

ERRATA SHEET

Regarding changes to the transcript for the October 8, 2002, Public Comment Forum, Las Vegas

<u>Page</u>	<u>Line</u>	<u>CORRECTION/ADDITION</u>	<u>WAS PRINTED AS</u>
1	8	PUBLIC COMMENT FORUM	PUBLIC INFORMATION FORUM
6	6	Any relevant materials to be	Any irrelevant materials to be

		BRUSH & TERRELL COURT REPORTERS	
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THE UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
PHOENIX AREA OFFICE

PARKER-DAVIS PROJECT
APPLICATION OF POWER MARKETING INITIATIVE
PUBLIC COMMENT FORUM
(To Post - 2008 Remarketing Effort)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

Las Vegas, Nevada
October 8th, 2002
1:00 o'clock p.m.

PREPARED BY: CHRISTINE JOHNSON, RPR
CERTIFIED COURT REPORTER #50383

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1 Be it remembered that heretofore on October 8,
2 2002, commencing at 1:00 p.m., at the McCarran International
3 Airport, Las Vegas, Nevada, the following proceedings were
4 had, to wit:

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7 WESTERN AREA POWER ADMINISTRATION

8 APPEARANCES:

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MR. DOUGLAS N. HARNESS
Office of General Counsel

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MR. ROY TINSLEY
Project Manager, Western Area Power
Administration

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OPENING REMARKS

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BY MR. DOUGLAS HARNESS

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COMMENTS

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BY MR. GERALD LOPEZ

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1 MR. HARNESS: Okay. We're a little bit behind
2 schedule, but still have plenty of time, I'm sure.

3 Anyway, good afternoon, everyone. Welcome to
4 today's Public Comment Forum. I'm Doug Harness. I'm an
5 attorney with Western Area Power Administration in our
6 Lakewood, Colorado office, and I'll be the mediator for
7 today's Forum.

8 The purpose of this Public Comment Forum is to
9 give interested parties the opportunity to make oral
10 presentations or submit written comments for the record on
11 Western's proposal to apply the Power Marketing Initiative
12 or PMI of Western's Energy Planning and Management Program
13 to Parker-Davis Project firm electric service commitments
14 beyond September 30, 2008.

15 Western's proposal would create a resource pool of
16 six percent of available Parker-Davis resources for
17 allocation to new customers, and would extend 94 percent of
18 the current Parker-Davis customers' contractual entitlements
19 to firm Parker-Davis resources for 20 years beyond September
20 30, 2008.

21 In addition to today's Forum and the forums held
22 later this week, written comments may be submitted anytime
23 during the comment period that ends on November 6, 2002.

24 These comments should be sent to Mr. J. Tyler

25 Carlson, Regional Manager of Western's Desert Southwest

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1 Customer Service Region at post office box 6457, Phoenix,
2 Arizona, 85005-6457. Comments may also be submitted by fax
3 to area code (602)352-2490 or by e-mail to
4 "post20008PDP@WAPA.gov." Again, that's
5 "post2008PDP@WAPA.gov." Comments must be received by 5:00
6 p.m. Phoenix time on November 6 to be considered.

7 All written comments received by Western will be
8 posted on Western's website at the end of the comment
9 period.

10 A verbatim transcript of today's Forum is being
11 prepared by our court reporter. Everything said while we're
12 in session today, together with all exhibits, will be a part
13 of the official record.

14 Copies of today's transcript will be available to
15 anyone who wants a copy, upon payment of the required fee to
16 the court reporter.

17 And if you'd like to get with the court reporter
18 after the Forum today, you can get her address and telephone
19 number as far as ordering a transcript.

20 Copies of the transcript and exhibits will also be
21 available for review in the Desert Southwest Customer
22 Service Region located in Phoenix.

23 All comments made today should be relevant to the
24 proposed action, which is: One, the application of the PMI

25 to the Parker-Davis Project. Two, the size of the resource

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1 pool to be available to new customers. And, three, the
2 percentage of resources to be extended to existing
3 customers.

4 As the moderator, I reserve the right to disallow
5 any comments that are not relevant to the subject matter of
6 today's Forum. Any relevant materials to be introduced in
7 the record should be given to the court reporter, and she'll
8 assign it an exhibit number.

9 After the close of the public comment period,
10 Western will review all information, comments and exhibits
11 that have been received with regard to the proposal.

