

WESTERN AREA POWER ADMINISTRATION

SACRAMENTO AREA OFFICE

CENTRAL VALLEY PROJECT

**1994 POWER
MARKETING PLAN**

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PUBLIC INFORMATION FORUM

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1994 Power Marketing Plan Brochure
Western Area Power Administration
Sacramento Area Office
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Table of Contents

<u>Section</u>	<u>Title</u>	<u>Page</u>
I	Introduction	1
II	Marketing Area	4
III	Overview of Marketing Plan Alternatives	5
IV	Alternatives, Options, and Rationale	6
V	Pros and Cons of the Alternatives	29
VI	Summary of Comments	35
VII	Applicant Profile Data	47
VIII	Background Information	51

Appendices

- A Contracts Expiring June 30, 1994
- B Contracts Expiring December 31, 2004
- C General Power Contract Provisions
- D Conservation and Renewable Energy Article
- E Resale Article

Maps

- Marketing Area
- Interconnected Transmission Systems (N3)
- Central Valley Project Preference Customers



SECTION I

INTRODUCTION

This brochure supplements the information presented in Western's FEDERAL REGISTER notice published on August 11, 1989, (54 FR 33064) on the 1994 Power Marketing Plan. Western is developing a power marketing plan for CVP power resources marketed by Western's Sacramento Area Office. The plan will govern the allocation of 539 MW of power that is currently sold under electric service contracts scheduled to expire on or before June 30, 1994. Contracts expiring in 2004 are not within the purview of the 1994 Power Marketing Plan.

As discussed in the FEDERAL REGISTER notice and Sections II and III of this brochure, Western has identified four primary marketing plan alternatives, some of which also include options for specific parts of the plans. These four alternatives are designated the "Status Quo" or "No Action" alternative, the "Draft Plan" alternative, the "Zero-base" alternative, and the "Termination" alternative. Western believes that these alternatives encompass the range of actions available to Western to market power through the year 2004 when other CVP power sales contracts and the Western/Pacific Gas and Electric Company (PG&E) Integration Contract No 14-06-200-2948A (Contract 2948A) terminate. The "Draft Plan" alternative was developed after reviewing all the comments submitted by customers and interested parties during the public information meetings conducted to date in this process. Western believes it represents the majority of the opinions expressed by the commentors.

All four of these alternative marketing plans will be analyzed in an environmental assessment Western will prepare for the 1994 Power Marketing Plan. At this stage of the public process, Western is not committed to any of the proposed alternatives or options. Because of the number and complexity of the issues, and the long-term effects of a decision with respect to each of the issues, Western believes that a careful review of each of the issues by Western, its customers, and interested parties is required.

Public Involvement Process for the Power Marketing Plan

Both the National Environmental Policy Act of 1969 (NEPA) and the Administrative Procedure Act outline public involvement procedures for Federal agencies who are proposing major Federal actions. Under NEPA, the process involves notices to the public, scoping meetings, optional public information meetings, and, if an environmental impact statement is prepared, public hearings on the draft EIS. For the marketing program, the Administrative Procedure Act requires that draft, proposed, and final rules be published in the FEDERAL REGISTER and that the public be allowed to comment on the draft, proposed, and final rules, and have their comments responded to when the final rule is published.

