 2 Definitions

7 The following terms, when used in these Joint  
8 Procedures, shall have the following meanings.

9 (a) Completed Year shall mean the fiscal year  
10 immediately preceding the Past Year.

11 (b) Current Year shall mean the fiscal year preceding  
12 the Planning Year.

13 (c) Customer shall mean any entity with whom Western  
14 contracts to sell long-term firm electric power and energy  
15 from the SLCAIP.

16 (d) Out Year shall mean any fiscal year following the  
17 Planning Year.

18 (e) Past Year shall mean the fiscal year immediately  
19 preceding the Current Year.

20 (f) Planning Year shall mean the fiscal year which ends  
21 in the calendar year two years after the current calendar year  
22 and is the year of the Work Program Information being reviewed  
23 by the Customers.

1 (g) Reclamation Program Elements shall mean:

- 2 (1) Operation and maintenance;  
3 (2) Replacements (both capitalized and  
4 expensed);  
5 (3) Capital additions (both capitalized  
6 and expensed);  
7 (4) Extraordinary maintenance (both  
8 capitalized and expensed);  
9 (5) Environmental studies;  
10 (6) Construction; and  
11 (7) Overheads, to the extent such  
12 information is separately available.

13 (h) Reclamation Preliminary Work Program Information  
14 shall mean:

- 15 (1) Work Program Information for the Planning  
16 Year.1/ This should include information pertaining to the  
17 Completed Year,2/ Past Year,3/ the Current Year,4/ the  
18 Planning Year and forecasts for the first, second and third  
19 Out Years5/ immediately following the Planning Year.

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20 1/ Presently this would be FY 1994.

21 2/ Presently this would be FY 1991.

22 3/ Presently this would be FY 1992.

23 4/ Presently this would be FY 1993.

24 5/ Presently these would be FY 1995, 1996 and 1997.

1           (2) Reclamation's narrative description of the  
2 changes and reasons for changes between the Current Year and  
3 the Planning Year.

4           (3) The documents and analyses for the Planning  
5 Year relating to major O&M work and new construction work  
6 which are used by Reclamation officials to evaluate or justify  
7 such work, to calculate benefit/cost ratios or to compare  
8 alternative means which would accomplish the same purpose.

9 "Major" or "new construction" work for purposes of this  
10 subsection shall mean any work estimated to cost in excess of  
11 \$1,000,000 per individual project, or CRSP Initial Units in  
12 the aggregate, or individual participating project of CRSP.  
13 If such documents or analyses contain an estimate of cost or  
14 other details which, if made available to prospective bidders  
15 would compromise the integrity of Reclamation's public bidding  
16 process, such detailed estimate of cost may be deleted from  
17 the document.

18           (4) Reports or updates to reports of annual costs  
19 (historical and forecast) and any changes in study plans for  
20 environmental studies by contract or function.

21           (i) Reclamation Final Work Program Information shall  
22 mean the documents and analyses available to Reclamation  
23 officials to show changes to the most recently available  
24 Reclamation Preliminary Work Program Information including,  
25 but not limited to, updated versions of documents and analyses

1 comprising the most recently available Reclamation Preliminary  
2 Work Program Information.

3 (j) Western Program Elements shall mean:

4 (1) For operation and maintenance:

5 A. Power Marketing (including  
6 generation, load and purchases);

7 B. Operation and maintenance;

8 C. Extraordinary maintenance;

9 D. Moveable equipment;

10 E. Replacements;

11 F. Capital additions;

12 G. Environmental study costs;

13 H. Cash management and cash  
14 requirements (including interest  
15 and principal repayment);

16 I. General Western Allocation;

17 J. Administrative and general  
18 expenses, to the extent such  
19 information is available; and

20 K. Associated direct expenses, to  
21 the extent such information is  
22 available.

23 (2) For construction:

24 A. Transmission lines;

25 B. Substations;

- 1 C. Other facilities;
- 2 D. Administrative and general
- 3 expenses, to the extent such
- 4 information is available; and
- 5 E. Associated direct expenses, to
- 6 the extent such information is
- 7 available.

