PROPOSED 2028

PARKER-DAVIS PROJECT

POWER MARKETING PLAN

PUBLIC INFORMATION FORUM

THURSDAY, JUNE 20, 2024

1:00 p.m. MST/PDT

The Public Information Forum for the Proposed 2028 Parker-Davis Project Power Marketing Plan was held on Thursday, June 20, 2024, in Phoenix, Arizona, with participants/attendees appearing in person and virtually, from 1:03 to 2:09 p.m. MST/PDT.

Present from Western Area Power Administration (WAPA):

Dave Gorlin, Counsel for the Department of Energy;

John Paulsen, Vice President of Power Marketing, Desert Southwest Region; and

Jennifer Henn, Power Marketing Advisor, Desert Southwest Region.

The forum was taken down and transcribed by Nor Monroe, Certified Court Reporter for the State of Washington.

(1:03 p.m.)

DAVE GORLIN: [Indiscernible] let's get started. Good afternoon. Welcome to our Public Information Forum for the Proposed 2028 Parker-Davis Project Power Marketing Plan. My name is Dave Gorlin. I'm an attorney for the Department of Energy, Western Area Power Administration. I work out of WAPA's Lakewood, Colorado, office. And it's my pleasure to be moderating the forum today in Phoenix, Arizona.

The forum today is a hybrid meeting, which means we have attendees in person, at WAPA's Desert Southwest Regional Office in Phoenix, in addition to attendees joining us remotely via Teams or --

(Echo; indiscernible.)

DAVE GORLIN: This meeting is being recorded for transcription --

(Echo.)

DAVE GORLIN: -- purposes.

Apologies for the echo.

The recording may be posted on DOE or WAPA's website or used internally.

If you do not wish to have your voice recorded, please do not speak during the meeting. For those attendees joining us remotely via Teams, if you do not wish to have your image recorded, please turn off

your camer- -- camera or participate by phone.

If you are attending in person, speak during the meeting, or use -- use a video connection, you are presumed to consent to recording and to the use of your voice or image.

Today we will be reviewing the Proposed 2028 Parker-Davis Project Power Marketing Plan. The proposed 2028 P-DP Marketing Plan would be effective October 1st, 2028, and remain in effect through September 30th, 2040 [sic].

A verbatim transcript of this forum will be prepared by our transcription service. Everything said while we are in session today, including the presentation, will be part of the official record. Copies of the transcript and the complete record of the public process will be available for review here, at WAPA's Desert Southwest Regional Office in Phoenix.

[Indiscernible] slide, please.

For those attending our Public Information Forum in person today:

For the restroom, make a right when exiting this room; they're located on the left-hand side of the hall, past the kitchen;

In case of an emergency, turn right and head toward the front lobby after exiting this room; head

outside to the parking lot, to assembly-area one.

To facilitate transcription of the meeting, please save all questions and comments about the proposed 2028 Parker-Davis Project -- or "P-DP" -- Marketing Plan until the end of the presentation.

In addition, we will be muting phones during the presentation, to avoid background noise and any other possible distractions.

For those attending in person, please mute your laptop speaker so we do not get interference noise.

Please note that the room microphones are very sensitive, so any side conversations will likely be heard by those on Teams.

In addition to this Public Information Forum, WAPA will also conduct a separate Public Comment Forum. The Public Comment Forum for the Proposed 2028 P-DP Marketing Plan is scheduled for Friday, July 19th, at 1:00 p.m. Mountain Standard Time/Pacific Daylight Time, to no later than 4:00 p.m. Mountain Standard Time/ Pacific Daylight Time, or until the last comment is received.

The Public Comment Forum will also be a hybrid meeting, and the meeting information will be posted on WAPA's website.

If you would like to submit written comments

on the Proposed 2028 P-DP Power Marketing Plan, comments must be received by the close of the consultation-and-comment period, which is August 19th, 2024.

Comments should be sent to Jack D. Murray, Senior Vice President and Regional Manager of WAPA's Desert Southwest Region, by mail to PO Box 6457, Phoenix, Arizona 85005, or by email to pdp-remarketing@wapa.gov. We will provide this mailing and email information on a slide at the end of the presentation.

This presentation, along with the supporting documentation, is available on WAPA's Parker-Davis Project Post-2028 Marketing Initiative website, and a link to the page will be included in the presentation and posted in the Teams chat box for those attendees joining us remotely.

Unless anyone has any questions about the procedures for this forum, we will mute any open phone lines, and I will turn the meeting over to Jennifer Henn [indiscernible] begin [indiscernible] presentation.

JENNIFER HENN: [Indiscernible] Dave.

Good afternoon. My name is Jennifer Henn. I am the Power Marketing Advisor for Western Area Power Administration, Desert Southwest Region.

Today we will be discussing the Proposed 2028

Parker-Davis Project Power Marketing Plan, which is also referred to as the "Proposed 2028 Plan."

Along with myself this afternoon from WAPA, we have John Paulsen. He is the Power Marketing Manager at WAPA's Desert Southwest Region. We are available to answer questions and comments at today's forum.

On the agenda today, I will begin with briefly reviewing the history of the Parker-Davis Project, which I will also refer to as "P-DP." Next I will discuss the Power Marketing Initiative, or PMI; milestones and efforts to date for the current initiative. Then we will go into detail regarding the Federal Register Notice dated May 20th of this year, in which WAPA provided the Proposed 2028 Plan to begin on October 1st of 2028. Then I will provide our contact information. After that is complete, I will turn the meeting back over to Dave, and he will open the forum for questions and comments.

[Indiscernible.]

Western Area Power Administration was established as part of the U.S. Department of Energy in 1977. WAPA's Desert Southwest Region owns and operates approximately 1500 miles of high-voltage transmission lines and 45 substations to facilitate delivery of P-DP power.

WAPA markets power in a manner that encourages the most widespread use at the lowest possible rates, consistent with sound business principles.

Next.

Parker Dam was authorized by Congress in 1935, and was under construction from 1935 to 1939. Parker Powerplant units were placed into service in 1943.

