



UTILITIES DEPARTMENT

CITY OF
**PALO
ALTO**

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September 18, 2015

Mr. Subhash Paluru, Regional Manager
Sierra Nevada Region
Western Area Power Administration
114 Parkshore Drive
Folsom CA 95630-4710

Subject: Federal Register Notice of Proposed Extension of Rates

Dear Mr. Paluru:

The City of Palo Alto ("Palo Alto") offers the following comments in response to the August 25, 2015 Federal Register Notice of Proposed Extension of Power, Transmission and Ancillary Services Formula Rates to extend the current rates from September 30, 2016 through September 30, 2019 followed by a five-year formula rate adjustment process. 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.

Palo Alto supports Western's request to extend rates as filed. Palo Alto seeks clarification from Western regarding termination provisions under the Western Base Resource Contract ("contract") for current customers' ("Contractors") ability to terminate under the existing contract when rates are extended. It is Palo Alto's understanding that the terms of the General Power Contract Provision (GPCP) provide for termination under the contract as follows:

"Rates applicable under the contract shall be subject to change by Western in accordance with appropriate rate adjustment procedures. If at any time the United States promulgates a rate changing rate then in effect under the contract, it will promptly notify the Contractor thereof. Rates shall become effective as to the contract as of the effective date of such rate. The Contractor, by written notice to Western within ninety (90) days after the effective date of a rate change, may elect to terminate the service billed by Western under the new rate."

What is not been clear to Palo Alto is whether or not a rate extension, as currently requested by Western under the subject Federal filing, would constitute a rate change. We have heard from Western staff that a rate extension does constitute a rate change and, therefore, the 90 day termination provision applies. Please confirm that the termination provisions stated in the GPCP do apply to rate extensions such as this one.

Palo Alto further supports comments submitted by the Northern California Power Agency on this matter. We look forward to Western's written clarification and again appreciate the opportunity to comment.

Respectfully submitted,


Valerie Fong,
Director of Utilities Department

cc: Mr. Randy S. Howard
Ms. Sonja Anderson
Ms. Sandee Peebles



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