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**COLORADO RIVER COMMISSION
OF NEVADA**

July 7, 2023

Mr. Jack D. Murray
Senior VP and DSW Regional Manager
Western Area Power Administration
P.O. Box 6457
Phoenix, AZ 85005
Email: dwwpwrmrk@wapa.gov

Re: Boulder Canyon Project Proposed FY 2024 Base Charges and Rate

Dear Mr. Murray,

The Colorado River Commission of Nevada (CRCNV) wishes to submit these comments in the FY 2024 Boulder Canyon Project Rate process that is currently underway.

The Boulder Canyon Project (Hoover) contractors are continuing to experience upward pressure on Base Charges resulting from several factors including rising inflation, maintenance of aging infrastructure, and the continued loss in annual revenue to support the Visitor Center at Hoover Dam. In addition to rising costs, Hoover contractors have experienced a significant decrease in generation because of the ongoing mega-drought. It is becoming increasingly difficult for the US Bureau of Reclamation (USBR) to fund the necessary projects at Hoover Dam that are needed to keep the plant operating reliably and also keep rates for customers stable.

The recent favorable hydrology and generation forecast for FY 2024 makes it appear that the proposed FY 2024 revenue requirements and Base Charges will result in a significant rate decrease for FY 2024 only to experience very large rate increases in later fiscal years.

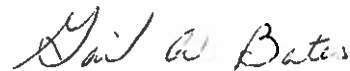
With the favorable generation forecast in FY 2024, the USBR and its contractors may have an opportunity to complete some needed infrastructure maintenance in FY24 so that rate increases in later fiscal years can be moderated.

Mr. Murray
Senior VP and DSW Regional Manager
Western Area Power Administration

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During a Special E&OC meeting that took place on June 29, USBR presented information suggesting that acceleration of the Cylinder Gate Stem Replacement Project and the Mead 69 kV Breaker Replacement Project into earlier fiscal years could reduce the total cost of the projects by approximately \$1 million. Both are necessary projects that cannot be delayed any longer. During the discussion, USBR suggested that a \$5.5 million increase over the currently proposed FY24 base charge is needed to accelerate these projects. The impact would likely cause an increase in the FY24 rates compared to the currently projected decrease but should put downward pressure on rates in subsequent fiscal years. The CRCNV supports increasing the FY 2024 Base Charges by \$5.5 million specifically so that USBR can accelerate the Cylinder Gate Stem Replacement Project and WAPA can complete the 69 kV Breaker Replacement Project at Mead Substation.

Sincerely,



Gail A. Bates
Assistant Director, Hydropower
Colorado River Commission of Nevada

Cc: Eric Witkoski, ewitkoski@crc.nv.gov