



CREDA
Colorado River Energy Distributors Association

ARIZONA

Arizona Municipal Power Users Association

Arizona Power Authority

Arizona Power Pooling Association

Irrigation and Electrical Districts Association

Navajo Tribal Utility Authority (also New Mexico, Utah)

Salt River Project

COLORADO

Colorado Springs Utilities

Intermountain Rural Electric Association

Platte River Power Authority

Tri-State Generation & Transmission Association, Inc. (also Nebraska, Wyoming, New Mexico)

Yampa Valley Electric Association, Inc.

NEVADA

Colorado River Commission of Nevada

Silver State Energy Association

NEW MEXICO

Farmington Electric Utility System

Los Alamos County

City of Truth or Consequences

UTAH

City of Provo

City of St. George

South Utah Valley Electric Service District

Utah Associated Municipal Power Systems

Utah Municipal Power Agency

WYOMING

Wyoming Municipal Power Agency

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Via Email: WAPAOPSSTUDY@wapa.gov

Following are initial comments of the Colorado River Energy Distributors Association (CREDA) on the Miracorp Western Area Power Administration Operations Study Report that was distributed on August 9, 2012. Representing a majority of the firm electric service customers of the Colorado River Storage Project, CREDA offers the following general comments and suggested next steps.

The study results should not be construed as being complete or definitive, in part because of the basis used for comparison - comparing investor-owned utility business models – mergers being a key parameter - to a federal power marketing administration (apples to oranges comparison). Western’s objectives in further considering the study recommendations should be to streamline operations in a cost-effective manner, not to “be competitive”. Western’s statutory mission was not established to create a market or to be competitive. Who, for instance, is Western’s competitor? Western is not a “similar electric utility” to those companies benchmarked. Western’s obligation is to deliver the federal hydropower resource at the lowest possible cost, consistent with sound business principles. It is not to create profits for shareholders. The federal hydropower resources marketed by Western across the federal transmission systems that were constructed for that purpose were established on a project-specific basis. The following principles should be adhered to in any further exploration of operating efficiencies:

- *Ensure there is clear statutory authority to pursue specific initiatives
- *Ensure that legislative and project boundaries are not blurred or impacted by any proposal (no cost shifting or subsidization between or among projects)
- *Ensure that project-specific accounting and power repayment studies are adhered to
- *Ensure that the beneficiary/user pays
- *Cost/benefit analysis should be completed prior to recommending implementation of any initiative
- *Early and often consultation and collaboration with existing customers and the Bureau of Reclamation/Army Corps of Engineers, as appropriate, to ensure assumptions and conclusions are clearly vetted
- *Consider the “lessons learned” from the Operations Consolidation Project (OCP), particularly in terms of cost/benefit and communication

CREDA recommends that Western consider as next steps in this process a

determination of which of the recommendations are least controversial/most cost effective; this could be started by surveying customers who have expertise in the particular subject matter and then establishing a Western/customer team in each region to work through specific recommendations.

CREDA has had a long and collaborative relationship with Western and we look forward to working with the organization as the Miracorp recommendations are considered. CREDA is interested in supporting potential initiatives that are cost effective and would result in operating efficiencies for Western and its customers.

Sincerely,

/s/ Leslie James

Leslie James
Executive Director

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