8 (k) Western Preliminary Work Program Information shall  
9 mean:

- 10 (1) Information derived from Western's:
- 11 A. Program Schedule Activity
- 12 Reports or the equivalent for
- 13 the Planning Year<sup>6/</sup> relating
- 14 to SLCAIP including information
- 15 pertaining to the Completed
- 16 Year<sup>7/</sup> Past Year,<sup>8/</sup> the
- 17 Current Year,<sup>9/</sup> and
- 18 projections for the first,

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19 <sup>6/</sup> Presently this would be FY 1994.

20 <sup>7/</sup> Presently this would be FY 1991.

21 <sup>8/</sup> Presently this would be FY 1992.

22 <sup>9/</sup> Presently this would be FY 1993.

1 second and third Out  
2 Years;10/ and  
3 B. Facility Data Sheets prepared  
4 for SLCAIP construction  
5 activities in excess of  
6 \$1,000,000 that are planned or  
7 under construction as of the  
8 date when Western's Preliminary  
9 Work Program Information becomes  
10 available.

11 Such information shall be in sufficient detail for  
12 Western officials to evaluate or justify the activities  
13 envisioned to be undertaken, to calculate their benefit/cost  
14 ratios or to compare them to alternative activities which  
15 would accomplish the same purpose; Provided, however, the  
16 information shall not be in such detail that it would  
17 compromise the integrity of Western's public bidding process.

18 (2) The most current Salt Lake City Area  
19 Construction and Rehabilitation Program Ten Year Plan and  
20 equivalent documents for the Loveland and Phoenix areas to the  
21 extent that they contain information pertaining to the SLCAIP.

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22 10/ Presently these would be FY 1995, 1996 and 1997.

1           (3) The most current monthly "Status of Programs"  
2 document for CRSP Construction, CRSP O&M, and Small Programs  
3 (as available).

4           (4) The most current CRSP cash flow tracking  
5 documents including, but not limited to, the document labeled  
6 "CRSP Revenues and Expenses" which summarizes the data on a  
7 monthly basis.

8           (1) Western Final Work Program Information shall mean  
9 the documents and analyses available to Western officials to  
10 show changes to the most recently available Western  
11 Preliminary Work Program Information including, but not  
12 limited to, updated versions of documents and analyses  
13 comprising the most recently available Western Preliminary  
14 Work Program Information.

15           (m) Work Program Information shall mean the information  
16 for the CRSP, Collbran Project, Rio Grande Project, Provo  
17 River Project and any other projects or activities which is  
18 utilized to plan and schedule project work and which is the  
19 basis for formulation of rates for the sale of firm electric  
20 power and energy from the SLCAIP. In the case of the Provo  
21 River Project, generation is purchased by SLCAIP.

22           (n) Work Program Information Review Period shall mean  
23 the 45 days immediately following the date upon which Western  
24 or Reclamation supplies its respective Work Program  
25 Information in accordance with these Joint Procedures.

1 Section 3 Supply of Work Program Information

2 (a) Western shall make available to Reclamation and the  
3 Customers upon request a report on or before March 1st and on  
4 or before July 15th of each year. The report supplied in  
5 March shall contain Western Preliminary Program Information  
6 categorized by Western Program Elements and the report  
7 supplied in July shall contain Western Final Work Program  
8 Information categorized by Western Program Elements.

9 (b) Reclamation shall make available to Western and the  
10 Customers upon request a report on or before April 15th and on  
11 or before October 20th of each year. The report supplied in  
12 April shall contain Reclamation Preliminary Work Program  
13 Information categorized by Reclamation Program Elements and  
14 the report supplied in October shall contain Reclamation  
15 Final Work Program Information categorized by Reclamation  
16 Program elements.

17 (c) During any Work Program Information Review Period  
18 following the receipt of Work Program Information, Western,  
19 Reclamation and the Customers may confer with one another and,  
20 upon request, shall meet for the purpose of reviewing and  
21 understanding the Work Program Information supplied and how it  
22 will be used to establish rates for the sale of electric power  
23 and energy to the Customers. Upon 5 days prior written notice  
24 during the Work Program Information Review Period to either  
25 Western or Reclamation, a Customer shall have the right,

1 subject to applicable Federal laws and regulations, to review  
2 at Western or Reclamation offices during regular business  
3 hours relevant records, if any, as determined by Western or  
4 Reclamation in accordance with these Joint Procedures, upon  
5 which such Work Program Information is based. Western and  
6 Reclamation reserve the right to reject duplicative or  
7 unnecessarily burdensome requests. Customers shall have the  
8 opportunity to present written views on the Work Program  
9 Information supplied and how it should be used to establish  
10 rates for the sale of electric power and energy to the  
11 Customers to Western or Reclamation within 15 days of the  
12 close of a Work Program Information Review Period on the Work  
13 Program Information presented during such period. Western or  
14 Reclamation, as the case may be, shall respond to the  
15 Customers regarding the views they express within 30 days from  
16 receipt of such views and shall make responses available to  
17 all Customers who so request.

