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BOULDER CANYON PROJECT

4

POST-2017 MARKETING

5

PROPOSED ALLOCATIONS

6

7

PUBLIC INFORMATION FORUM

8

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

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Ontario, California

August 27, 2014

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17

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19

TRANSCRIBED BY: CHRISTINE JOHNSON, RPR, RMR

Certified Reporter #50383

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PREPARED FOR:

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Western Area Power Administration

25

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1 Be it remembered that heretofore on August 27,
2 2014, commencing at 10:03 a.m., at the Doubletree Hotel,
3 Ontario, California, the following proceedings were had,

to

4 wit:

5

6

7 OPENING REMARKS Page

8 BY MR. DOUG HARNESS 3

9 PRESENTATION

10 BY MR. MIKE SIMONTON 5

11

12 COMMENTS BY:

13 SHORT, Kevin 19

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PROCEEDINGS

1

2

3 MR. HARNESS: Okay. Let's go on the record,
4 please. Good morning, everybody. I'd like to welcome you
5 to our Public Information Forum. My name is Doug Harness
6 and I'm an attorney with the Western Area Power
7 Administration. I'm here today representing Western's
8 Desert Southwest Regional Office and my office and I'm
9 actually located in Lakewood, Colorado in the Office of
10 General Counsel there for Western.

11 This Public Information Forum has been scheduled
12 for Western to present information on and to allow you to
13 ask questions about the power allocations proposed by
14 Western for the Boulder Canyon Project Post-2017 Resource
15 Pool, which was published in the Federal Register on
16 August 8th, 2014.

17 The Resource Pool was created in accordance with
18 the Hoover Power Allocation Act of 2011 and Western's
19 Conformed Power Marketing Criteria published in the
20 Register on June 14th, 2012.

Federal

21 The Resource Pool consists of 11,510 kilowatts
22 contingent capacity and associated firm energy for
23 allocation to new allottees in the state of California,
24 69,170 kilowatts of contingent capacity and associated

of

firm

Boulder 25 entity for allocation to new allottees in the entire

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1 City or Boulder Canyon marketing area.

2 Western will make final allocations of the
3 Resource Pool after the close of the comment period for
this public process and consideration of all timely submitted
4 comments and we will publish the final allocations in the
5 Federal Register.

6
7 Entities interested in commenting on the
proposed allocations, may submit written comments to Mr. Ronald E.
8 Moulton, Acting Regional Manager, Desert Southwest
Customer Service Region, Western Area Power Administration, Post
9 Office Box 6457, Phoenix, Arizona and the Zip is 85005-
10 6457.

11
12 If you didn't catch that, we'll have that information on
the screen here during the presentation.

13
14 You may also fax comments to Western at area
code

15 (602) 605-2490 or e-mail them to post2017BCP, as in
Boulder Canyon Project, at wapa.gov. Western will accept comments
16 that are received on or before September 19th, 2014.
17 Western reserves the right not to consider any comments
18 received after this date.

19
20 In addition to the Public Information Forums,
today, which we had one yesterday in Las Vegas. We're here
21 and tomorrow in Tempe, we'll hold three Public Comment
22

23 Forums. These Forums will be September 16th in Las Vegas,
24 September 17th, back here in Ontario and September 18th,
in
25 Tempe. Comments made at those Forums will be recorded by
a

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1 court reporter and become part of the official record for
2 this public process.

3 A verbatim transcript of today's Forum is being
4 prepared by our court reporter. Everything said while we
5 are in session today, together with all exhibits will be
6 part of the official record. Copies of today's transcript
7 will be available to anyone who would like a copy upon
8 payment of the required fee to the court reporter. The
9 court reporter's name, address and telephone number are
10 available upon request.

11 Copies of the transcript and exhibits will also
be
12 available for review in Western's Desert Southwest
Customer
13 Service Regional Office, which is located in Phoenix,
14 Arizona.

15 I'm going to turn the presentation over to Mike
16 Simonton, who is our Project Manager. But before I do, I
17 guess I'll just be a little proactive. If anybody has any
18 questions, if you would, please, identify yourself for our
19 court reporter and spell your name so we get a clear
record,
20 but that'll be later in the presentation, but while I'm up
21 here talking, I guess I'll go ahead and provide that
22 information now.