Davis Dam was authorized in 1941, pursuant to the Secretary of Interior's authority under the rele- -- Reclamation Project Act, and construction began in 1946, with Davis Powerplant Unit 1 being placed into service in 1951.

The two projects were consolidated by Congress into one project, now known as Parker-Davis Project, or P-DP, in 1954.

[Indiscernible.]

1977, the Department of Energy Organization Act transferred the power-marketing functions from the Bureau of Reclamation to WAPA.

1984, WAPA published the Conformed General Consolidated Power Marketing Criteria, establishing general power-marketing principles for the Boulder City-area projects, which included P-DP.

As part of another pr- -- public process, and consistent with the Conformed Criteria, WAPA issued

capacity and energy allocations from P-DP for the period beginning June 1st, 1987, and extending through tw- -- 2008.

1995, WAPA published the Energy Planning and Management Program, or "EPAMP" for short. We'll explain EPAMP in greater detail in a later slide.

2002 to 2008, WAPA undertook a public process and ultimately decided to apply the power-marketing initiative of the EPAMP and allocate power through 20-year Firm Electric Service -- "FES" -- contracts. These contracts began in 2008 and are set to expire September 30th of 2028. Documents related to the P-DP marketing history can be viewed at WAPA's P-DP website, and I'll have this website address for you on a later slide.

[Indiscernible.]

P-DP Project is a large power and water system of the Lower Colorado River Basin. DSW allocates P-DP power that is not reserved for project purposes to preference power contractors. The term [sic] "contractor" and "customer" may be used interchangeably throughout this discussion today.

[Indiscernible.]

Currently these 35 contractors have Firm Electric Service agreements for P-DP power.

[Indiscernible.]

Before we move further into the details, I want to explain that throughout this presentation we will discuss capacity and energy. Here is a key for the unit conversions. Capacity will be identified as kilowatt, megawatt, and gigawatt. Energy will be discussed as kilowatt-hour, megawatt-hour, and gigawatt-hour.

[Indiscernible.]

Current P-DP Firm Electric Service contracts entail a marketed value of 259,206 kilowatts of summer-season capacity, with associated energy, and 198,337 kilowatts of winter-season capacity, with associated energy. Priority Use Power, also referred to as "PUP," is not considered marketable capacity, so it is not included in these numbers.

P-DP power facilities include Parker Dam Power Project, with 60 megawatts of operating capacity allotted to P-DP and 60 megawatts allotted to Metropolitan Water District of Southern California.

Davis Dam Power Project has a total operating capacity of 255 megawatts.

Both dams are owned and operated by the Bureau of Reclamation.

P-DP is currently and will remain

operationally integrated with the Boulder Canyon Project, subject to operational restraints and requirements of the Marketing Plan.

[Indiscernible.]

The primary purpose of P-DP is water control and delivery. The water-control system consists of storage reservoirs that provide daily, seasonal, and annual flow regulation. Power generated from these resources depends on hydrology and water-operation requirements.

[Indiscernible.]

Some of the power generated by P-DP is reserved for priority use by the United States. Priority Use Power, or "PUP," is capacity and energy required for the development and operation of Reclamation projects as required by legislation and irrigation pumping on certain Native American lands.

Marketable power is surplus to s- -- to Priority Use Power and is marketed to preference entities for -- as Firm Electric Service.

Withdrawable power is power that is reserved as PUP but not currently needed, and is marketed to contractors. If withdrawable power is needed for PUP purposes, there would be two years' advance notice to withdraw.

Next.

Proposed 2028 Plan is specific to the P-DP marketing area, which consists generally of most of Arizona, southern California, southern Nevada, and a small portion of western New Mexico.

Next we will review the Power Marketing Initiative, or "PMI." A Power Marketing Initiative, sometimes referred to as a "remarketing," is the review and possible development or revision of a Power Marketing Plan when there are product changes; additions to capacity; when existing power-sales contracts expire.

[Indiscernible] P-DP was last marketed in 2008, and those FES contracts are set to expire in 2028. To address the upcoming expiration of the contracts, and to propose changes to manage challenges with the current plan, DSW has begun this Post-2028 Power Marketing Initiative.

[Indiscernible.]

WAPA began informal meetings and conversations with existing contractors in 2020. Most recently, in winter 2023, WAPA held two informal meetings with existing contractors and one informal meeting with potential new contractors, to talk about potential changes to the P-DP Marketing Plan. Feedback from those meetings were t- -- was taken into consideration when

drafting the Proposed 2028 Plan.

[Indiscernible.]

Let's look at the Power Marketing Initiative time line. WAPA published the Proposed 2028 Plan in the Federal Register on May 20th, 2024. This initiated the current 90-day public-consultation-and-comment period. WAPA's holding today's Public Information Forum, and will hold a Public Comment Forum on sh- -- July 19th, 2024. The Public Comment Forum is an opportunity to provide comments for the record. Like today, the Public Comment Forum will be a hybrid meeting, held in person at DSW's Phoenix office and online. WAPA is seeking comments through August 19th, 2024.

[Indiscernible.]

Here's the PMI timeline for 2025 to 2028. Comments received for the Proposed 2028 Plan will be considered when developing the Final 2028 Plan, and will be published as a Notice of Decision in the Federal Register around January of 2025.

As part of that Notice of Decision FRN, WAPA will announce its decisions regarding the application of EPAMP PMI, product changes, resource pool, and eligibility criteria.

If WAPA determines to create a resource pool and issue resource allocations to new allottees in the

Final 2028 Pa- -- Plan, WAPA will include a Notice of Decision FRN, call for applications from preference entities interested in receiving an allocation of federal power from P-DP. Then P-DP would eva- -- then WAPA would evaluate the applications, determine which applications meet the requirements of the Final 2028 Plan, and exercise its discretion provided by law to allocate power to certain eligible applicants.

Subsequently, proposed and final allocations will be published in the Federal Register, with the Notice of Proposal publishing in or around November of 2025 and the Notice of Decision FRN publishing around August of 2026.

