

**Boulder Canyon Project (BCP) Post-2017  
Applicability of the Power Marketing Initiative  
Public Information Forums  
December 1-3, 2009**

**Questions and Responses**

**Question:** Does Western have a breakout of the existing customers' proposed capacity and energy allocations on both MW/MWh and percentage basis? If so could that be provided for clarification purposes?

**Answer:** The following table represents the numerical results of the annual allocations for the existing BCP contractors of extending the pool under the PMI, with the capacity and energy pools Western is seeking comments on:

Contractor	Capacity (kW)	Energy (kWh)	% of Cap	% of Energy
Arizona Power Authority	377,000	741,088,546	18.4%	18.0%
Colorado River Commission of Nevada	377,000	913,838,673	18.4%	22.2%
Metropolitan Water District of Southern California	247,500	1,115,943,366	12.1%	27.1%
City of Los Angeles	490,875	603,064,649	24.0%	14.7%
Southern California Edison Company	277,500	216,537,102	13.6%	5.3%
City of Anaheim	40,000	44,915,033	2.0%	1.1%
City of Azusa	4,000	4,318,753	0.2%	0.1%
City of Banning	2,000	1,727,501	0.1%	0.0%
City of Burbank	20,125	22,975,767	1.0%	0.6%
City of Colton	3,000	3,455,003	0.1%	0.1%
City of Glendale	20,000	62,070,848	1.0%	1.5%
City of Pasadena	20,000	53,293,414	1.0%	1.3%
City of Riverside	30,000	33,686,275	1.5%	0.8%
City of Vernon	22,000	24,185,018	1.1%	0.6%
United States for Boulder City	20,000	69,100,051	1.0%	1.7%
Proposed Resource Pool	93,000	205,800,000	4.5%	5.0%
Total >>	2,044,000	4,116,000,000	100.0%	100.0%

\*It is noted that Western is seeking comments on multiple topics, the outcome of which could impact the final allocations.

**Question:** Can Western provide the reason for the proposed 30 year term?

**Answer:** A proposal of a 30 year term is consistent with BCP's historical marketing practice. Western anticipates that a 30 year term would allow for sufficient resource planning horizons and added stability compared to a term less than 30 years.

**Question:** How was Western's proposed energy derived?

**Answer:** Western and Reclamation reviewed the most recent hydrologic studies as provided by Reclamation. Several analyses were performed to review the projected energy output of Hoover over the proposed term. Various aspects were taken into consideration such as average energy, median energy, resource stability, and frequency of excess energy. After significant discussion, it was decided that a proposal of generation at the 70<sup>th</sup> percentile level would be optimal. The 4,116 GWh represents the 70<sup>th</sup> percentile of projected annual Hoover generation over the proposed term using the January 2009 version of Reclamation's long-term planning model. The 70<sup>th</sup> percentile value was determined by ranking all projected values of annual Hoover generation over the proposed term and plotting the probability of being less than or equal to each value. The value for which 70 percent of the values are below and 30 percent of the values are above is 4,116 GWh.

**Question:** How is generation that exceeds the proposed 4,116 GWh (excess energy), going to be distributed?

**Answer:** Western has not proposed excess energy allocation methodologies at this time. Western has requested public comment on excess energy provisions in the recently published Federal Register Notice (FRN) dated November 20, 2009.

**Question:** Currently the Hoover power is marketed under three schedules. Does Western foresee this marketing effort including the Schedules A, B, and C?

**Answer:** Western has made no specific proposal relative to the current Schedules A, B, and C at this time. Western will consider comments from this FRN and will develop a more specific allocation proposal based on those comments.

**Question:** Does Western plan on publishing all of the comments that are provided during the Public Comment Forum on the website?

**Answer:** Yes, Western plans to publish all of the comments that are received prior to the close of the comment period on January 29, 2010, on the Western website.

**Question:** Can Western provide a list of all those who attended the Public Comment, as well as the Information Forums?

**Answer:** Western has posted the sign-in sheets from the December 2009 Public Information Forums to the website and plans to do the same for the Comment Forums.

**Question:** Can Western expand on who makes the decision of the Power Market Initiative's (PMI) applicability to the BCP and what are the underlying issues describing that decision?

**Answer:** After public input is taken into consideration, it is Western's decision to either apply the Power Market Initiative or seek alternate means of remarketing the BCP.

**Question:** What does Western do if Congress passes legislation to reallocate Hoover?

**Answer:** Western will implement any law that is passed by Congress.

**Question:** Why has Western not specifically designated the proposed resource pool to be allocated to Native American tribes?

**Answer:** Western has made allocations to Native American tribes under its recent applications of the PMI, and is not proposing anything that would preclude such allocations under the proposed resource pool for BCP. However, Western is not proposing criteria related to the disposition of the proposed resource pool in this phase of the process. Western intends to further develop proposals for how to allocate a resulting resource pool based on comments received at this stage, and will solicit public input on those proposals.

**Question:** If Western is not proposing to reduce the existing contractors' capacity allocations, where might the proposed 93 MW associated to the resource pool be coming from?

**Answer:** The 93MW is capacity that originated with the upgrading of the Hoover units per the Hoover Power Plant Act of 1984. Based on the project history, this is capacity that has not previously been marketed.

**Question:** Can Western describe the process that went into the creation of the proposed 5% energy and 4.5% capacity resource pool?