23 So, anyway, hand it over to Mike and thank you
all
24 for coming today.

25

MR. SIMONTON: Hello, all. Good morning. Thank

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Project 1 you for coming. My name is Mike Simonton. I'm the
2017 2 Manager for Western of the Boulder Canyon Project Post-
3 Remarketing effort. I'll be walking us through our
4 information materials today.

5 Topics that we'll be discussing is an update of
6 our process, major milestones, things that have happened
to 7 date and where we're going, a bit of history on the
Boulder 8 Canyon Project leading us into this marketing effort, some
9 of the more impacting or influencing elements that -- that
10 affect how these proposals are shaping up.

11 We'll talk about the applications that Western
12 received. We'll also give an overview of the proposed
13 allocations that were published in the Federal Register
14 Notice on August 8th, 2014. We'll also speak of some next
15 steps and provide you our contact information.

16 Pursuant to a public process on December 30th,
17 2013, Western published our final marketing criteria and
18 made a call for applications from those parties that are
19 interested in receiving an allocation of Boulder Canyon
20 Project after Post-2017.

21 In that Notice, we made the call for
applications,
22 which set the due date for the applications to be March
23 31st, 2014. Western used its prescribed application form
24 for remarketing efforts, which entails the applicant to

25 provide information of their entity, including such things

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the 1 as service area, how much is -- allocation is requested,
2 loads of the applicant, the power suppliers of the
3 applicant, as well as the plans and to get that power to
4 their loads.

5 On August 8th, Western proposed allocations that
6 were formed by applying this criteria to the applications
7 received. During this week, we're conducting Public
8 Information Forums, as Doug described. This is an
9 opportunity to provide the public two-way dialogue with
10 Western on its proposals and to provide you further
11 information on how the proposals were formulated.

conducting 12 On September 16th and 18th, we will be
13 Public Comment Forums as described. This will be an
14 opportunity for interested parties to provide their
comments 15 on these proposals.

16 The comment period due date or the comment due
17 date is September 19th, 2014. We also did send out a
letter 18 to the proposed allottees asking or requiring them to
19 substantiate the loads that were provided in their
20 application. So they'll need to provide documentation by
21 October 3rd, 2014 to show that what loads are in their
22 applications are actual loads.

23 This will be evidenced by things, including but
24 not limited to, meter verification reports, historical

25 billing reports or host utility reports.

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1 I'd like to give an overview of the Hoover Power
2 Allocation Act of 2011, which was enacted back in December
3 of 2011. This has a lot of impacting elements for the
4 process and sets the stage as we go into the allocation
5 Schedule D or this Resource Pool.

6 I've also referred to the Hoover Power
Allocation
7 Act as HPAA. HPAA defines Schedules A, B and C. Schedule
A
8 is the allocations that occurred in the late '30s, which
are
9 to the, quote, unquote, "original contractors." Schedule
B
10 is the power that was allocated pursuant to the uprating
11 program in the mid '80s. And Schedule C is excess energy
in
12 the event that we were to have energy -- an over-defined
13 quantity of energy for the year.

14 HPAA also established that the Resource Pool
15 notice Schedule D, which is what we're in the process of
16 allocating Western's portion of. HPAA prescribed portions
17 of that Schedule D to be allocated by the Arizona Power
18 Authority and the Colorado River Commission of Nevada
19 respectively for their states.

20 Western is to allocate the 69,170 kilowatts of
21 contingent capacity to new allottees in the marketing area
22 and an additional 11.5 or, sorry, 11,510 kilowatts of
23 contingent capacity to new allottees in Southern
California.

24 Western allocations to non-tribes in Arizona and
25 Nevada shall be offered through APA or CRC. Southern

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1 California does not have a state agency that was
prescribed
2 to do something of that nature. So allocations in the
3 Southern California will be directed from Western to an
4 allottee.

5 Allocations to Native American tribes will be
6 contracting more directly with Western. And HPAA also
7 required that Western would conform its 1984 marketing
8 criteria to provisions of HPAA.

9 Western did conform its criteria to HPAA in
10 June 14th, 2012 when it published a Federal Register
Notice
11 that would conform its 1984 criteria to the provisions of
12 HPAA. HPAA prescribed that Western would conduct -- or --
13 or directed Western to do several things. This Federal
14 Register Notice administratively facilitated divisions of
15 HPAA, again, by conforming its criteria, allocating
16 Schedules A and B as described in HPAA and a few other key
17 elementary functions of HPAA.