Then electric-service contracts will be developed, finalized, and executed, with service to begin October 1st of 2028.

[Indiscernible.]

Proposed 2028 Plan addresses the power to be marketed after September 30th, 2028, the general terms and conditions under which the power will be marketed starting October 1st of 2028 and going through September 30th of 2048, and the criteria to determine eligibility for allocations of the proposed resource pool.

Next.

[Indiscernible] we've gone through the PMI process. Now let's look at the changes WAPA proposes to start in October of 2028. Here's an overview of WAPA's proposal, and I'll go over each item in further detail in the next several slides.

The Energy Planning and Management Program, or "EPAMP," was established to implement Section 114 of the Energy Policy Act of 1992, which encourages conservation and energy efficiency by electric utilities and to extend long-term, firm-power-resource commitments, while promoting the widespread use of federal resources.

Applying PMI protects and reserves a major portion of its existing contractors' allocations while also providing potential contractors, such as tribes and other eligible preference entities, an opportunity to acquire an allocation.

Application of the EPAMP PMI results in reducing the existing contractors' allocations by a small percentage to create a resource pool for prospective contractors.

[Indiscernible.]

WAPA proposes to extend capacity allocations to existing contractors using the formula contained in the PMI. That formula is: Contract Rate of Delivery -- or "CROD" -- today, divided by total project CROD under

contract today, times project-specific percentage, times the marketable resource determined to be available at the time future resource extensions begin, equals the CROD extended to existing contractors.

WAPA proposes creation of a single, one-time resource pool. First, we note that the overall marketable capacity of P-DP is expected to increase by 3,750 kilowatts due to an upgrade of a generating unit at Davis Dam in 2025. Next, 98 percent of the updated, available, marketable capacity would be extended to existing contractors; then 2 percent of the updated, available, marketable capacity would be made available to create a resource pool to support WAPA's mandate for widespread use.

Accounting for the increase in marketable capacity, and the proposed 2 percent resource pool, the net impact to existing FES contractors would be less than a 1 percent reduction.

Next.

[Indiscernible] the 2 percent reduction to the adjusted allocations of existing contractors would create a resource pool of approximately 5,259 kilowatts of summer-season capacity and 4,041 kilowatts of winter capacity.

The new resource pool would include

approximately 748 kilowatts of summer withdrawable capacity and 146 kilowatts of winter withdrawable capacity.

When reducing existing allocations to create the resource pool, WAPA would first take energy from existing contractors' withdrawable allocations up to the total reduction, when available. The remaining reductions would come from nonwithdrawable energy.

[Indiscernible.]

Next we will talk about capacity allocations. WAPA proposes to market a fixed amount of capacity for Contract Rate of Delivery -- also referred to as "CROD" -- for summer and winter seasons. That CROD would be at least the existing capacity, and likely more, with the expected 3,750-kilowatt Davis upgrade.

WAPA may adjust the CROD on five years' written notice in response to changes to hydrology and river operations. Such adjustments will take place only after WAPA conducts a public process.

With the proposed plan, new allocations may result in allocations less than 1 megawatt. Historically WAPA did not allow for P-DP allocations less than 1 megawatt, given operational constraints in scheduling. With new technology, rounding tools are now available for WAPA to ensure that CROD will not be

exceeded.

WAPA will develop a new tool that will publish an hourly CROD for all contractors for each month of the quarter. This information will be available to all contractors through a WAPA portal.

For the new marketing plan, WAPA is also proposing changes to the energy -- to the way that energy is calculated. WAPA would take into account hydrological conditions, particularly drought conditions, when calculating contractor energy. Without sufficient water, we can't generate as much as we have currently contracted, and WAPA has to make power purchases on the open market.

Energy market prices have been abnormally high and inconsistent in recent years, causing increases to the P-DP rate. To mitigate ongoing high purchase-power costs, we are proposing to change how we allocate P-DP energy to FES contractors to align with projected hydrology. This will not apply to PUP.

Bureau of Reclamation publishes a monthly record and forecast of hydropower generation, called the "24-Month Study." We propose aligning energy deliveries with estimated generation on a three-month, or quarterly, basis. This is a similar concept to WAPA's Colorado River Storage Project marketing plan.

Offer some background. Under the existing P-DP marketing plan, energy allocations are a firm -- or firm, fixed, seasonal amount for the length of the contracts based on a seasonal capacity factor that is equal to 3,441 kilowatt-hours of energy per kilowatt of capacity -- a 67 capacity factor -- in the summer season, and 1703 kilowatt-hours of energy per kilowatt of capacity -- or 47 percent capacity factor -- in the winter season.

Due to challenging hydrological conditions in the Colorado River Basin, this methodology has imposed increasing financial burdens on contractors during the current marketing period, as WAPA has been required to purchase significant amounts of power to meet contractors' firm energy requirements and pass those costs on to contractors.

As just described, current contracts have firm, fixed energy allocations, and WAPA is required to deliver regardless of hydrogeneration output. Purchases are made for insufficient water due to drought conditions. Additionally, rainfall may limit the need for downstream water use, thereby reducing releases that would be sent through the Parker and Davis powerplants.

To illustrate, you'll see in the graph the comparison between current allocations and actual annual

generation.

This graph is in gigawatt-hours, and 1 gigawatt-hour's equal to 1 million kilowatt-hours. Also note that P-DP [sic] energy is included in these values.

Blue bars indicate the total P-DP contractual energy obligation of 1425 gigawatt-hours using the current capacity-factor formula shown in the previous slide.

The yellow bars indicate P-DP annual generation in gigawatt-hours, which is less the contracted values.

The red bars indicate projected annual generation for fiscal year 2024 and 2025.

The difference between the present contractual annual allocation of 1425 gigawatt-hours and actual generation is purchased at market prices. WAPA recovers these expenses from contractors through its rates. Given the ongoing drought and volatile energy market, the status quo would likely continue to increase rates, and is not considered an economically long-term option.

[Indiscernible.]