18 (d) Any dispute not resolved between Reclamation's  
19 Regional Director or Western's Area Manager and a Customer  
20 concerning Work Program Information provided by Western or  
21 Reclamation shall be resolved in accordance with Section 5 of  
22 these Joint Procedures.

23 (e) Communications and notices contemplated to be  
24 delivered by a sending party in these Joint Procedures shall  
25 be deemed received by the receiving party (a) on the date

1 delivered via facsimile during the receiving party's normal  
2 business hours, provided the receiving party orally confirms  
3 receipt thereof to the sending party; or (b) on the date  
4 actually received during the recipient's normal business  
5 hours. The parties agree to use messenger or overnight  
6 delivery service to deliver bulky or lengthy documents.

7 Section 4 Utilization or Challenge of Work  
8 Program Information in Power  
9 Repayment Studies

10 (a) Western shall prepare Power Repayment Studies in  
11 accordance with Department of Energy Order RA 6120.2, the  
12 principles of the March 26, 1980 Agreement between Western and  
13 Reclamation and such other existing or future agreements  
14 between Western and Reclamation which affect the long term  
15 firm rate for SLCAIP power, as they may be amended. Western  
16 shall utilize the Work Program Information made available to  
17 its Customers by Western and Reclamation (including  
18 adjustments thereof which may result from reviews, from  
19 internal corrections or the dispute resolution process  
20 provided for in these Joint Procedures but excluding the costs  
21 of future transmission system additions in a Planning Year or  
22 Out Year which are conceptual in nature), to prepare the power  
23 repayment studies upon which it relies to promulgate any  
24 interim or final rates proposed or adopted for SLCAIP firm  
25 power or transmission services; Provided, however, that prior

1 to the adoption of any rate change the Work Program  
2 Information utilized to develop such rates shall have been  
3 provided to the Customers; Provided further, that initiation  
4 of a rate adjustment process or adoption of an interim rate or  
5 seeking confirmation and approval of a final rate is not  
6 contingent upon resolution of disputes hereunder.

7 (b) A Customer may not challenge a Western Power  
8 Repayment Study, a rate promulgated by Western based on a  
9 Power Repayment Study or Western's Work Program Information  
10 underlying such rate or Power Repayment Study, in any  
11 administrative or judicial forum to the extent such Customer  
12 has sought and received or reasonably could have sought  
13 resolution of such challenge under these Joint Procedures.

14 (c) A Customer may not challenge any Reclamation Work  
15 Program Information or any other data or information furnished  
16 by Reclamation or any conclusion arrived at or decision made  
17 by Reclamation hereunder in any judicial forum, unless such  
18 Customer has sought resolution by or from Reclamation as  
19 provided under these Joint Procedures.

20 Section 5 Dispute Resolution

21 (a) Any disputes or disagreements regarding the Work  
22 Program Information, including but not limited to how such  
23 information should be utilized in the ratemaking process,  
24 shall first be presented to the Administrator of Western with

1 regard to Western Work Program Information or the Commissioner  
2 of Reclamation with regard to Reclamation Work Program  
3 Information within 15 days after receipt of Western's or  
4 Reclamation's response to a Customer's views provided for in  
5 Section 3. The Customer shall include in its presentation a  
6 statement whether the Customer wishes to resolve the dispute  
7 or disagreement through arbitration. The Administrator or the  
8 Commissioner shall respond to the Customer's presentation  
9 within 15 days after receipt of such presentation; Provided,  
10 however, the Administrator or the Commissioner shall be deemed  
11 to have decided the dispute or disagreement unfavorably to the  
12 Customer and to have denied any request to submit the matter  
13 to arbitration if the Administrator or Commissioner has not  
14 acted upon within 15 days of receipt of the Customer's  
15 presentation.

