O&M Comparison of First Preference (FP) and Project Use Customers

(using actual FY 2007 financial data)

For use in the Informal Rates Meeting, 10/30/08

		From FY 07 Project Use True-Up (FP substitution) - Note 2				FY 07 PRR Actual		
			(Note 1)					
		O&M BY AGENCY	First Pref USE SHARE	FORMULA	PROJECT USE ALLOCATED COSTS	O&M BY AGENCY	FIRST PREFERENCE SHARE (note 3)	FIRST PREFERENCE ALLOCATED COSTS (note 4)
Western Power System Expenses:								
Transmission expense - operation		$ 11,608,175	1.28%	1	$ 148,499			
Transmission expense - maintenance (includes anticipated expensed RRADs)		$ 22,937,175	1.28%	1	$ 293,427			
Power users accounting and collecting expenses		$ 4,306,979	2.73%	4	$ 117,652			
Power marketing and general power resources planning expenses		$ 7,193,983	3.77%	5	$ 271,522			
Sub-total Western O&M		**$ 46,046,313**			$ 831,100	**$ 46,046,313**	4.94%	**$2,274,688**
Unfunded CSRS - Western CVP		$ 1,706,331			$ -	$ 1,706,331	4.94%	
Unfunded CSRS - Western Intertie						$ 193,274	4.94%	
Loss on Dispostion of assets						$ 102,130	4.94%	
Intertie O&M						$ 1,494,327	4.94%	
Total Western O&M		**$ 47,752,644**			**$ 831,100**	**$49,542,375**		**$2,274,688**
Reclamation Expenses:								
Hydraulic Power Generation		$ 24,940,734	3.98%	3	$ 993,649			
Transmission Expense		$ 312,658	3.98%	3	$ 12,456			
Administrative & General Expense		$ -	3.98%	3	$ -			
Carriage System		$ 292,510	3.98%	3	$ 11,654			
Water Marketing		$ 5,048,392	3.98%	3	$ 201,130			
Reclamation Scheduling Agent Cost (loads)		$ 234,575	0.00%	6	$ -			
Reclamation's Scheduling Agent Cost Assoc with CVP Gen		$ 703,726	3.98%	3	$ 28,037			
Sub-total USBR O&M		**$ 31,532,595**			**$ 1,246,925**	**$ 31,532,595**	4.94%	**$1,557,710**
Unfunded CSRS for Reclamation		$ -				$ 1,337,696	4.94%	
Total USBR O&M		**$ 31,532,595**			**$ 1,246,925**	**$32,870,291**		**$1,557,710**
TOTAL O&M (Western & Reclamation)		**$ 79,285,239**			**$ 2,078,025**	**$82,412,666**		**$3,832,398**

OFFSETTING REVENUE CALCULATIONS:

	Total Offset Revs	FP Share of Offset
PTP	$ 7,030,800	$ (347,322)
NITS offset	$ 11,953,139	$ (590,485)
		$ (937,807)
Subtotal (Adj w-CVP Xm offset)		$2,894,591
PU Revenue offset (O&M ONLY)	$ 16,498,366	$ (815,019)
Total Cost to FP (with Xm and PU Revenues)		**$2,079,572**

FP customers receive offsetting revenue benefits for several revenue streams. (PU does not receive any of these offsets.)

The largest offsets and most easily identifiable that are associated with O&M include:

- CVP Transmission Revenues (PTP and NITS)
- PU Revenues

FP customers' share of these benefits for FY 2007 are calculated at 4.94% of the total.

Notes:

1/ Using Reclamation's O&M Sub Allocation Methodology (which is used for determining PU Costs)

2/ To develop the FP use share, FP load and meter information was substituted for PU Load and meter information in the Sub Allocation.

3/ This equates to the actual FP computed percentage for FY 2007.

First Preference Customer formula = (PU load) / [(CVP gen + Washoe gen + Lewiston gen + PU forward purchase) - PU load]

4/ To perform the comparison, all costs paid for by preference customers (such as Intertie O&M, unfunded benefits and costs associated with the Loss of Disposition of Assets) that are NOT paid for by Project Use are zeroed out for this analysis.

If preference customers *are* interested in pursuing maintaining equity on these costs, they should discuss these line items with Reclamation for inclusion in future sub allocation methodologies.