Here you can see the purchase-power-volume trend from fiscal year 2017 to 2023 and estimates for fiscal years 2024 and 2025. Fiscal years 2023 and '24 were both relatively wet years downstream for Parker and

Davis dams, which resulted in reduced water releases, and, therefore, reduced energy generation from the dams. Right now, fiscal year '25 is projected to be an average-generation year.

This slide illustrates market-price volatility. Fiscal years twenty-twen- -- 2017 to 2020, prices averaged in the mid-40-to-50-dollars-per-megawatt-hour range.

Annual purchase-power cost per megawatt-hour increased in fiscal year 2021; then, in fiscal years 2022 and '23, we experienced extreme market pricing, averaging more than $140 per megawatt-hour.

Market prices in 2024, and forward prices in 2025, have decreased, but they have not returned to the level that they were prior to 2021.

[Indiscernible.]

This slide illustrates purchase-power costs. So here we see the impact of market prices and increased purchase volumes.

If you look at the fiscal year 2023, we spent $41 million in purchase power for P-DP. WAPA recovers these expenses from contractors through its rates.

While WAPA works to maintain rate stability, volatile market prices, combined with varying hydrological s- -- conditions, can result in rate

increases. WAPA balances the need for cost recovery with preventing sudden rate increases for FES contractors.

Undercollection of purchase-power costs may result in financial deficits that are recovered in subsequent years, with interest.

This slide illustrates the challenges recent purchase-power costs have created. In the second column, generation-revenue requirement is the estimated expenses for a given year that is recovered through the FES rate.

The third column is the amount of estimated purchase-power-and-wheeling -- or "PPW" -- cost included in the generation-revenue requirement.

The fourth column is the actual PPW cost in that fiscal year, and shows that over the last seven years, actual PPW expenses have been increasing each year, with the exception of fiscal year 2021.

The next column, generation deficit, is the net of generation expense and generation revenue. Any deficit is repaid in future years, with interest.

Recent purchase-power challenges have shown the current P-DP FES contract model for energy calculation has imposed increasing financial burdens on contractors.

As a change, WAPA is proposing to offer -- offer energy amounts for three-month periods, called "Quarterly Energy," based on projected hydrogeneration, using the most recent 24-Month Study from the Bureau of Reclamation.

Available generation would be provided to FES contractors based on a pro rata share of their seasonal CROD.

[Indiscernible.]

Quarterly Energy would be made available through WAPA's portal for contractors by no later than the last day of August, for October through December; last day of November, for January through March; the last day of February, for April through June; and the last day of May, for July through September; of each year during the marketing period. This would allow for energy deliveries to be more aligned with actual generation, thereby decreasing the amount of power WAPA would have to purchase and reducing financial burdens on contractors.

[Indiscernible.]

In the previous slide, I explained that energy deliveries or Quarterly Energy will be in line with forecasted generation. As a new option for P-DP, WAPA is proposing to purchase energy on behalf of

contractors, when requested, to supplement projected hydro- -- hydropower generation, as a product called "Optional Energy."

An estimated monthly price for Optional Energy will be made available through WAPA's portal at least quarterly, but may be revised and republished as conditions dictate.

Actual costs associated with Optional Energy purchased by WAPA will be passed through to the contractor who elects to receive it.

When a contractor elects to receive Optional Energy, the contractor will advance-fund an estimated amount, and WAPA will buy power from the market.

Contractors must elect to purchase Optional Energy from WAPA no later than the day before prescheduling takes place.

The amount of Optional Energy requested, combined with the contractor's Quarterly Energy schedule, must not exceed the contractor's CROD scheduled at a hundred percent capacity factor.

[Indiscernible] slide.

There may be instances when hydrogeneration projections significantly decrease after Quarterly Energy has been published. For example, sustained periods of precipitation or runoff from water sources

other than the Colorado River can result in water being stored in Lake Mead for later use, resulting in less P-DP generation.

When that happens, WAPA will assess the revised generation estimate and market prices to determine if the projected purchase-power requirement exceeds that month's portion of WAPA's Annual Purchase Power Projection. That event, WAPA would publish contractors' revised energy for the month using the revised [sic] generation projections. Revised energy would continue to be based on a pro rata share of contractors' CROD, and would be effective no later than one day prior to prescheduling.

Contractors could request that WAPA purchase Optional Energy on their behalf, as described in the previous slide.

Proposed 2028 Plan includes language for managing excess energy. When hydro releases are plentiful, we wanna ensure that all contractors share in the resource, similar to how we manage excess today.

We would continue t- -- continue to use existing seasonal capacity factors of 67 and 47 percent when calculating excess for the Post-2028 Plan.

The excess-energy calculation would be based on seasonal-capacity factors times CROD and allocated

pro rata to all contractors and PUP recipients.

Next we will review the proposed minimum scheduling. [Indiscernible.] The current marketing plan requires contractors to take a minimum energy amount of 25 percent in off-peak hours. Traditional on- and off-peak distinctions are no longer reflective of system demands, as off-peak loads are generally higher now than it was in the past. Instead, we are seeing a surplus of resources in the daylight hours, when solar is generating and loads are lower.

To maintain hydro releases, we need contractors to have an energy schedule in all hours, so we can -- we are going to modify the minimum-scheduling-requirement methodology to align with water requirements.

To illustrate the current situation, here's a peak day last year. The straight, green line represents CROD; the blue line represents hourly P-DP schedules; and the red line represents hourly P-DP generation that day, which was based on water orders by Bureau of Reclamation.

Traditional off-peak hours are hour ending 1 through 6 and hour ending 23-24, and on-peak hours are hour ending 7 through 22.

With the influx of solar resources, scheduling

patterns have changed and no longer follow the traditional on- and off-peak hours. Generally, contractors are scheduling less P-DP energy as soon as the sun comes up and solar comes online. This creates a minimum problem for WAPA, typically hour ending 8 through hour ending 11, whereas the past minimum problems started earlier in the day.

When schedules are below generation releases, WAPA must sell energy to maintain water operations.