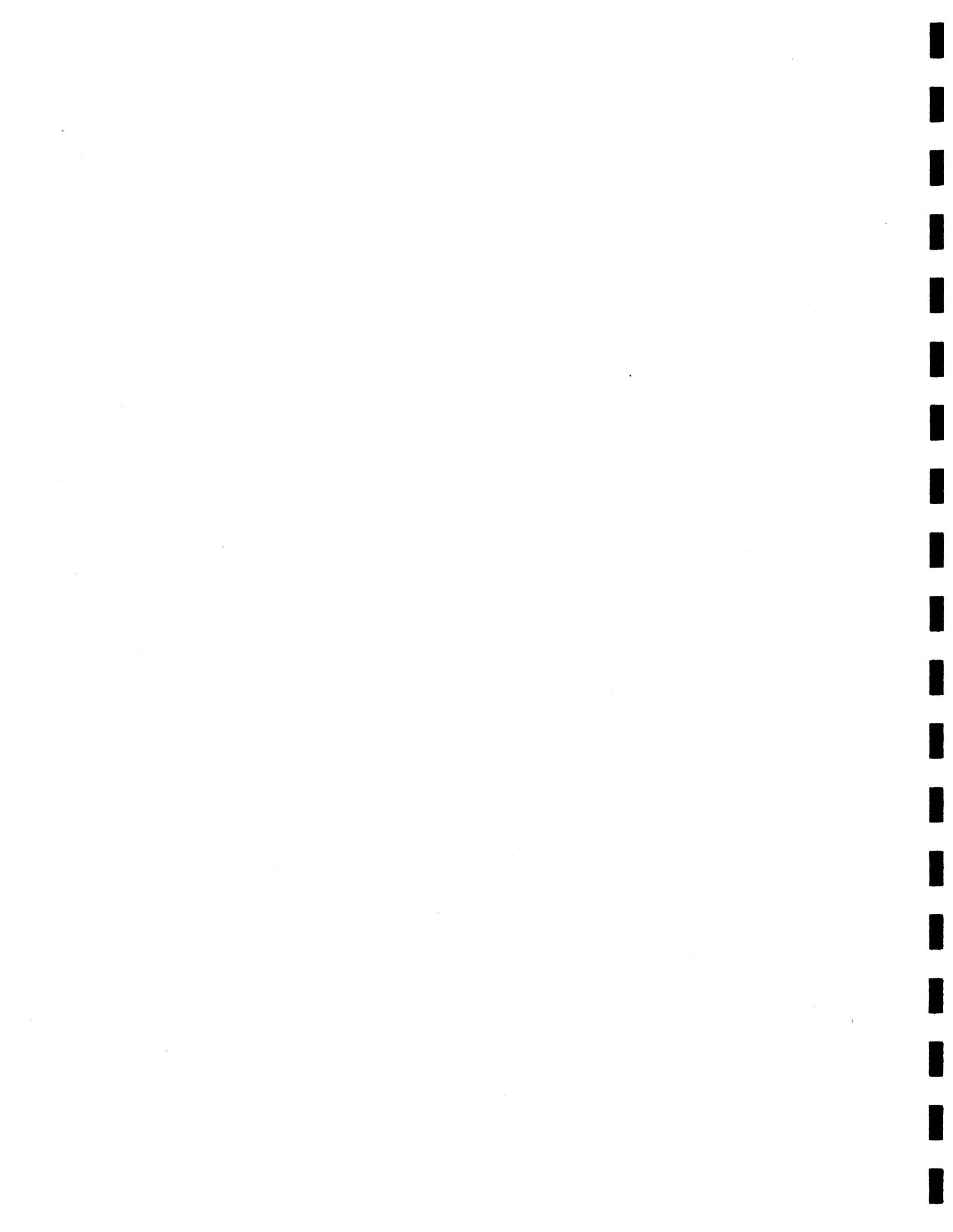
Western has decided to meet the requirements of these two laws through an integrated public involvement process. This will promote interaction between the two processes and eliminate confusion among the participants in the process. The first step in this process was the publication of the August 11, 1989, FEDERAL REGISTER notice which outlines the draft plan and announces the date of a combined public information forum and scoping meeting.

The purpose of the combined meeting is to provide interested parties with information on the power marketing plan alternatives under consideration by Western, to describe both the power marketing and environmental review processes Western will use, to answer any questions, and to listen to any comments, suggestions, or information the public can provide on the draft plan and environmental process. The information received at the meeting will help Western determine the scope of the studies, alternatives, issues, and analyses that will be prepared for the environmental review, and will help in formulating the proposed power marketing plan. A subsequent public comment forum will be conducted to obtain formal comments on both the plan and the environmental issues. Written comments on both the draft power marketing plan and the environmental process will also be accepted for 30 days after the date of the public comment forum.

Western solicits your oral and written comments as we continue to weigh the impact upon the public interest and environmental effects of each alternative and option. After completion of an environmental assessment on the alternative plans, and consideration of

your comments, Western will take a position on each of the issues and document its position in the next FEDERAL REGISTER notice on the Proposed 1994 Power Marketing Plan (Proposed Plan). As the development process continues, we will again request your comments on the Proposed Plan as we develop our final position and publish it as the Final 1994 Power Marketing Plan in the FEDERAL REGISTER.

A key feature of this brochure is Section IV, Alternatives, Options, and Rationale. This section presents the alternatives in detail, and the rationale for each alternative and option presented under the Classes of Electrical Service, The Contract Conditions, the Draft General Allocation and Contract Principles, and the Draft Eligibility and Selection Criteria. Western will use this method of proposing rules in the FEDERAL REGISTER and documenting the rationale of the proposed rules in a separate brochure. Both publications will be mailed to all customers and interested parties.



SECTION II

MARKETING AREA

The Sacramento Area Office of Western has a marketing area which generally encompasses the CVP water basin and the Washoe Project in northern Nevada. The generation of the sole powerplant of the Washoe Project, the Stampede Powerplant, is marketed within northern Nevada. The CVP resources have traditionally been utilized in the northern and central California area, and area planning has developed under the assumption that those resources will be used in the area. Under Western's contract with PG&E, Contract 2948A, there are constraints involved with marketing CVP power resources outside the northern and central California area. Further, Western has no transmission capability to serve the northern Nevada area. A map illustrating the marketing area of the Sacramento Area Office of Western in relation to the service area of neighboring utilities is located in the appendix.



