

From: "Robert S. Lynch"
Date: July 5, 2016 at 5:40:03 PM MST
To: Ron Moulton

Subject: Boulder Canyon Project Proposed Base Charge and Rates, FY '17, 81 Fed. Reg. 19169-71 (April 4, 2016)

Mr. Moulton:

These comments are being submitted on behalf of the Irrigation & Electrical Districts' Association of Arizona (IEDA), most of whose Members and Associate Members contract for Hoover power through the Arizona Power Authority.

We remain concerned about the ongoing increases in General Western Allocation and related costs in the Facility Expenses category. Our recent visit at DSW regarding the upcoming rate increase for Parker-Davis power only confirmed that GMA costs are plugged into your calculations without customer input. We were told at that meeting that budgets for FY '18 were already fixed but that CSO was working on its FY '19 budget which we might see this Fall. Sooner or later increased transparency in CSO costs, including customer review and input, has to become a reality. We look forward to that day.

Now that the contract has been finalized, why are there increased costs for Power Marketing next year over the considerable costs and time expended this year?

We also note that you will continue to collect Post Civil Service Retirement/Life/Health (CSRS) costs. As you know, the BCP Contract Closing Audit will address this subject. How long it will take to resolve the dispute over this issue is anybody's guess. If it is not resolved before the new contracts take effect, we urge you and Reclamation to separate the accounting for this cost category pre- and post- the new contract against the day that any refund of these monies might occur since two different sets of customers will have paid these costs.

thank you for the opportunity to comment.

Bob Lynch



PECHANGA INDIAN RESERVATION
Temecula Band of Luiseño Mission Indians

Post Office Box 1477 • Temecula, CA 92593
Telephone (951) 770-6000 Fax (951) 695-1778

Tribal Chairman:
Mark Macarro

Tribal Council:
Raymond J. Basquez, Jr.
Catalina R. Chacon
Corrina R. Garbani Sanchez
Marc Luker
Robert "R.J." Munoa
Russell "Butch" Murphy

Tribal Secretary:
Louise Burke

Tribal Treasurer:
Robyn Delfino

Mr. Ronald E. Moulton
Senior Vice President and Regional Manager
Desert Southwest Customer Service Region
Western Area Power Administration
P. O. Box 6457
Phoenix, Arizona 85005
moulton@wapa.gov

RE: Proposed Base Charge and Rate Adjustment for Boulder Canyon Project for
FY2017

Dear Mr. Moulton,

This letter constitutes the comments of the Pechanga Band of Luiseño Mission Indians regarding the proposed FY 2017 power rates for the Boulder Canyon Project (Hoover Power Plant). We understand that these rates will be effective on October 1, 2016, and as we prepare for our role as a Hoover customer beginning in 2017, we are following the rate process and related matters with an eye toward the next 50 years after 2017.

Rate Schedule BCP-F9 under rate order No. WAPA-171 was previously approved for the 5-year period ending September 30, 2020. BCP-F9 requires the annual calculation of the base charge and rates based on updated financial and hydrology data. The proposal describes rates increasing to 20.74 mills/kWh, which is a 13.83% increase in just one year.

We have reviewed the long term rates and have seen them rise faster than standard inflation. We understand that the significant 13.83% base charge increase is "primarily a result of a decrease in prior year carryover." We will note, however that Western's OM&R is increasing 20%, which seems to us to be excessive. One of the components of the increase in the base charge relates to the process costs for the new Hoover contracts. We believe that process was overly costly for the federal agencies as well as for customers who were required to follow each step in numerous meetings to diligently negotiate the contracts. These meetings could have been much less costly if internet meetings with professional sound and communication facilities had been used. We encourage a Western-wide investment in a professional web meeting service, or even simple subscription to one of the existing internet-based meeting services.

We would appreciate an update related to the audit problems for the Bureau of Reclamation, and whether a new audit will impact the numbers used in this rate.

We also request that clear and detailed presentations be made when the 2018 rates are proposed and set. Because new contractors have significant up-front costs related to Hoover contracts, in addition to their base charges and energy and capacity rates, we would like documentation that future administrators of Hoover contracts can refer to for guidance on how the rates are set (with each component explained) as well as how the new 50-year contracts will be administered to share cost appropriately among old and new customers.

In the meantime, please provide links to or copies of Reclamation's current 10-year plan, current rates brochures and E&OC reports to new customers to assist us in our future participation. Also, because we did not receive email notice of the recent comment forum, please update the email list with emails for new customers.

We appreciate Western's efforts to create reasonable overall rates. We recommend continuing fiscal diligence to help keep Hoover power affordable.

Sincerely,

A handwritten signature in black ink, appearing to read 'Dan W. Taylor', with a long horizontal flourish extending to the right.

Dan W. Taylor, CPA
Director of Finance
Pechanga Band of Luiseño Indians
Pechanga Indian Reservation

Submitted via email to moulton@wapa.gov

July 5, 2016

Ron Moulton
Desert Southwest Office
Western Area Power Administration
Phoenix, Arizona

RE: Kaibab Paiute Tribe Proposed Hoover Rate Comments

Dear Mr. Moulton:

Please accept the following comments of the Kaibab Paiute Tribe ("Tribe) in response to Western's proposed Hoover rate increase.

The Tribe directs Western to reexamine the basis for the rate due to its disproportionate impact to Kaibab in its near-bottom position as a Hoover contractor by allocation scale. Kaibab has been increasingly disadvantaged since its receipt of the small allocation from Western. As Kaibab has commented repeatedly, its process expenses in relation to negotiating specific contract terms, coupled with the small scale of its share of the resource, already present a potentially insurmountable obstacle to recovering any economic benefit as a Hoover customer. And the proposed rate increase only exacerbates these challenges.

The Tribe also objects specifically to any administrative cost component of the rate increase as justifiable. Again, the Tribe has only protested Western's Hoover process structure overwhelmingly for its excessive time obligations, redundancy and substantial disorganization; Western's refusal to revise its procedures in that regard only call all Hoover contract and other administrative expenses into question.

Finally, the scale of the pricing increase being proposed calls the rate's legitimacy into question as other Western projects seek only marginal increases and when imposed have been phased in over staggered year terms to be more easily managed by Western customers.

For these reasons and also as a result of the lack of direct notice by Western of the rate increase proposal to new Hoover customers, the rate increase must be suspended pending further customer and agency examination and discussion.

The Kaibab Tribe has been very hopeful to become a new Western customer through its Hoover contractor status but obviously cannot assume any new economic venture appearing only to present financial loss.

Thank you for your attention to these remarks.

Amy Mignella
Special Counsel
Kaibab Paiute Tribe