This example, specifically hour ending 8 through 10, schedules were less than generation, creating the need for sales at a time when solar resources more than covered industry-load demand, so market prices are low.

In terms of energy this day, scheduled energy was greater than available generation. There was five thousand forty-s- -- -seventy-four megawatt-hours of scheduled energy, and 3,865 megawatt-hours of generation available, and the difference was made up in market purchases, mostly off peak and evening peak hours, when the market prices are at their highest.

[Indiscernible.]

The goal is a minimum-scheduling solution that would allow us to maintain contract levels of CROD while meeting water requirements.

WAPA's developing a tool to provide FES contractors with a minimum energy requirement for each contractor. The tool would include variables such as the 24-Month Study, generator status, water volumes, water releases, historical and projected market prices, projected hourly load, and other relevant information to model and produce an efficient monthly minimum requirement for each contractor.

Our intent is to provide flexibility and to maximize capacity, when possible, all while accommodating the Bureau of Reclamation's water requirements, reducing purchase-power costs, and minimizing sales in low-load hours.

P-DP FES contractors pay for WAPA's transmission system based on their CROD in all hours. When hydro releases are not sufficient to provide full energy allocations, contractors cannot fully use the transmission system. We are proposing an option that would allow contractors to use transmission capacity reserved for delivery of their P-DP FES allocation for contractor-owned or -purchased resources.

Transmission reservations for allocations, less Quarterly Energy schedule, less Optional Energy schedule is what may be available for a contractor to use. CROD may never be exceeded in any hour.

[Indiscernible.]

Next we will review some of the general criteria and contract provisions [sic]. Remaining requirements are also outlined in the Federal Register Notice.

FES contracts are to be executed by May 31st of 2028, and WAPA proposed another 20-year term of electric-service contracts for the new marketing period, to be in place from October 1st, 2028, through September 30th of 2048.

FES contracts will include WAPA's standard electric-service provisions, integrated resource plans, Marketing [sic] and Scheduling Instructions, and WAPA's General Power Contract Provisions.

We plan to include a provision that will allow for the transfer of Renewable Energy Certificates, including flexibility for customer utilization.

Proposal will require new contractors to prepay for service. WAPA will re- -- will require new contractors to reimburse existing contractors for applicable undepreciated capital advances. WAPA will not require new contractors to pay for purchase-power deficits incurred during the previous marketing period.

P-DP power will be delivered to designated points of delivery on P-DP's transmission system.

Contractors must secure all necessary transmission service beyond P-DP's transmission system.

WAPA may assist new contractors in obtaining third-party transmission arrangements for delivery of firm power allocated during the forthcoming marketing period.

A list of designated delivery points will be provided with the call for resource-pool applications.

WAPA will market surplus [indiscernible] WAPA will market surplus transmission capacity on P-DP under WAPA's Open Access Transmission Tariff and other applicable arrangements.

Ne- -- le- -- let's next talk about the resource pool. If WAPA determines to create a resource pool, WAPA will include a call for applications for new contractors seeking a federal hydropower allocation when WAPA publishes the Final 2028 Plan in the Notice of Decision FRN in early 2025.

The deadline for receipt of applications will be set forth in that Notice of Decision. WAPA then would evaluate the applications, determine which applications meet the requirements of the Final 2028 Plan, and exercise its discretion to allocate power to eligible applicants.

Posed [sic] and final applications [sic]

subsequently will be published in the Federal Register.

[Indiscernible.]

Proposed 2028 Plan includes the following eligibility criteria to all applicants seeking a resource-pool allocation under the new marketing plan, should a resource pool be made available:

Applicants need to meet preference requirements of applicable law. Eligible preference entities typically include Native American tribes, electric cooperatives, public elec- -- utility districts, and municipalities;

Applicants must be located within DSW's primary marketing area;

Applicants cannot already have an existing federal power allocation or be a member of a parent entity that has an existing allocation;

Applicants need to be a yoot- -- be a utility that is ready, willing, and able to receive and distribute the power, unless they are a Native American tribe, which will have other options available to them, which I'll explain in an upcoming slide;

Allocations -- allocations are delivered on the P-DP system, but not beyond. If the qualified applicant is a utility, they must be interconnected or have transmission to reach WAPA's system to take

delivery of the power;

If the qualified applicant is a retail load, they must work with their utility and get agreement that the utility will accept the energy on their behalf and provide them with a credit on their utility invoice.

Achievement of utility status and necessary arrangements for transmission and/or distribution need to be made by January 31st of 2028.

Applicants must submit applications in response to WAPA's call for applications, which would be published in the same FRN as the Final 2028 Plan.

Next.

Native American tribes are eligible to enter into a benefit-crediting agreement. In 1995, the Energy Policy Act allowed WAPA to make federal hydropower available to tribes without utility status. This required a new program to be developed so that tribes could receive the benefit of their federal hydropower allocation. This poga- -- program is called the Benefit Crediting Program.

WAPA delivers the tribe's hydropower allocation to a benefit-crediting partner selected by the tribe. Benefit-crediting partner pays the tribe the difference between the hydropower and the cost of resource that the benefit-crediting partner would have

had to acquire otherwise. Tribe then uses the payment for the benefit of its members.

[Indiscernible.]

Okay. Next steps. Now let's re- -- review the next steps of the public process. As previously mentioned, WAPA published the Proposed 2028 Parker-Davis Project Power Marketing Plan in the Federal Register on May 20th, which started this 90-day public-comment-and-consultation period.

Today is the Public Information Forum, to provide our presentation on the Proposed 2028 Plan.

On Friday, July 19th, at 1:00 p.m. Mountain Standard Time/Pacific Daylight Time, WAPA will host a Public Comment Forum. This forum allows the public the opportunity to make comments about the proposed marketing plan. There is no cre- -- presentation by WAPA at the Public Comment Forum. It will be a hybrid meeting: here in WAPA's conference rooms and on Teams.

