



Informal Rate Process Transmission Rates: CVP, PACI and COTP Public Meeting Notes

Meeting Date: April 23, 2009, 10:00 AM – 3:00 PM
Location: 114 Parkshore Dr., Folsom, CA. 95630

April 23 2009, Agenda

- 1. Welcome**
- 2. Transmission Overview**
 - a. CVP, PACI, and COTP Transmission Systems
 - b. California Oregon Intertie (COI)
 - c. Direct Assigned vs. Network Transmission Facilities
- 3. Open Access Same-Time Information System (OASIS)**
 - a. SBA Operation on Tx systems – discuss Reserving Capacity
- 4. Transmission System Uses**
 - a. Open Access Transmission Service Tariff (OATT)
 - b. Statutory Service
 - c. Pre-OATT Transmission Service
- 5. Cost of Service Methodology (Generation & Transmission Model)**
 - a. Overview of Rate Schedules
 - b. TRR
 - c. Coincident Peak affecting NITS and Long-Term Firm Point-to-Point Customers
- 6. Conclusion of meeting**
 - a. Request for additional questions/issues for the focus of the next group of meeting.
 - Review of Action Item List
 - b. Sum up any action items that were addressed
 - c. Next meeting
 - The next meeting is June 25th. May 20th was tentative, and its now officially cancelled
 - New Calendar
 - d. Follow-up question or request please send to Charles Faust

Transmission Overview

This is the 8th Informal Rates meeting and the first of our Transmission meetings.

Phil Sanchez, Operations, Lead Electrical Engineer, provided an overview of Western, Sierra Nevada Region's power facility system and transmission system referencing three handouts:

1. Western Area Power Administration, Sacramento Area Office, Principal Power Facilities existing as of 1 January 1993
 - a. Highlight: blue lines in control area as well as the red 500KV line
2. Transmission System wire diagram as of 2007
 - a. Highlight: red and green lines in the transmission revenue requirement ("TRR") except Contra Costa (CCWD) 69 KV line.
3. Transmission System wire diagram as of 2012
 - a. Includes: Trinity Interconnection, Shasta double-breaker, double, bus, Folsom loop, Sacramento Voltage Support ("SVS") and Tracy double-breaker, double bus.

Note: The Operations group designates what facilities are included in Transmission or Non-transmission, based on Federal regulations (by FERC).

Customers requested two action items from this: (1) that Western document revisions to network transmission system since the last Rate case; which, shifts repayment from the Transmission Revenue Requirement ("TRR") to the Power Revenue Requirement ("PRR") (AIL IP # 1.1), and (2) to meet and discuss each facility assignment and how cost is allocated (AIL IP #2.1).

Open Access Same-Time Information System ("OASIS") and SBA Regulation

Ira Witherspoon, Transmission Scheduling & Security ("TSS"), Supervisor, Power System Dispatcher provided an overview of TSS desk operations and how customers can purchase transmission on the WASN OASIS node. Link to OASIS website provided in handout, a five-page power point presentation.

Clarifications noted related to PACI and COTP transmission (1) both are reserved for merchant only; (2) to avoid price uncertainties related to Market Redesign Technology Upgrade ("MRTU"), Western's merchant has reserved 25 MW of PACI.

Art Diaz-Gonzales, AGC, Supervisor, Power System Dispatcher, provided an overview of the sub balancing area regulation. Power point presentation discussed why, how and uses of Western's 60 MW regulation reserves.

Customers requested additional recorded action items: (1) COTP 77 MW use over 1 year period, as a percentage of how much was available (AIL IP # 3.1); (1.a) Analysis of use of 77MW for marketing instead of for reliability (concerns over paying pancaked rates) (2) Pete Garris invited participants to attend the customer meeting to discuss regulation constraints – a topic at operations' Transmission meeting, on April 28, 2009; and (3) labor cost allocation percentage on TSS desk, including supervisor (AIL IP # 5.1).

Transmission System Uses

Russell Knight, Public Utility Specialist, Contracts provided an overview of Open Access Transmission Tariff (“OATT”), including Attachment K which explains that Western’s Merchant’s use of the transmission system is comparable to OATT network integrated transmission system (“NITS”), and the April 16, 2009, Policy Statement which was published to eliminate confusion in the interpretation of Attachment K.

He also discussed Western’s Pre-OATT and OATT service agreements.

Cost of Service Methodology

The overview of the Cost of Service model and its components were presented by Melinda Grow. She provided copies of the CVP, COTP and PACI rate schedules and provided an overview of how costs are distributed between the systems, and how Western calculates the numerator and denominator for each system. She further explained how Western calculates CVP NITS and point-to-point rates.

Customer comments:

1. To stabilize rate with significant additions to transmission plant, for example, SVS, should Western consider an escalation factor in its rate.
2. To eliminate disparity of O&M costs between projects – specifically, CVP and PACI, should Western consider using MW in denominator rather than net plant investment?

Conclusion of Meeting

Charles Faust, Rates Manager, provided copies of the action item list for power and commented that a similar list will be compiled for transmission. He invited attendees to submit topics for discussion in upcoming transmission meetings.

Next Meeting: Thursday, June 25, 2009.

New Action Items: These are included in the new Transmission Action Item List (AIL).

IP # 1.1 Document revisions to network transmission system. (Phil Sanchez)

IP # 2.1 Discuss (by facility) transmission versus non-transmission facility designation. (Pete Garris at next rate meeting). (i.e., TRR Vs PRR)

IP # 3.1 Get COTP 77 MW use over 1 year period; show as a percentage of what was available. (Deb Deitz)

IP # 4.1 Regulation considerations. (Pete Garris at April 28, 2009 transmission meeting.)

IP # 5.1 Labor cost allocation percentage on TSS desk, including supervisor. Should non-labor be split 1/3 to each project – CVP, COTP, and PACI.

Also, an additional request for a detailed Transmission Switching Presentation by Art Diaz Gonzales (presentation was made at April 28, 2009 customer meeting)

Attendance Roster

Name	Agency
Paul Eichenberger	City of Shasta Lake
Nick Zettel	City of Redding
James Takehara	City of Roseville
David Cohen	Navigant Consulting, representing TANC
Jerry Toenyas	Northern California Power Agency
Nannette Engelbrite	Northern California Power Agency
Rick Coleman	Trinity Public Utilities District
Ed Roman	SMUD
Stuart Robertson	RBI/PWRPA/ESPA
Ed Chang	Flynn
Charles Faust	Western Area Power Administration
Deb Dietz	Western Area Power Administration
Megan Jones	Western Area Power Administration
Melinda Grow	Western Area Power Administration
Russell Knight	Western Area Power Administration
Sonja Anderson	Western Area Power Administration
Steve Richardson	Western Area Power Administration
Pete Garris	Western Area Power Administration
Tom Patton	Western Area Power Administration
Regina Rieger	Western Area Power Administration
Padmini Palwe	Western Area Power Administration
Phil Sanchez	Western Area Power Administration
Ira Witherspoon	Western Area Power Administration
Kirk Sornborger	Western Area Power Administration

Attendance by Phone

Name	Agency
Ken Sims	Santa Clara
Paul Landry	
Jim Ferar	TID
Devi Perse	