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September 18, 2015

Dr. Subhash Paluru, PhD
Senior Vice President & Regional Manager
Sierra Nevada Region
Western Area Power Administration
114 Parkshore Drive
Folsom CA 95630-4710

SUBJECT: Rate Extension Comments

Dear Dr. Paluru:

The Northern California Power Agency (NCPA) is pleased to provide Western with the following comments in response to the August 25, 2015 Federal Register Notice of Proposed Extension of Power, Transmission and Ancillary Services Formula Rates. The proposed rate extension would include the rates for the Central Valley Project, California-Oregon Transmission Project, Pacific Alternating Current Intertie and Information on the Path 15 Transmission Upgrade-Rate Order No. WAPA-173.

NCPA and its members value our long term, historic relationship with Western, even though at present the total cost of CVP power (which includes CVPIA Restoration Fund payments) is well above the market. We appreciate Western's efforts to develop the 2025 Power Marketing Plan for the CVP, and we will be providing separate comments to Western on that proposal. NCPA's members in total purchase about 40 percent of the CVP power marketed by Western. We therefore have a large stake in ensuring that Western's CVP power, ancillary services, and transmission rates all remain just and reasonable and consistent with sound business principles.

We understand that this proposed extension of formula rates to 2019 would enable the next five year rate proceeding to take place after completion of the 2025 CVP Power Marketing Plan. We concur with Western that this is an appropriate step, since the 2025 CVP Power Marketing Plan might provide for changes or adjustments that could lead to the need for a full rate proceeding.

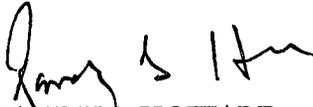
In the 2025 Power Marketing Plan proceedings, we continue to request a one year termination clause (which would also allow for partial allocation reductions) that could be exercised by any CVP customer for any reason, given the excessive above market costs that we are currently experiencing. Such a provision must be included in the new contracts that will become effective in 2025. If Reclamation does implement proper proportional Restoration Fund billing, then the need for the one year termination clause would be less critical.

Western's staff has verbally advised us that the current contract structure provides for a 90 day option to terminate the existing contract when CVP rates are changed or extended. Please therefore confirm that there will be termination windows available to our members in late 2016 and also in late 2019, if the current formula rates are extended as proposed by Western and then a full rate proceeding is conducted in 2019.

We also request Western to continue to develop savings and revenue enhancements for all of the CVP preference customers, such as the proposed Pacific AC Intertie equivalent rates that would be applied to surplus available transmission capacity. These savings and revenue enhancements should be developed fully as soon as practicable. Western should continue to review its entire CVP asset portfolio to obtain the best possible cost reductions and revenue enhancements that can be achieved for its customers.

Thank you for this opportunity to comment on Western's rate making plans for the CVP system and transmission projects.

Sincerely,



RANDY S. HOWARD
General Manager

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cc: Mark Gabriel
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