18 In this Federal Register Notice, Western also
19 established fundamental criteria such as eligibility,
which
20 prescribed that qualified applicants must be eligible
under
21 Section 5 of the Boulder Canyon Project Act or be
Federally
22 recognized Indian tribes.

23 All applicants must be located within the
Boulder

some

24 Canyon Project marketing area. It also prescribed that

25 general allocation criteria that allocations of non-tribes

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1 in Arizona and Nevada would be offered through APA and CRC
2 as discussed.

3 We also noted that Western would prescribe
4 additional marketing criteria pursuant to a public
process.
5 HPAA did not provide Western much guidance in the way of
how
6 to not have competing applications, which is why Western
7 conducted a public process to describe additional
marketing
8 criteria to do so.

9 A brief overview of that criteria -- that's
10 criteria as mentioned, we published in the Federal
Register
11 Notice on December 30th, 2013. Just to be clear, this
12 criteria is only applicable to the portions of Schedule D
13 that Western is allocating, the 69 megawatts and the 11.5
in
14 Southern California.

15 This criteria does not have any bearing or
weight
16 or is not applicable to APA and CRC when they go to
allocate
17 their portions of allocated Hoover Power.

18 Western's key marketing criteria for Boulder
19 Canyon Project Post-2017 power include a first
consideration
20 for Native American tribes up to 25 percent of their peak
21 load. Western would consider all -- all the amount of the
22 applicant's load already served by existing Federal power

23 allocations.

24 This can be Federal power allocations that are

25 allocated directly from Western to the allottee or
applicant

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1 or indirectly in which maybe Western has allocated to a
2 utility and it's that utility's customer that's applied
for
3 Hoover allocation from Western. So that would be
considered
4 an indirect benefit such that that host utility's firm
5 electric service or Federal hydropower allocation is
6 benefiting their customer and, therefore, that customer is
7 applying to Hoover.

8 The remainder of Hoover Schedule D would go to
9 nonprofit eligible applicants in proportion to their peak
10 loads. All allocations would be based on historical loads
11 and we provided an option for the applicant to provide
12 historical loads considering -- consisting of calendar
year
13 2011 or 2012 or 2013 as chosen or submitted by the
14 applicant. All allocations would be at a minimum of
15 100 kilowatts with a maximum of 3,000 kilowatts.

16 To give an overview of the applications
received,
17 we received 107 total applications. This table depicts
the
18 number of applications that were received per state and
19 breaks that out by tribes or non-tribes. This table also
20 depicts the megawatts of peak load that was submitted by -
-
21 or summarized of the applicants.

22 Considering that the allocations fundamental
23 criteria do allocate based on peak load or pro rata based
on

at. 24 peak load, this is a fairly pertinent depiction to look

25 Number of applicants and peak load will have a direct

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1 bearing on the distribution of those allocations.

table

2 There's a couple pie charts that depict the
3 that was just presented. As you can see, quite a few
4 applications coming from Arizona and Southern California.

A

5 somewhat modest or a little bit less coming from Nevada.

6 Some of the considerations that were made within
7 that criteria, again, we mentioned that we would consider
8 the direct and indirect benefits of existing Federal
9 hydropower allocations that are serving the load by each
10 applicant.

to

36

11 Allocations held by host utilities were assumed
12 benefit its customers equally. I believe we had roughly
13 host utilities represented serving the loads of all those
14 107 applicants. You know, in order to account for an
15 applicant's existing Federal or firm electric service or
16 Federal hydropower serving the load, at times we had to
look
17 at the host utility's percentage of firm electric service
18 serving its load, which then is trickled down or
benefiting
19 the applicant.

host

their

20 And those times when we had to determine that
21 utility's percentage of firm electric service serving
22 peak load, we tried to gather information from the Energy

23 Information Administration data, and if that wasn't
24 available, we sought out information from that host
25 utility's Integrated Resource Plan as available.