The 90-day public-comment-and-consultation period concludes on August 19th of 2024. WAPA will consider all the comments received through the comment-and-consultation period, and will publish the Notice of [indiscernible] via a Federal Register Notice. We anticipate publishing in early 2025.

[Indiscernible.]

As Dave mentioned earlier, you can send comments to Jack Murray. Here's Jack's contact information, to mail, fax, or email any comments. Comments must be received by August 19th, 2024.

[Indiscernible.]

Here's the website address for the P-DP Power Marketing Initiative, which includes a link to the May 20th Federal Register Notice, the Public Comment Forum information, presentations, and additional material relevant to this initiative.

[Indiscernible.]

Additional contact information is provided here. Please reach out to me or John Paulsen if you're seeking further information.

And I will now turn the meeting back over to Dave for the question-and-comment portion of the forum.

(Brief pause.)

DAVE GORLIN: Thank you, Jennifer.

We will now open the Public Information Forum for questions. We ask that you keep in mind any question should be relevant to the Proposed 2028 Parker-Davis Project Power Marketing Plan as published by WAPA in the Federal Register on May 20th of 2024. Any questions that we are not able to answer today will be answered in writing and posted on WAPA's website

before the close of the comment-and-consultation [indiscernible].

[Indiscernible] questions, we encourage you to please raise your hand if you are attending in person, and I will be sure to call on you.

Please make sure to speak up to ensure the microphones can pick you up and remote attendees and our court reporter can hear your questions.

For those joining us remotely, you may use the features in Teams to raise your hand and provide your questions or comments verbally rather than in the chat feature.

If only participating by phone, unmute your phone by pressing star 6.

Teams participants should check to make sure you are not double-muted: on your device and in the Teams application.

To help with the transcription, after you have been recognized, please give your name and the name of your organization you represent. Also, please spell your last name.

And with that, are there any questions regarding the Proposed 2028 Parker-Davis Project Power Marketing Plan?

And we do have a question in the room here.

Go ahead, sir.

MICHAEL CURTIS: My name is Michael Curtis, on behalf of the town of Marana; Wickenburg; Hohokam irrigation-and-drainage district.

Since Western is considering allocations of fractions of the resource, in some instances indicating less than a megawatt, what internal resources of Western will be a- -- made available to consult with allottees, both prospective and actual, on how best to integrate the allocation of the resource into their systems, consistent with the sound operation of the grid and with the policies of Western?

You may answer that question either in writing or verbally, depending --

(Simultaneous talking.)

MICHAEL CURTIS: -- which takes the least amount of time and effort.

JOHN PAULSEN: Well, we will -- we will --

THE COURT REPORTER: Who is this talking?

JOHN PAULSEN: -- we will provide some -- some written response to that, but the -- the short answer is that our -- our plan is to make the scheduling very transparent, in the same way that we've done for Boulder Canyon. We will utilize the same sort of portal technology that we currently use for Boulder Canyon,

that will provide all the folks who have a Parker-Davis allocation the ability to schedule a certain amount of capacity per hour.

THE COURT REPORTER: I'm sorry. This is the --

(Simultaneous talking.)

MICHAEL CURTIS: Excuse me, but I forgot to mention on behalf of town of Wickenburg and Gilbert, as well as the other entities that I previously mentioned, since they all expected that I would be here.

THE COURT REPORTER: This is the court reporter. Can --

(Simultaneous talking.)

THE COURT REPORTER: Can you hear me?

UNIDENTIFIED VOICE: Sure.

THE COURT REPORTER: Who --

UNIDENTIFIED VOICE: Go ahead.

THE COURT REPORTER: -- is speaking? Is that John Paulsen? You didn't introduce yourself.

JOHN PAULSEN: Oops. Sorry. John Paulsen. Sorry.

DAVE GORLIN: And your title, John, for the transcript?

JOHN PAULSEN: My title is VP of Power Marketing for DSW.

DAVE GORLIN: One more question for -- from Mr. Curtis?

MICHAEL CURTIS: With respect to allocations that may occur to tribes who indicated that . . . in the event they do not operate an actual utility-distribution system, that you may continue to use the concept of bill crediting? Is that a correct understanding?

JOHN PAULSEN: So this is John Paulsen again.

I believe that we would be able to offer both bill crediting and benefit crediting to tribes.

DAVE GORLIN: We have another question in the room.

ED GERAK: Hi. My name is Ed Gerak. I represent the Irrigation Electrical Districts Association of Arizona.

We've seen generation reductions at Parker and Davis nearing 30 percent due to water conservation and drought since 2000. The post-2026 discussions are starting to ramp up. Are you guys following that? And is there a chance to not have a new . . . new entry pool, given the reductions in generation and drought in the river?

THE COURT REPORTER: This is the court reporter. Can you spell your last name?

ED GERAK: Sure. G-E-R-A-K.

THE COURT REPORTER: Thank you.

JOHN PAULSEN: Yeah, this is John Paulsen again [indiscernible].

So y- -- yeah, Ed, we are following the -- the post-2026 . . . process. We have been following along with the different . . . projections that have been made available. Those projections aren't quite as dramatic for Parker and Davis as they are for Hoover and maybe Glen Canyon. But we do realize that there is a -- a trend- -- tremendous amount of -- of pressure on the resources, especially in this -- in this -- in this environment.

We do think that there are options in place that -- going forward, if -- if we needed to make adjustments to this process. But we still think that in the interim, it makes sense to at least try to ascertain if there are eligible folks in our marketing area to promote that widespread use.

ED GERAK: Thank you.

DAVE GORLIN: So I'm not seeing any hands raised in the room at this point, but we do have some hands being raised remotely, although I cannot see the name, Jennifer, so could --

(Simultaneous talking.)

DAVE GORLIN: -- you call on them?

JENNIFER HENN: -- Fitzgerald [indiscernible].

DAVID FITZGERALD: Hi. This is David Fitzgerald. Last name is spelled F-I-T-Z-G-E-R-A-L-D. I'm appearing on behalf of Arizona Electric Power Cooperative.