**Answer:** Western reviewed several possible resource pools prior to proposing the 5% for energy and 4.5% for capacity. Considerations were made for resulting pool size, energy projections, impact to existing contractors, capacity factors, and project characteristics. After reviewing various possible pool configurations, Western found that the proposed 5% energy and 4.5% of capacity would create a substantial pool while minimizing the effects of withdrawing from existing contractors. Western is seeking comments on this proposal.

**Question:** Is there going to be a winter/summer season, on-peak/off-peak requirements, and what does the energy look like?

**Answer:** Western envisions maintaining similar, if not identical, resource flexibilities to those provided in the current contracts. However, contract provisions shall be formulated upon the determination of final allocations to new and existing contractors.

**Question:** Is the categorical exclusion described in the FRN for NEPA compliance going to apply to both the decision to apply the PMI and the contracting process?

**Answer:** If the determination is made to apply the PMI to the BCP, the categorical exclusion would be applicable to both the PMI and the resulting contracts..

**Question:** When does Western anticipate applications would be needed?

**Answer:** Western intends to evaluate comments at the conclusion of this comment period on January 29, 2010. After all comments received from the FRN have been considered, Western intends to publish a final decision on the EPAMP PMI applicability to the BCP and if adopted, anticipates potentially making a call for applications as early as the summer of 2010.

**Question:** Is it likely there will be a 1 MW minimum as with Parker-Davis?

**Answer:** This is a possibility, but has not yet been determined.

**Question:** What are the qualifications for any new customers?

**Answer:** Western has not yet defined qualifications of new customers. This would be decided through a public process defining marketing criteria.

**Question:** What is the capacity factor for the energy market here?

**Answer:** The final determination can't be made prior to reviewing comments received. Based on the table of data provided in the answer above, the allocated plant capacity factor would be 23% while the proposed resource pool would have a capacity factor of 25.3%.

**Question:** Will any new allottees be encouraged to participate in the Implementation Agreement and the cost sharing thereof?

**Answer:** The FRN states "As provided in the current BCP Implementation Agreement, new contractors, or contractors who receive an increased allocation will be required to reimburse existing BCP contractors for replacement capital advances to the extent existing contractors' allocations are reduced as a result of creating the resource pool." Required contracts and contract provisions shall be formulated upon the determination of final allocations to new and existing contractors.

**Question:** Is it appropriate to have comments provided at this point on who the allottees will be or not?

**Answer:** Western is currently seeking comments regarding the applicability of the PMI to the BCP, the quantity of resources to be extended to existing contractors, the size of the proposed resource pool, excess energy provisions, and the term of the

contracts. It would be premature to submit a comment regarding who the allottees will be.

**Question:** Is the approximated contract execution timeframe of 2013 the same for existing contractors' renewals and new allottees contracts?

**Answer:** Yes. Western anticipates both existing and new contracts to be executed in 2013.

**Question:** If contracts are signed in 2013 would they become effective after the current contracts expire.

**Answer:** Yes. Western anticipates that allocation contracts related to this effort will be executed prior to expiration of existing contracts on September 30, 2017, but they would be effective as of October 1, 2017.

**Question:** How did Western arrive at the proposed 2,044 MW of contingent capacity?

**Answer:** Western sought to market all capacity available after reserving 30 MW that would be utilized for the integration of the federal generation projects of DSW. This 30 MW would enable Western to more effectively and efficiently deliver reliable cost based federal hydro generation.

**Question:** Did Reclamation use the most recent operating criteria for equalization of Glen Canyon and Hoover in their studies?

**Answer:** Yes.

**Question:** Is Western going to make available the Reclamation studies for examination?

**Answer:** Information related to the Reclamation studies can be requested from Reclamation directly by contacting Larry Karr at [lkarr@usbr.gov](mailto:lkarr@usbr.gov) or by phone at (702) 293-8094.

**Question:** Can Western provide a list of the tribal entities that would fall into the Boulder Canyon marketing area?

**Answer:** Western is devoting further study regarding this question in order to respond appropriately after the conclusion of the comment period on January 29, 2010.

**Question:** What type of legal analysis has been done on whether Western has to give the power to the Arizona Power Authority (APA) or just to the State?

**Answer:** The APA is the entity that's been designated by the State of Arizona to receive the allocation for the State of Arizona historically. Western has requested comments on APA's role in the allocation process.

**Question:** Is EPAMP the primary justification for the proposed process or the exclusive justification for the proposed process?

**Answer:** Western has the authority to market the power from the BCP and is proposing to apply the EPAMP PMI to do so.

**Question:** How is Western going to handle preference customers? Is Western going to renew existing customers regardless of whether or not they are considered a preference customer? If so, is that legally acceptable?

**Answer:** Western has proposed to renew contracts with all existing contractors and believes that it is legally acceptable to do so.

**Question:** Regarding the issue of the Boulder Canyon Project and EPAMP; is Western expecting a legal response or a political response?

**Answer:** Western is seeking any comments on the proposed items as described in the FRN.

**Question:** How are the Federal entities, the military installations being dealt with?

**Answer:** Western has not yet proposed or defined marketing criteria. That effort will take place after a decision on EPAMP PMI applicability and a pool has been established.

**Question:** Will tribes in the BCP marketing area be lumped together with the Federal facilities, or does Western see them being separated out?

**Answer:** Western has not yet proposed or defined marketing criteria. That effort will take place after a decision on EPAMP PMI applicability and a pool has been established.

**Question:** When does Western anticipate the marketing criteria to be defined?

**Answer:** It is currently estimated that marketing criteria would be defined by the spring of 2011.