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Other Costs/Revenues (besides O&M) and their allocation

For use at the 10-30-08 Informal Rates Meeting

Description of Revenue or Expense (lined up by PRR category):	Who is Paying for (Gross amts): Project Use	Preference	Total	NOTES:
Project Repayment		$ 8,200,000		
Interest		$ 4,200,000		
Washoe		$ 580,000		
PU Power Purchases	$ 345,806	$ 3,354,194	$ 3,700,000	
CAISO Costs for SBA balancing (WSNR)		$ 2,600,000		PU does not pay for this per the Sub Allocation Methodology
(e.g. export TAC fees, import charges)				
Other Expenses				
- HCA Costs	$ 168,353	$ 1,561,201	$ 1,729,554	HCA costs for PU are allocated using Form. #1 (Recl O&M), but are paid in the Other Expense Category on Sub Allocation
- PACI Path Operator		$ 729,167		
- COTP 27 MW (TANC Lease)		$ 502,101		
- Trinity Assessment		$ 468,992		Not paid through Sub Allocation
- CIRS PG&E Facility Charge (COTP)		$ 18,528		DOE pays for over 75% (see offsetting revs below for CIRS)
- WECC dues		$ 23,951		
- DOE's expenses associated with COTP O&M - CASH CALL.		$ 746,105		These charges are 100% pass thru to DOE (see offsetting revs below)
- CAISO Market & GMC Charges for NM Pseudo-Tie (WNML)		$ 965,659		
- CAISO Market & GMC Charges for 2207A (WSLW) and WPUL - Expenses	$ 381,091			GMC & FERC Fees - these costs are not present on PRR
- Gen. Dev. ass. with non-specific power purpose (Example forced outage)	$ 3,336			
- Nimbus FH Charges	$ 19,349			
- Resource Adequacy	$ 8,288	$ 63,304	$ 71,592	PU portion is $27K and FP portion is $44K.
Transmission Expenses (Note 1)				
- WDT preference and PU (includes WDT admin fee) - Rev-Expenses	$ 324,220	$ -		
- HV/LV TAC from CAISO WPUL/WSLW invoices	$ 660,044			
- Wheeling for 2207A - Expenses	$ 348,791			
- Amortization of San Luis Transmission	$ 53,060			
- Amortization of New Melones Transmission	$ 81,091			
Miscellaneous Revenues (offsetting revs):				
- SC/PM/VRC Revenues		$ (1,752,775)		
- Ancillary Service Sales (IOA Members)		$ (2,590,165)		
- PACI Revenues		$ (2,046,080)		
- DOE's revenues associated with COTP O&M		$ (746,105)		Offsetting revs from DOE for COTP O&M (see other expenses above)
- Facility use Charge		$ (272,201)		
- Late Payment		$ (147,252)		
- Whiskeytown		$ (43,440)		
- Application Fee		$ (7,000)		
- CIRS PG&E Facility Charge		$ (12,351)		
- CVP S/T PTP		$ (54,000)		
- Energy Unbanking		$ (5,000,000)		Actual amt for FY 07 was $9.8M, but for this analysis it was reduced to $5M
- CVP NITS and PTP Offsetting revenues		$ -	$ (18,983,939)	CVP NITS and PTP 1/
TOTAL COST OF OTHER COSTS/REVS TO PU AND FP	$ 2,393,430	$ 11,341,832		

560,287 Cost to FP customers (4.94% of Total Cost)

SUMMARY OF PROJECT USE AND FIRST PREFERENCE COMPARISON

		Project Use	First Pref 4/	
Source: From O&M Comparison Sheet	**PU's O&M**	**$ 16,498,119**	**$ 2,078,025**	**O&M cost (from sub Allocation)**
Source: From the above columns for Other Costs & Revenues	**Other costs**	**$ 2,393,430**	**560,287**	**plus FP portion of Other costs and Revenues**
		$ 18,891,550	**$ 2,638,312**	
Based on:	**$/MWh**	**15.24**	**16.19**	**$/MWh**

Project Use Energy of 1,291,911 MWh
FP Load of 162,953 MWh

All\

NOTES:
1/ These expenses are annotated on the Sub Allocation and paid for by PU, but are not listed on the PRR worksheet. Therefore they are 100% paid by PU customers.
2/ These offsets were already applied in the O&M portion of this comparison analysis. The offset was calculated as:
From the G&T PU and FP Comparison Model:

$	11,953,139	NITS
$	7,030,800	PTP (1.05)
$	18,983,939	CVP Offsetting Rev

3/ FP 2007 Actual FP Calculated % was: 4.94%

4/ First Preference FY 07 Information:

$2,524,319.10	Total FP Payments
162,953.00	Total FP Energy
4.94%	Actual FP %