



United States Department of the Interior

BUREAU OF RECLAMATION
Central Valley Operations Office
3310 El Camino Avenue, Suite 300
Sacramento, California 95821

IN REPLY
REFER TO:

MAY 25 2007

CVO-600
PRJ-20.00

Ms. Sonja A. Anderson
Western Area Power Administration
Sierra Nevada Customer Service Region
114 Parkshore Drive
Folsom, California 95630-4710

Subject: Comments Related to Western Area Power Administration's (Western) Proposed Final Resource Adequacy Plan for Transactions in the California Independent System Operator (CAISO) Corporation's Balancing Authority Area

Dear Ms. Anderson:

Thank you for the opportunity to comment on Western's subject Resource Adequacy (RA) plan. In our review of the RA plan proposed by Western and presented in the April 25, 2007, Federal Register Notice and comments made during the May 16, 2007, workshop conducted with CAISO and several of Western's preference customers, we have the following comments:


1. We support Western's acquisition of generation capacity resources to be committed to the CAISO in order to meet the RA requirement.
2. The Central Valley Project (CVP) generation/transmission resources and their costs have been fairly allocated and sub-allocated to project beneficiaries. Whether a CVP water user or CVP power user is a part of the CAISO control area, the Western sub-control area, or the SMUD control area, hasn't typically mattered; the cost for that energy are postage stamp based. In other words, all CVP water users pay the same amount for the energy they receive from the CVP. Similarly, all CVP preference/first preference power customers pay the same amount for the CVP energy they receive. Reclamation strongly suggests that Western maintain this equitable process in their RA plan. As such, all the CVP water and power customers should be assessed the cost of the RA resource acquired by Western and not just those that are unfortunately located in the CAISO control area.

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We greatly appreciate Western's attention to creating a workable RA program and for considering the comments of Reclamation as you do so. If you have questions related to our comments, please contact Barry Mortimeyer of my staff at 916-979-3001.

Sincerely,

for 
Ronald Milligan
Operations Manager

cc: CVO-600