12 Western will then announce a decision in the
13 "Federal Register." Comments made during this public
14 process will be discussed in this announcement.

15 Now, we had a sign-up sheet in the back of the
16 room for people who would like to speak and so far we only
17 have one -- one person listed.

18 If anybody else would like to speak, I guess we
19 can do it two ways: You can either go back and sign up or
20 after we have our first speaker, we'll open the floor. So,
21 you know, we'll be flexible in that regard.

22 But I would ask that after I recognize the
23 speaker, if you would -- speakers would come up here to the
24 microphone, identify themselves and the organization that

25 they represent and please spell your name for the

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1 convenience of our court reporter.

2 In addition, if you have a presentation that
3 you're reading from, if you have an extra copy, if you could
4 give it to the court reporter, that would be helpful and
5 appreciated, also.

6 Finally, please keep in mind that Western has no
7 presentation today and will not be answering questions. The
8 sole purpose of this Forum is to take your comments.

9 So with that, the individual who did sign
10 indicating they wanted to speak was Jerry Lopez. So I'll
11 open the floor and turn it over to Jerry Lopez.

12 MR. LOPEZ: Thank you, Doug. My name is Gerald A.
13 Lopez, G-e-r-a-l-d, middle initial A, Lopez, L-o-p-e-z. I'm
14 a Nevada Senior Deputy Attorney General representing and
15 offering these comments on behalf of the Colorado River
16 Commission of Nevada.

17 The CRC is an agency of the State of Nevada
18 created in 1935, to function as a utility for the purpose of
19 administering the state's rights in, among other things,
20 electric power provided by the Federal Government.

21 Accordingly, under state law, the CRC, in turn,
22 markets that power to users within Nevada at cost, plus an
23 administrative charge to cover its expenses. The state of
24 Nevada and its Colorado River Commission make no profit

25 whatsoever from its access to federal power.

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1 As a qualified preference entity under federal
2 reclamation law, the State of Nevada, acting through the
3 CRC, received an allocation of Parker-Davis power for
4 decades under the contracts that terminated in 1987.

5 And, under the follow-on power marketing criteria
6 that presently govern the Parker-Davis Project, which
7 Western now proposes to extend, the CRC was allocated
8 22.64 percent of the Parker-Davis Project resource as a
9 preference entity within the Western's Boulder City
10 marketing area.

11 CRC continues to be a qualified preference entity
12 under federal reclamation law. In addition to its status as
13 a public sector governmental agency, CRC has "utility
14 status" as defined by Western, in that, CRC has
15 responsibility to meet the load growth of its customers.

16 It owns and operates a distribution system at
17 Basic Substation in Henderson, Nevada, whose construction
18 was closely coordinated with Western.

19 CRC itself performs the necessary meter reading,
20 billing and accounting functions, and CRC is ready, willing
21 and able to purchase federal power from Western on a
22 wholesale basis as it has been doing for many decades now.

23 CRC serves seven customers with Parker-Davis
24 power, and that power is extremely valuable for the economy

25 of the State of Nevada as a whole and for these customers in

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1 particular.

2 Whether the price of this federal power is
3 compared with the cost of replacement power on the electric
4 energy market, the benefit of Parker-Davis power to users
5 amounts to almost \$11 million per year.

6 The well-being of these customers and, by
7 extension, Nevada's economy, depends on a firm, affordable
8 resource that can be counted on far into their planning
9 horizons.

10 CRC believes the Power Marketing Initiative gives
11 Nevada the long-term, stable resource it needs, and so we
12 welcome and support Western's proposal to apply the -- the
13 PMI to the Parker-Davis Project.

14 Because it is essential that CRC and its customers
15 be able to plan their resources -- their power resources as
16 early as possible, we also commend Western for taking these
17 steps now to move this process forward.

18 CRC strongly agrees that the Power Marketing
19 Initiative, under the Energy Planning and Management
20 Program, should apply to the Parker-Davis Project and for
21 the same reasons Western concluded just a few years ago that
22 it should apply to the Salt Lake City Area Integrated
23 Projects.

24 As you know, since it was first proposed in 1991,

25 EPAMP has had two major components, a requirement that

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1 long-term firm power contractors prepare Integrated Resource
2 Plans, the IRP's, and a Power Marketing Initiative through
3 which those contractors would receive an extension of a
4 major portion of the resources available at the time the
5 current contracts expire.