16 (b) In the event of a denial of a request for  
17 arbitration, the decision of the Administrator or the  
18 Commissioner shall be deemed their final action. Any remedy  
19 shall lie with FERC and subsequently the appropriate Federal  
20 court in the case of Western, or the appropriate Federal court  
21 in the case of Reclamation; Provided, however, such final  
22 action by the Administrator shall not impair a party's right  
23 to pursue its lawful remedies vis-a-vis Western before FERC.

24 (c) Arbitration shall take place in accordance with the  
25 provisions of the Administrative Dispute Resolution Act, Act

1 of November 15, 1990, Pub. L. No. 101-552, 104 Stat. 2736, as  
2 it may be amended and in accordance with such rules or  
3 regulations thereunder as may be promulgated by the Department  
4 of Energy or the Department of the Interior. Upon  
5 establishment of acceptable principles of conduct and  
6 procedures and with the agreement of the affected parties,  
7 mediation or other forms of alternative dispute resolution may  
8 be used as a means of resolving any dispute between the  
9 parties in lieu of arbitration.

10 (d) Should the legal authority provided in the  
11 Administrative Dispute Resolution Act, supra, lapse, Western,  
12 Reclamation, and the Customers agree to utilize their best  
13 efforts to find another legally acceptable means of alternate  
14 dispute resolution.

15 (e) Nothing in these Joint Procedures shall be deemed to  
16 subject Reclamation to the jurisdiction of the Federal Energy  
17 Regulatory Commission.

STATEMENT OF PRINCIPLES  
CUSTOMER REVIEW OF FINANCIAL AND WORK PROGRAM DATA

1           I. The Western Area Power Administration's (Western) Salt Lake City Area  
2 Integrated Projects (SLCAIP) customers desire, on a regular basis, to review financial and  
3 work program data from both Western and the Upper Colorado Region of the Bureau of  
4 Reclamation (Reclamation) that affect the electric power rate for the SLCAIP.

5           II. Western and Reclamation each are committed to providing such information to  
6 the SLCAIP customers on a timely basis.

7           III. Several Federal laws and regulations control actions of Western and  
8 Reclamation in providing financial and work program data. Western and Reclamation will  
9 comply with the provisions of these laws and regulations in providing financial and work  
10 program data to the SLCAIP customers.

11           IV. It is in the best business interests of Western, Reclamation, and the SLCAIP  
12 power customers to resolve disputes over financial and work program data in a timely and  
13 cost-efficient manner. To this end, Western, Reclamation, and the SLCAIP power  
14 customers agree to utilize dispute resolution techniques in accordance with the  
15 Administrative Dispute Resolution Act ("ADR Act"), Act of November 15, 1990, Pub. L.  
16 No. 101-552, 104 Stat. 2736, to resolve such disputes at the administrative level before  
17 Western or Reclamation. In addition, Western and the SLCAIP power customers agree to  
18 utilize ADR Act dispute resolution techniques before the Federal Energy Regulatory  
19 Commission, including arbitration if requested by a customer, provided FERC approves the  
20 use of such techniques. The dispute resolution process will be conducted in an open manner  
21 with full records kept of the proceedings.

1           V. Neither Western nor Reclamation, as the case may be, are able to accept a  
2 decision arising out of a dispute resolution process that contravenes or infringes upon the  
3 authority of the Executive Branch of the Federal government.

4           VI. Western, Reclamation, and the SLCAIP power customers recognize that these  
5 principles provide a framework for further discussions. All agree to enter into such  
6 discussions on a good faith basis to refine and define further actions each party would take  
7 under these principles.

8           VII. Western and Reclamation believe that it is sound public policy to adopt these  
9 principles, as may be refined and defined. Accordingly, Western and Reclamation will  
10 initiate in a timely fashion an informal notice and comment rulemaking action under the  
11 Administrative Procedures Act to adopt these principles.

12           VIII. Recognizing that an informal notice and comment rulemaking can be a time-  
13 consuming process, Western and Reclamation agree to enter into a letter agreement with  
14 the SLCAIP power customers to adopt these principles, as may be refined and defined, in  
15 advance of the rulemaking referred to in principle VII. A draft version of the proposed rule  
16 will be attached to the letter agreement, but the letter agreement will be subject to the  
17 provisions of the rulemaking as adopted on a final basis.

18           IX. These principles, as may be refined and defined, will not in any way diminish  
19 Western's and Reclamation's rights and obligations to provide information to members of  
20 the public or any regulatory or public bodies.