SECTION III

OVERVIEW OF MARKETING PLAN ALTERNATIVES

This section discusses the four draft power marketing plan alternatives that are being considered by Western in the development of the 1994 Power Marketing Plan. After a short description of each alternative, a detailed discussion of the alternatives and options and their rationale follows in Section IV, organized by class of electrical service. Table I summarizes the options under all four alternatives by class of electrical service, and may be useful to refer to while reading Section IV. Finally, Section V sums up with a discussion of the pros and cons of each of the four primary alternatives from Western's perspective. This discussion is not necessarily all-inclusive and, from other perspectives, may be viewed differently. Western welcomes any comments on the alternatives discussion.

Status Quo or No Action Alternative - In this alternative, all electric service contracts, their attendant contract rates of delivery, and terms and conditions would be extended through 2004, with no other substantive modifications of contracts and no new allocations.

Draft Power Marketing Plan Alternative - This alternative, with specified options under consideration, consists of renewed contracts, new allocations, and new contract provisions. The renewed contracts would contain terms and conditions that would be substantially similar to those in the existing contracts. New allocations for several types of electrical services would be offered to new and existing customers.

Zero Base Alternative - In this alternative, all classes of electrical service currently under electric service contracts that expire in 1994 would be reconsidered. No renewals of allocations will be made; each potential allottee would apply for a new allocation. Also, all new allocations for all classes of electrical service would be offered with new attendant contract terms and conditions.

Termination Alternative - In this alternative, Western would not market any of the power associated with contracts expiring in 1994.

Table I
1994 Power Marketing Plan Alternatives

Classes of Electrical Service	Alternative A STATUS (NO Action)	Alternative B DRAFT POWER MARKETING PLAN		Alternative C Z E R O B A S E Proposed	Alternative D TERMINATION
		Option 1	Option 2		
Long-term firm power	Renew all 349 MW in same amounts to same customers with same conditions.	Same as Alternative A except 17 MW of 349 MW to new customers.	Same as Option 1 except 17 MW to new and existing customers.	Allocate 349 MW to new and existing customers.	Do not market any of the 349 MW of long-term power contracts.
Type III Withdrawable Power	Renew all 40 MW in same amounts to same customers with same conditions.	Do not renew any.		Allocate 40 MW to new and/or existing customers.	Do not market any of the 40 MW of withdrawable power.
Diversity Power	Renew all 30 MW to same customer with same conditions.	Same as Alternative A, renew as is.	Same as Alternative C, renew to new and existing customers.	Allocate 30 MW to new and existing customers.	Do not market any of the 30 MW of diversity power.
Interruptible Power	Renew all 89 MW to Santa Clara (existing customer) with same conditions.	Same as Alternative D, do not renew.	75% to Santa Clara, 25%, plus an additional 30 MW to others.	Allocate 89 MW to new and existing customers.	Do not market any of the 89 MW of interruptible power.
Renewable Resource and Cogeneration Allocations	Renew all 30 MW to same customers with same conditions.	Reallocate all 30 MW as long-term firm power to new and/or existing customers.	Same as Alternative C.	Allocate 30 MW to new and/or existing customers who have not had a RR&C contract.	Do not market any of the 30 MW of RR&C power.
Other Types of Power	No other types offered.	No other types offered.		No other types offered.	No other types offered.



SECTION IV

ALTERNATIVES, OPTIONS, AND RATIONALE

This section contains a discussion of the 1994 Power Marketing Plan alternatives, including any options. The Draft Plan alternative was described in the FEDERAL REGISTER Notice published August 11, 1989, (54 FR 33064). The purpose of this discussion is to outline the alternatives and any options, to provide the rationale for the options, and to stimulate customer and interested party comments.

General Discussion

The 1994 Power Marketing Plan will address selected methods and criteria for governing the treatment of 539 MW of power currently allocated and/or sold under electric service contracts which will expire on or before June 30, 1994. This power is about 38 percent of the total power marketed by Western! Sacramento Area Office.

The Plan will consist of seven major components: (1) Marketing Area; (2) Classes of Electrical Service; (3) Electric Service Contract Conditions; (4) General Allocation and Contract Principles; (5) Eligibility and Selection Criteria; (6) Stampede Powerplant; and (7) Transmission Marketing Plan. Option(s) and alternatives are designated for discussion purposes and should not be interpreted as the only option(s) and alternatives to be considered or in an order of priority. Interested parties are encouraged to comment on the alternatives and options, their rationale, and offer additional alternatives, options, and rationale.