6 The IRP requirement as codified in the 1992 Energy
7 Policy Act has been in place for several years now as has
8 the burden of compliance on the contractors.

9 CRC and its customers are in full compliance with
10 the IRP requirement. It is only equitable that the Federal
11 Government continue to carry out the rest of the program by
12 offering meaningful extensions of the hydropower resources
13 those contractors receive.

14 Applying the PMI to the Parker-Davis Project also
15 has other significant advantages. Extending resource
16 commitments avoids a lengthy complicated process that would
17 be required to completely revise the present Parker-Davis
18 Project marketing criteria and produce an environmental
19 impact statement for the new marketing plan.

20 Such an unnecessary process would create a
21 substantial burden on Western and existent customers alike
22 at a time when human and economic resources are already
23 stretched thin.

24 Extending resource commitments also gives the

25 United States the relative assurance of a continued revenue

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1 stream to repay the expenses and obligations of the project.

2 Stability in the availability of federal
3 hydropower resources is obviously a crucial factor in
4 Integrated Resource Planning.

5 For contractors who depend upon federal power for
6 a significant part of their resource mix, as does the CRC
7 and its customers, it is difficult, if not impossible, to
8 engage in meaningful, long-term resource planning without
9 assurance that federal power will continue to be available
10 well into the planning horizon.

11 For us, and we believe for other typical
12 contractors for federal power, a 20-year contract period is
13 essential in order to gain that necessary assurance. For
14 that reason, CRC strongly supports the application of
15 Western's PMI rule promising 20-year contract extensions.

16 CRC understands Western's well intention and
17 desire to spread the benefits of Parker-Davis power as
18 widely as possible without harming existing customers who
19 have shouldered the risks and burdens associated with that
20 power. This is the difficult balance.

21 The reduction of firm Parker-Davis allocation to
22 existing customers, even by the amount proposed by Western,
23 could very well endanger the well-being of those customers.
24 They will now be required to replace economical Parker-Davis

25 resources with market resources, which, in the future, may

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1 be even higher priced than present opportunities. This
2 potential harm needs to be minimized.

3 For these reasons, CRC can support the proposed
4 creation of a single, one-time resource pool that would be
5 created by extending 94 percent of the PDP customers
6 entitlement of long-term firm PDP resources as of September
7 30, 2008.

8 And as with the Salt Lake City Area Integrated
9 Projects, any unallocated power remaining in the new
10 resource pool should be returned pro rata to the existing
11 customers.

12 Similarly, if a new customer receives an
13 allocation, but is unable to accept power on October 1,
14 2008, the power allocated to that new customer should be
15 provided to existing customers until such reasonable time as
16 the new customer is able to use the power.

17 CRC applauds Western's proposal to require new
18 customers to participate in advanced funding of Western's
19 and the Bureau of Reclamation's operation and maintenance
20 expenses. Experience teaches that that system works best
21 when all customers participate.

22 We are especially pleased that Western's proposal
23 recognizes the provision in the current advancement of funds
24 contract that new customers be required to reimburse

25 existing customers for undepreciated replacement. We would

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1 urge Western to develop a rate structure which would provide
2 for that reimbursement.

3 Thank you for this opportunity to offer oral
4 comments on the extension of Parker-Davis power resource
5 commitments by application of the EPAMP Power Marketing
6 Initiative. CRC also appreciates the chance to provide
7 written comments on or before November 6th and will probably
8 do so. Thank you again.

9 MR. HARNESS: Thanks, Jerry. Okay. The floor is
10 now open.

11 Does -- would anybody else like to make a comment?
12 You're going to make it too easy on us, at least today.

13 Okay. Well, seeing as nobody else is making any
14 indication at all that they'd like to make a comment, I
15 guess we'll wrap things up here.

16 We would like to thank you all for coming today
17 and for your participation, and we would ask if you haven't
18 already done so, that you sign the attendance roster at the
19 back of the room so that we have an accurate record of who
20 attended today.

21 And with that, again, thank you very much for
22 coming, and we'll carry on. Thank you.

23 We'll go off the record.

24 (Whereupon, the proceedings terminated at 1:35

25 p.m.)

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I, CHRISTINE JOHNSON, having been first duly sworn
and appointed as Official Court Reporter herein, do hereby
certify that the foregoing pages numbered from 2 to 13,
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.

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DATED this 15th day of October, 2002.

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