



Informal Rate Process: CVP Rates Public Meeting Notes

Meeting Date: October 7, 2008, 9:30 AM – 3:30 PM
Location: 114 Parkshore Dr., Folsom, CA. 95630

Action Items

Western reviewed the action item handout and discussed items that were still open for action. Western reiterated that customers are more than welcome to submit requests via phone or e-mail.

Bureau of Reclamation Presentation

The Bureau of Reclamation (Reclamation), represented by Tom Ruthford and Craig Stroh, presented the Operations and Maintenance (O&M) cost allocation and sub allocation to power for Fiscal Year (FY) 2006 and FY 2007. Reclamation also presented additional discussion of schedule 25 which is the allocation of multipurpose expenses. Reclamation's presentation included the review of Shasta, Folsom, and Suisun Marsh and the allocation of costs to these facilities. Reclamation clarified that allocation of projected O&M costs is done for rate setting process. Reclamation also discussed how Schedule 25 and Schedule 16 were related. Tom Ruthford then proceeded to tie out the expenses listed in Schedule 16 to those contained in the sub allocation and PRR methodologies.

The group also discussed with assistance with other BOR members, the Quality Control and Quality Assurance (QC/QA) action item request. The information used for the schedules are obtained from the area BOR office and legislation, and that information is used to assess the percentages. This closes out the action items associated with this topic. Customers requested electronic copy of Schedule 25, and the Reclamation subsequently has agreed to provide that. A copy is forthcoming. (There were general customer questions and discussion pertaining to variance between Reclamations actual versus projected numbers and how it affects customers)

First Preference Annual True-Up

Western (Melinda Grow) presented and discussed an annual true-up alternative for the First Preference (FP) customer's percentages. The true-up alternative would be based on actual end of the Fiscal Year annual data. The true-up FP percentages would be applied to the PRR in effect for the year the true-up is related to and the resulting true-up dollar amount of the FP's percentage would then be applied to the FP customer's subsequent bills. Western discussed the time lag associated with doing the true-up and when the credit or charge would be reflected in

the Power Revenue Requirement (PRR). The group indicated that waiting until mid-year to have the credit or charge applied to their bills was acceptable. The prior year true-up and the current year's PRR are calculated independent of one another. This concept was accepted by the group and no objections were heard regarding its potential implementation. (Customers requested clarifications pertaining to some of the terminology used in the draft; this was put down as an action item. Nannette Engelbrite and others also requested that there be a line item added to the PRR to reflect the adjustment amount to the BRR.)

Power Revenue Requirement (PRR)

Western discussed a sample PRR worksheet. The worksheet was modified based on customers' requests for more detail to be included in the PRR worksheet. Western reviewed each cost and revenue component on the PRR worksheet and addressed questions presented by the customers. For comparative purposes, Western included on the PRR worksheet a breakout of the project use revenues and their application to each cost element on the PRR worksheet. Several customers had specific requests associated with this discussion. They included:

- REU (Nick Zettel/Lowell Watros) requested additional break down of the WNML and WSNR CAISO charges.
- NCPA (Nannette Engelbrite) requested a breakout of expenses and revenues for WSNR as they relate to Market and GMC invoices and Spin and Non-spin sales on Market invoices.

Resource Adequacy (RA)

Deb Dietz presented a discussion on RA and its implication on PRR. She discussed how costs are recovered or passed through to each of Western's SCID's. In general, approximately 76% of total RA costs are recovered from project use and preference customers. The remaining costs are borne by all preference customers to pay. The RA process went through the Federal Register Notice process.

Allocation of Annual Base Resource (BR) Revenue Requirement (RR)

Due to cash flow concerns for all parties concerned Western reviewed the allocation method for the BR RR (Steve Richardson presented). Western wanted to review a method of allocating the annual BR RR evenly over a 12 month period as opposed to the current allocation of 25% of the BR RR during the October through March period and 75% of the BR RR during the April through September period. An even distribution flow would facilitate an easier use of appropriation receipts by Western and help to alleviate cash flow problems that Western experiences in the first six months of each fiscal year.

PWRPA (Stuart Robertson) indicated that the current allocation of 25/75 works better for them than changing to an even distribution of the PRR over 12 months because it helps with their cash flow issues. This way the irrigators are paying in proportion to when the power is delivered to them. One of the FP customers indicated that they liked their distribution the way it is (divided by 12 months). Another larger preference customer (SMUD) indicated that why couldn't

Western consider tailoring the allocation to the customer's needs? NCPA indicated that they would prefer to leave the allocation at 25/75.

Attendance Roster October 7, 2008

Name	Agency
Paul Landry	Bureau of Reclamation
Bill Stewart	Lassen Municipal Utility District
Megan Jones	Western Area Power Administration
Rick Coleman	Trinity Public Utilities District
James Takehara	City of Roseville
Nannette Engelbrite	Northern California Power Agency
Kathleen Rustrum	Toulumne Public Power Agency
Kent Palmerton	Power and Water Resources Pooling Authority
David Cohen	Navigant Consulting, representing TANC
Ken Sims	Silicon Valley Power
Ray Luhring	Lassen Municipal Utility District
Dennis Dickman	CPPA
Craig Stroh	USBR
Yolanda Wesson	USBR
Jennifer Strother	USBR
Regina Rieger	USBR
Cindi Eckler	USBR
Dan Payton	Contractor-Western Area Power Administration
Stuart Petterson	PWRPA/RBI
Tom Rutherford	USBR
Lowell Watros	COR
Ed Roman	SMUD
Tom Patton	Western Area Power Administration
Anita Wiley	Western Area Power Administration
Janice Nations	Western Area Power Administration
Sandee Peebles	Western Area Power Administration
Russell Knight	Western Area Power Administration
Charles Faust	Western Area Power Administration
Melinda Grow	Western Area Power Administration
Steve Richardson	Western Area Power Administration
Sonja Anderson	Western Area Power Administration
Nicole Hines	Western Area Power Administration
Deb Dietz	Western Area Power Administration