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1 There were many cases in which applicants had
2 loads served by -- in multiple host utility service areas.
3 So one applicant might have load within three different
4 utilities.

host

5 In cases such as that, we had to calculate the
6 host utility's peak load served by firm electric service
7 account for that applicant's load to each host utility and
8 provided a weighted average of the indirect benefit going
9 that particular applicant.

and

to

10 We did have some cases in which a host utility
11 one of its customers had both applied. In some of those
12 cases, we did have to reduce the host utility's load such
13 that we would not double a count or consider the same load
14 twice.

and

15 Focus in a little bit more on the distribution
16 the 69 megawatts in the marketing area. As the criteria
17 prescribed, we made a first run to Native American tribes
18 targeting 25 percent of their peak load to be served by
19 Federal power. That first run resulted in a distribution
20 28,970 kilowatts of contingent capacity being proposed to
21 allocated to tribes.

of

of

be

22 The remaining 40,200 kilowatts was distributed

by

23 targeting all applicants to have a peak load served by
24 Federal power to approximately 6.8 percent. This took
into
25 consideration all the -- all the peak loads of the

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1 applicants, the amount of Federal firm electric service
2 that's already being served to those applicants, obviously
3 the number of applicants. It also took into consideration
4 the min and max provisions.

5 So, therefore, applicants with less than
6 6.8 percent of their peak load being served by Federal
7 hydropower, were provided an allocation of Boulder Canyon
8 Project to increase the amount of their peak load served
9 Federal power to approximately 6.8 percent. Again,
10 considering all the other marketing criteria such as the
11 and max, 100-kilowatts min, 3,000 kilowatts max.

12 Applicants that already had more than 6.8
13 of the peak load served by Federal power were not provided
14 proposed allocation.

15 We reiterated that process or reran that process
16 in order to distribute the 11.5 thousand kilowatts in
17 Southern California. We did consider the allocations of
18 69,170 kilowatts in the marketing area. Those proposed
19 allocations were considered in our California run.

20 When trying to distribute the first
21 of 25 percent to Native American tribes, the results of
22 distribution of the 69 megawatts in the marketing area
23 essentially put those tribes at their limiting factors,

by

min

percent

the

consideration

the

24 which would either be at 25 percent of their peak load
25 served by firm electric service or 3,000 kilowatts of

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1 Boulder Canyon Project power maximum allocation.

2 Or after considering all those variables, the
3 potential result of an allocation still might not have met
4 100-kilowatt minimum. For all these considerations and
5 variables, the first consideration run in Southern
6 California did not yield additional allocations to Native
7 American tribes.

8 Therefore, the full 11,500 kilowatts was
9 distributed in Southern California by targeting the
Southern
Federal
10 California applicants to a peak load of -- served by
11 hydropower to be covering approximately 20.8 percent.

12 So much like in the 69 distribution, this
13 28 percent was established in consideration of all the
14 Southern California applicants' peak loads, the amount of
15 firm electric service already serving those loads, the
16 limiting factors of mins and maxes and so forth. So this
17 was a percentage that yielded distribution of the 11.5 to
18 those applicants when considering all those variables.

19 Applicants with less than 20.8 percent of their
20 peak load served, again, got an allocation to get them to
an
21 allocation of Hoover or proposed allocation of Hoover to
get
22 them to 20.8 percent of peak load served by Federal
23 hydropower. Applicants with more than 20.8 percent of
their

a

- 24 peak loads served by Federal hydropower were not provided
- 25 proposed allocation.

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1 This is a table depiction of the proposed
2 allocations. They're broken out for number of allocations
3 per state and tribe and non-tribe with their associated
4 kilowatt values. I have a footnote at the bottom of the 5
5 allottees.

six

6 Essentially what that means is that there are
7 allocations of the 11.5 in Southern California, 5 of those
8 had already received a portion of the 69 megawatts. So in
9 totaling the total allocations made, you wouldn't want to
10 double the count for those 5 allottees.

in

11 So essentially you have in Southern California,
12 there are 20 allocations of the -- within the Southern
13 California 20 allottees and the distribution of the
14 69 megawatts, 5 of those received additional quantities of
15 allocation through the distribution of the 11.5 kilowatts
16 Southern California.

in

17 This results in a total of 58 proposed new
18 allottees and the full distribution of both 69 megawatts
19 the marketing area and 11.5 in Southern California.

marketing

20 This is a graphical depiction of that data.
21 Again, this should look -- you know, based on the
22 criteria, it does pan out to be somewhat similar to the
23 applications that were received, that you've got larger
24 numbers and larger loads in Arizona, California, a little

25 bit more modest in Nevada.