My question goes to the record that's been developed at this point in time and references to the changing in scheduling requirements that Western tends to implement for this resource.

Would Western make available the modeling criteria that it is using to base its decision that the scheduling will be altered f- -- for the customers? And if so, how would that material be made available to the customers?

JOHN PAULSEN: So this is John Paulsen again.

And you correct me, David, if -- if I'm not interpreting your question properly, but I believe you're referring to the changes to the minimum-scheduling requirements?

DAVID FITZGERALD: Yes, sir.

JOHN PAULSEN: All right. So we h- -- we are starting to work with Argonne National Laboratories to help us to kinda correlate low-load hours when they coincide with generation at Parker and Davis that may or may not find a home if we don't have some sort of

minimum-scheduling requirement associated with the -- with the contractors.

And we -- we assume that -- that a lot of the -- kinda the criteria that will be utilized will be projected generation; projected outage schedules. And what we'll try to do is, the best we can, to create a minimum-scheduling requirement that -- that fills the need in terms of when we might have minimum problems.

And so we're -- we're starting that process now, and -- and our hope is to have a -- kind of a working version or a -- a good example of how that -- that process would work well prior to when we begin contract negotiations. Our expectation is that this process or procedure would be fully explained in the metering and scheduling instructions.

DAVID FITZGERALD: So --

D- -- David Fitzgerald again, with a follow-up.

So John, the decision on creating an additional resource pool has not been made with understanding the impact of adopting these new scheduling arrangements. Is that an accurate statement?

JOHN PAULSEN: I . . . yeah, I guess . . . I'm trying to think of the correlation between the two, to tell you the truth.

DAVID FITZGERALD: Well, let [indiscernible] --

(Simultaneous talking.)

JOHN PAULSEN: I don't -- I don't know that. . . .

Sorry. Go ahead.

DAVID FITZGERALD: I -- I -- I'll -- I'll try and reframe it here slightly.

JOHN PAULSEN: Okay.

DAVID FITZGERALD: You -- you -- you have -- you have decided to create a -- an additional pool for allocation, and that decision has been made before you've completed your work with Argonne on the scheduling arrangements; is that correct?

JOHN PAULSEN: The proposal to create a resource pool as -- is -- will coincide with our work with Argonne to create the new minimum schedule. And -- and as --

DAVID FITZGERALD: So --

JOHN PAULSEN: -- we --

(Simultaneous talking.)

DAVID FITZGERALD: -- [indiscernible] so just -- so you -- y- -- there has not been a definitive commitment t- -- to dit- -- to make a -- an additional resource pool; is that correct?

JOHN PAULSEN: It's currently our proposal.

DAVID FITZGERALD: Well, n- -- it's -- it's your proposal, but that -- the -- you have not made a definitive decision to create an additional resource pool; is that correct?

JOHN PAULSEN: That is correct.

DAVID FITZGERALD: Okay. Thank you.

JOHN PAULSEN: You bet.

DAVE GORLIN: We do have another question in the room. Can you go ahead, sir?

ADAM MCANALLY: Yeah. Hi. My name's Adam McAnally, Salt River Project. "McAnally" is spelled M-C-A-N-A-L-L-Y.

Can you expand a little bit on the decision-making process around the resource pool? And what level of visibility will public have into new applicants?

JOHN PAULSEN: So this John Paulsen again.

We . . . we have been made aware of potential preference entities in our marketing area that currently do not have a federal allocation. And so our decision, consistent with widespread use, is that, you know, it -- it -- it makes sense to at least propose in this process that we move forward with a resource pool.

And if -- and if that proposal becomes part of

our decision, the ability to at least make that effort in terms of -- of, you know, putting out the announcement that we want to receive those -- those applications will definitively, you know, state whether or not those folks that are -- that are potential preference customers exist or not. In other words, we won't know that we've got preference customers that are eligible unless we try. And that's -- and -- and that's our proposal here.

So that's -- that's more or less the -- kinda the -- the thought process behind the proposal.

Now, moving forward, if we do decide to make the resource pool part of our final decision, then we would make a call for those applications, and then WAPA would review those applications, and then . . . I -- I'm assuming that when we -- when we come into meetings, we would start to flush out that -- that process, but. . . .

You know, as far as I know, we will -- we'll continue to follow the -- the -- the EPAMP process, and -- and whatever public portion of that inclu- -- included around a resource pool is -- is where we would go.

We can -- we can prob'ly look into that a little closer and make sure that I'm -- you know, that

I'm -- that -- that we've -- we've -- we've got a better description of that, but I'm --

We'll follow the process [indiscernible].

JENNIFER HENN: [Indiscernible] hand raised, Craig Pyper?

CRAIG PYPER: Yes. Craig Pyper with the Colorado River Commission of Nevada. Last name is P-Y-P-E-R.

Just a -- a follow-up question on the proposed pool; the applications. They -- the proposed applicant cannot have a current federal allocation that's direct, but what about through a . . . a service provider? If they're getting it indirectly through a current service provider?

JOHN PAULSEN: So this is John Paulsen again.

If -- if an entity receives power through their -- their -- their -- their utility who might happen to have a federal allocation, I'm not sh- -- I'm not sure that that would qualify as a -- kind of a parent-child arrangement. And that's what we're talking about, in terms of if you are an -- a -- a child entity of a parent who has a federal allocation.

CRAIG PYPER: The -- the --

(Simultaneous talking.)

CRAIG PYPER: -- so --

JOHN PAULSEN: -- prob'ly -- there's prob'ly variations on that theme that we would have to probably look at on a case-by-case.

But if what you're talking about is someone who's just taking service from a utility, who -- who has no other relationship with them other than being a customer of that utility, that probably doesn't meet the parent-child type of a criteria.

CRAIG PYPER: And --

(Simultaneous talking.)

CRAIG PYPER: -- the amount -- and does the amount of hydropower that that new utility received -- would that enter into your calculation?

JOHN PAULSEN: No. I think -- I think it's really just the parent-child relationship, Craig.

CRAIG PYPER: Okay. Thank you.

