



Informal Rate Process: CVP Rates Public Meeting Notes

Meeting Date: November 20, 2008 10:00 AM – 3:30 PM
Location: 114 Parkshore Dr., Folsom, CA. 95630

November 20th Agenda

1. Welcome
 - Introductions and Agenda
2. Review of Action Items List
 - Address completed & new items
 - Questions?
3. First Preference and Project Use Comparison (2007), as modified
 - Remove Transmission Expense and List RA Costs (Action Item IP 10.3 & IP 10.4)
 - Present 2006 Data (Action Item IP 10.1)
4. PRR Mid-Year Adjustment Threshold Revisited (Action Item IP 4.2)
 - Present Comparison of Option B to Proposed Option E
 - Option E: Include PY Capital Repayment, surplus and deficit, to Mid-Year Adjustment as a separate line item
 - Present Option E Outside of Mid-Year Threshold Test
5. Renewable Energy Credits – Discussion and Implication to PRR
6. Custom Product Power, Rate Schedule CPP- 1: Discuss \$31.07 Scheduling Charge
7. Max Peaking, PU purchase 50 MW Presentation (Action Item IP 17.2)
8. Summarize Action Items and Discuss Future Meeting Agenda Items
9. Future Meetings
 - Note the December Break. Happy Holidays
 - January 29, 2009; 10:00 a.m. to 3:30 p.m.
 - February 26, 2009; 10:00 a.m. to 3:30 p.m.

Introduction

Western discussed the updated action item list and notes from the October 30th.

Hourly Exchange

Tom Patton provided an overview of the hourly exchange program. The Cumulative difference program, added in 2007, was to ensure small customers are treated equitably. This program tracks daily Base Resource allocations of less than one MW until the total equals 1 MW. Once the total equals 1 MW, it is then scheduled to the customer. Tom provided an example that showed a small customer with a 0.2 MW daily allocation which is made available to the exchange program Monday through Thursday. The program then ensures that on Friday 1 MW is allocated to that customer. The program automatically resets every 30 days (billing cycle). Customers cannot control when 1 MW is scheduled, but the cumulative difference program ensures that the small customers receive their full 1 MW.

First Preference and Project Use Comparison (2007) and (2006)

Melinda Grow presented a revision to the 2007 data of the FP and PU comparison as requested by the customers at the October 30, 2008 meeting. The revision reflected a removal of PU transmission expenses and revised the display and amounts of resource adequacy for preference and PU customers.

In addition, per the customers' request, she presented a similar comparison for FY 2006. Customers were pleased that the results confirmed that the 2007 data was not an anomaly.

PRR Mid-Year Adjustment Threshold Revisited

Melinda Grow presented new data (Option E) displaying the Mid-Year adjustment containing a \$2 million threshold, and variations with and without an adjustment for the Prior Year (PY) capital repayment. She also presented examples that illustrated the effect of options on PY capital repayment outside of the Mid-Year adjustment. Most customers appeared to favor Option E, with a threshold between \$2 million and \$5 million, although debate between options 1 & 2 vs. 3 & 4 continued throughout the discussion. Some of the customers' primary concerns focused on rate stability and the ability to budget for anticipated increases. Due to the unknown impact of MRTU at this time, customers suggested that we withhold decision on the threshold adjustment and mid-year review until after MRTU impacts are known.

Renewable Energy Credits (REC)

Bob Cheskey presented and explained the origination of the RECs program and the anticipated outcome. The initial presentation for RECs was made at the July 22, 2008 customer meeting. After an interest group was formed, the group submitted a revised proposal at the October 23, 2008 customer meeting. During the discussion, one customer stated they are already claiming the RECs associated with their BR through their own program. The RECs program details are being finalized internally.

Custom Product Power, Rate Schedule CPP – 1 Scheduling Charge

Steve Richardson presented the basis for the methodology that was used in developing the \$31.07 rate charge. Steve explained that this information had not been updated since prior to the previous rate case (WAPA 115) and that Western was looking for suggestions and ideas on how to make this methodology less time consuming and simpler to compute.

Max-Peaking

Tom Patton provided an informational discussion on the max-peaking program, describing the process flow from Reclamation to Western and customers, and how energy is bought and sold with the intent to buy day-ahead in NP 15 off-peak and sell on-peak. One customer asked how the displacement program would affect max-peaking, and the answer is that there should be no direct impact. The customers would continue to use the portal to shape and submit load and BR requests. The displacement program would only impact the actual scheduling (POR and POD) for BR only. The displacement program is not intended to impact settlements at this time.

Action Items:

No new action items.

Future Meetings:

January 29, 2009 meeting cancelled – based on remaining issues to address, Staff requested canceling this meeting to afford time to address the remaining issues. Staff believes the February meeting is sufficient to address the remaining issues:

- Remaining items to address – from Nov 20th meeting
 - MRTU costs
 - SC/PM Costs – currently a contract charge except for the Custom Product Variable Resource Customers SC Charge (Rate Schedule CPP-1 under WAPA-115) which is included in the rates
 - Sub-Control Area vs. Non-SCA costs
 - PU Supplemental Purchases Allocation (PUP 50MW)
 - CVP Corp's proposal for Aid-to-Irrigation
 - Develop work products currently addressed
 - Flowchart – Revenue Requirement Development – Nannette Engelbrite is working on this
- Charles Faust requested that if anyone has other issues that need to be addressed associated with this first part to please let him know. Mr. Faust's contact information is: Office 916-353-4468 or e-mail faust@wapa.gov.

February 26, 2009 meeting scheduled between 10:00 am and 3:30 p.m. If necessary, Western will schedule an additional meeting(s) to ensure all of the power discussions are met.

Attendance Roster

Name	Organization
Barry Mortimeyer	USBR
Bill Stewarrt	LMUD
Dennis Dickman	CPPA
Ed Roman	SMUD
James Takehara	Roseville
Jerry Toenyas	JWT Consulting
Joe Ungvari	WAPA Consultant
Kathleen Rustrum	TPPA
Ken Sims	SVP
Kent Palmerton	PWRPA
Lowell Watros	Redding
Nannette Engelbrite	NCPA
Paul Scanlan	SMUD
Ray Luhring	LMUD
Rick Coleman	Trinity
Roxana Khayyam	NCPA
Stuart Robertson	ESPA & PWRPA
Charles Faust	WAPA
Megan Jones	WAPA
Nicole Hines	WAPA
Padmini Palwe	WAPA
Regina Rieger	WAPA
Russell Knight	WAPA
Sonja Anderson	WAPA
Steve Richardson	WAPA
Tom Patton	WAPA
Attended Via Phone	
David Oliveras	Modesto Irrigation District
David Suka	City of Alameda
Tom Kabat	City of Palo Alto
Victor Franko	Onizuka Air Force Base