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1 This next depiction is a -- is showing the
2 different customer types and how many allocations might
have
3 gone into entities of a certain customer type and their
4 associated kilowatt values. Same note applies when
looking
5 at the 5 allottees that got a portion of both the 69 and
the
6 Southern California 11.5.

7 As previously noted in our public process, the
8 marketing criteria was intended to provide the most
9 widespread use. As can be seen here, this is a fairly
10 diverse set of customer types that represented the
proposed
11 allocations.

12 A graphical depiction of that material providing
13 percentages of -- within the marketing area distribution
of
14 the 69 megawatts per customer type, as well as the
15 California-only distribution per customer type is depicted
16 here and you can see that that first run within the
17 69 megawatts to Native American tribes result in 42
percent
18 of that 69 megawatts going to tribes, which pretty much
19 build them up to their 25 percent threshold or target
value
20 or got them to their 3,000-kilowatt maximum allocation,
21 therefore, getting into the California distribution, it
22 pretty much trickled to these other types of instances.

on 23 As previously discussed, we have Comment Forums
period 24 these proposals scheduled for September. The comment
25 was open when we published the Federal Register Notice on

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1 August 8th. As described, we have Comment Forums on
2 September 16th, 17th and 18th with the comment period
3 closing September 19th.

4 It's pretty customary for me to have this
5 remarketing milestone goals. As described, we had
6 applications due in March of this year. We proposed
7 allocations in August of this year. We hope to and intend
8 to have final allocations by December of this year, which
9 would then early -- early in 2015, we would initiate
10 contract negotiations with all existing and new customers.

11 We hope to have final contracts by December of
12 2015. Pursuant to our criteria, we have October of 2016
is
13 a ready, willing and able due date for non-tribes, so
those
14 entities that are non-tribes would be seeking to
demonstrate
15 that they are able -- ready, willing and able to receive
and
16 distribute the power that's been allocated by October
2016.
17 By October 1st, 2017, we can initiate service with all
18 existing and new customers.

19 All our previous Federal Register Notices, the
20 comments that have been submitted, this material, our
21 transcripts, any comments that'll be submitted in the
22 September time period get posted to our remarketing
website,
23 which is located at this address.

24 As Doug mentioned in our opening remarks, all
25 written comments could be provided to Mr. Ron Moulton at

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1 this information here.

2 Does anybody have some questions, and if you do
3 have questions, we would please ask, as we mentioned, to
4 please stand, state your name and spell it out for our
5 reporter's information and please speak loudly because we
6 don't have a wireless microphone.

7 Mr. Kevin Short.

8 MR. SHORT: Kevin Short, K-E-V-I-N, S-H-O-R-T,
9 Anza Electric Cooperate. I just wanted to clarify, Mike,
10 the notice of proposed allocation that was sent out -- I
11 don't have a date on it -- if there's a discrepancy
12 the allocation that's proposed in there and the table,
13 is slide 14, is it safe to assume that that's our
14 there? Is it safe to assume that we would be one of the 5
15 allottees that's receiving from both pools?

16 MR. SIMONTON: That seems reasonable, yes. I
17 don't have the break out of individually the 69 and the
18 California. We did have a question yesterday to ask us to
19 identify or break that out in a question/response, which
20 would intend to do, so that would help me provide the
21 clarity that you might be seeking to see the Southern
22 California, the distribution of the 69 allocations and the
23 additional 11.5, so we intend on providing that in the

court

in

between

which

allocation

we

next

24 few weeks.

25 MR. SHORT: Okay. Perfect. Thank you.

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25 10:31 a.m.)

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sworn

I, CHRISTINE JOHNSON, having been first duly

and appointed as Official Court Reporter herein, do hereby
certify that the foregoing pages, inclusive, constitute a
full, true and accurate transcript of all the proceedings
had in the above matter, all done to the best of my skill
and ability.

DATED this _____ day of _____, 2014.

Christine Johnson, RPR, RMR
Certified Court Reporter No. 50383

CHRISTINE JOHNSON, RPR, RMR

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