

CITY OF HEALDSBURG
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August 01, 2012

A Statement for the Official Recorded.

Cost-based rates are one of the guiding principles of the federal power program. This policy mandate was adopted by Congress to ensure that private parties did not profit from a public good, and to ensure that PMA customers were not paying public dollars toward policies and programs that did not produce direct and meaningful benefits.

It is very important, as the Department of Energy evaluates the current proposals regarding the PMAs, that you do so with a very clear understanding of what cost-based rates mean.

This isn't an accounting exercise where you track that a dollar spent is reflected in a dollar increase in rates. It is essential that the first step is to evaluate the reasonableness of the costs: for example, do we need a Cadillac, or would a Chevy have served the same purpose? Do we even need a car? And, if we need a new vehicle, who should be responsible for repaying it? And, no matter how desirable a new car might be, is it affordable?

None of these questions have been asked or answered with regard to the current proposal before us.

The CVP is not in need of major reforms or unplanned investments. The program can ill-afford the layering of additional costs. Moreover, the new program costs that DOE is advocating are not properly the responsibility of CVP customers.

You may not be aware, but for the past two years Western power has been sold to CVP customers at rates matching or above market rates. A variety of factors have contributed to this situation including CVPIA costs, drought, and the economy. But the bottom line is that there isn't headroom to absorb the costs of electric vehicle

charging stations and transmission investments to move wind power for private developers.

As I said, it isn't just that the rates reflect the actual costs; it's what costs are imposed. You've heard repeatedly from customers today: we cannot carry the costs of programs and policies that are unrelated to Western's core mission and provide our communities and customers with no benefits.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gary W. Plass', written over a printed name.

Gary W. Plass
Mayor, City of Healdsburg
Chairman, Northern California Power Agency