DAVE GORLIN: Any questions for those attending in the room?

MICHAEL CURTIS: You haven't eaten all the cookies yet, but I guess no more questions.

THE COURT REPORTER: Who was that --

DAVE GORLIN: I believe --

THE COURT REPORTER: -- speaking?

DAVE GORLIN: -- it looks like we do have another question online, Jennifer.

THE COURT REPORTER: Who was that speaking just a moment --

DAVE GORLIN: Unfortunately --

THE COURT REPORTER: -- ago?

DAVE GORLIN: -- I can't read who -- who it is.

JENNIFER HENN: Kristine McMinimy.

JOHN PAULSEN: So let's --

(Simultaneous talking.)

JOHN PAULSEN: -- I think the [indiscernible] question.

THE COURT REPORTER: Someone just spoke about cookies. Who was that?

JOHN PAULSEN: That was Mr. Curtis again.

THE COURT REPORTER: Okay.

KRISTINE MCMINIMY: Yeah, this is Kristine McMinimy. Last name is spelled M-C-M-I-N-I-M-Y. And I'm with Arizona Electric Power Cooperative.

I had a question from the FRN that does talk about the PMI, and it says that at two five-year intervals after the effective date of the extension to existing customers, WAPA shall create a project-specific resource pool. Is that anything you anticipate, doing a resource pool later into the new contract?

JOHN PAULSEN: So this is -- this is John

Paulsen again.

Kristine, I -- I believe we have words to the effect in the FRN that mentioned that this is a one-time resource pool. And that we won't be doing the resource pool every five years, or whatever the PMI talks about. Hope that helps.

KRISTINE MCMINIMY: Okay. Yeah, it does. Thank you.

DAVE GORLIN: Kristine, I'm still seeing that your hand is raised, but I assume that that -- that was from the prior question.

Are there any other folks out there online with any questions regarding the Proposed 2028 Parker-Davis Project Power Marketing Plan?

[Indiscernible] in the chat, Jennifer?

JENNIFER HENN: Kristine McMinimy.

KRISTINE MCMINIMY: Yeah, this is Kristine with AEPCO again.

In reference to the transmission rights that customers would be able to use if they're not taking all of their allocation, do you know if that would be firm transmission or nonfirm?

JOHN PAULSEN: So . . . the transmission that -- that will be reserved for your hydro, if you -- if -- if there's an opportunity for yool- -- utilize

that transmission that's -- that's in the same point of receipt, point of delivery, then I -- I would think that would remain firm.

If -- if you try to do anything else, it would be comparable to OATT. So if -- you know, kind of similar to, like, a redirect or a network secondary. There would have to be firm transmission available on -- on whatever alternate path you were potentially looking for. Or it may be nonfirm. That's why we -- we kinda mentioned that there's -- there's a component of that that's gonna be similar to open-access type of service.

KRISTINE MCMINIMY: Okay. Thank you.

JOHN PAULSEN: Still a lotta details to be worked out on that.

(Brief pause.)

DAVE GORLIN: I'll prompt the attendees again. Any further questions regarding the Proposed 2028 Parker-Davis Project Power Marketing Plan?

(Brief pause.)

DAVE GORLIN: There are no hands raised in the room. I'm not seeing any hands raised on Teams.

And Jennifer, can you confirm there's no . . . no one trying to get our attention in -- in the chat feature?

(Indiscernible talking.)

THE COURT REPORTER: I'm sorry. I can't hear Jennifer.

JENNIFER HENN: I do not see anything in the chat or any hands raised.

DAVE GORLIN: Okay. Since there are no further questions, I wanna thank everyone for participating in this Public Information Forum. This presentation and supporting documentation are available on the website at the provided link. This link was provided in the presentation, on slide 52, and was added earlier to the Teams chat, and will be added again to the chat.

As mentioned earlier, the Public Comment Forum for the Proposed 2028 P-DP Power Marketing Plan is scheduled for July 19th, 2024, at 1:00 p.m. Mountain Standard Time/Pacific Daylight Time, to no later than 4:00 p.m. Mountain Standard Time/Pacific Daylight Time, or until the last comment is received.

Any written comments must be received by the close of the consultation-and-comment period on August 19th, 2024.

We appreciate your attendance and participation. This Public Information Forum is now closed. Have a good rest of your day.

(Forum closed at 2:09 p.m.)

C E R T I F I C A T E

STATE OF WASHINGTON)
)
COUNTY OF KING)

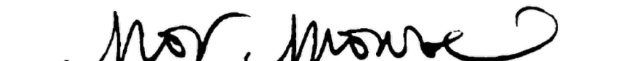
I, Nor Monroe, Certified Court Reporter in and for the State of Washington, do hereby certify to the following:

That I reported by stenotype all proceedings had in the foregoing matter;

That my stenographic notes were reduced to typewriting under my direction;

And that the foregoing transcript, pages 1 through 49, inclusive, constitutes a full, true, and accurate record of all such oral proceedings had, and of the whole thereof.

Witness my hand this 30th day of June, 2024.



NOR MONROE, RDR, CRR, CRC
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Companion document to the
Proposed 2028 Parker-Davis Project
Power Marketing Plan
Public Information Forum Transcript

TRANSCRIPT CLARIFICATION FOR THE JUNE 20, 2024 PUBLIC INFORMATION FORUM PRESENTATION:

- Transcript page 3, line 10, for slide 1: Today we will be reviewing the Proposed 2028 Parker Davis Project Power Marketing Plan. The proposed 2028 P DP Marketing Plan would be effective October 1st, 2028, and remain in effect through September 30th, **2048.**
- Transcript page 19, line 4, for slide 28: The energy values in that graph include **Priority Use Power**, along with Parker-Davis Project Firm Electric Service energy allocations.
- Transcript page 28, line 13, slide 43: Power will be delivered pursuant to **Metering** and Scheduling Instructions, which will be part of contractors' electric service contracts.
- Transcript page 29, line 25, slide 46: **Proposed** and final **allocations** subsequently will be published in the Federal Register.