Definitions of various terms and classes of service are provided in the August 11, 1989 FEDERAL REGISTER notice.

Table I in Section III provides an overview of the alternatives and options.

Classes of Electrical Service

A. Long-Term Firm Power

1. Status Quo Alternative

Proposed Option: Under this option, all 349.195 MW of long-term firm power now allocated would be reallocated in the same amounts to the same customers under the same conditions, with a contract term expiring in 2004. The 2004 date corresponds to the expiration date for all other electric service contracts and for Contract 2948A with PG&E. Western could then assess the renewal or reallocation of all power sales in a 2004 power marketing plan.

This option mitigates disruptions in resource planning and price uncertainties because the allottees can plan to receive the power for a discrete period in the future (in this case, 10 years). Further, the existing customers can avoid the search for replacement power. CVP rates, when compared to the projected costs of alternative power sources, are likely to remain stable or rise more slowly than the rate of inflation due to the relatively low costs of existing purchase power agreements between Western and its suppliers. This option is favored by the majority of public comments received to date.

The major disadvantage to preference entities without an allocation is that it appears to indicate that the CVP allocations are normally renewed, and therefore does not provide them with the benefits of CVP power.

2. Draft Plan Alternative

Proposed Option: This option is the same as the Status Quo alternative. All contract rates of delivery totalling 349.195 MW would be renewed.

Alternative Option 1: This option results in the marketing of 17.460 MW of the 349.195 MW of long-term firm power to new customers. This option will allow Western to change the customer mix. There is also the opportunity to market to additional preference entities that have become ready, willing, and able since the last power marketing plan.

The disadvantage is that there may be a small but measurable disruption in resource planning and price stability. The disruption will be, at the most, in the amount of power that is reallocated. Each existing customer whose allocation is reduced to serve a new customer must seek that amount of power from another source. If the source is the same as that of the new customer, then there may be little or no disruption in the area planning, but an individual customer's costs may be changed. On the other hand, if the supplying source is different, such as a new powerplant or a utility outside the service area, there may be an impact to the existing customer.

Alternative Option 2: This option results in marketing 17.460 MW to new and existing customers. With this option, Western can change the customer mix to add more new customers and lower the amount of power that existing customers receive. As in Option 1 above, there is an opportunity to market to additional preference entities that have become ready, willing, and able to receive Federal power since the 1981 Power Marketing Plan.

The disadvantage is that there may be a small, but measurable disruption in resource planning and price consequence to existing customers similar to that described in Option 1.

3. Zero-Base Alternative

Proposed Option: This option would result in allocating all 349.195 MW of long-term firm power to both new and existing customers. All ready, willing, and able preference customers would compete on an equal basis for allocations, with no consideration given by Western to a customer's previous allocation. This option would allow Western maximum flexibility

in allocating the power to new customers and in changing the existing customer mix.

This alternative could have major disadvantages to existing customers in that there could be a major disruption in resource planning and possible major price consequences to existing customers who receive no allocation or substantially lower allocations than what they had previously received.

Alternative Option: This option is the same as the proposed option, except that the 349.195 MW of power would be allocated to existing customers only. This option would allow Western maximum flexibility in changing the existing customer mix, but would not allow for marketing to any potential new customers. Again, this option could result in major disruptions to resource planning and price consequences to existing customers.

4. Termination Alternative

Proposed Option: Under this option, Western would not market any of the 349.195 MW of long-term firm power allocations expiring in 1994. This would allow Western to decrease its requirements for purchased power and rely more heavily on its own generation resources. It may result in lowering the cost of CVP power to the remaining customers. It would, however, definitely cause major disruptions to resource planning and price consequences to those customers whose contracts expire. Preliminary analysis indicates that the gross cost of power in Western's service area may increase because of reduced diversity and a reduced economy of scale for resource supply. Since all allocations to an individual customer expire at the same time, a customer whose allocation was not renewed under the 1994 Power Marketing Plan would lose its entire Western allocation. For some customers, Western's allocation is the majority of their resource base.

B. Type III Withdrawable Power

1. Status Quo Alternative

Proposed Option: The customers who now have a contract for Type III Withdrawable Power (total of all contract rates of delivery is now 39.941 MW) will be offered a replacement contract expiring in 2004 for an equal amount of power. These entities are the Air Force, Navy, City of Santa Clara, Lawrence Livermore National Laboratory, Stanford Linear Accelerator Center, and the University of California, Davis. The 2004 date corresponds to the expiration date for all other power service contracts and for Contract 2948A with PG&E, and allows Western to assess alternative uses of all allocations on a common basis.

It should be noted that this type of power is withdrawable to maintain customer loads at the 1152 MW load level and potentially has no long term availability; that is, customers must have supplemental power contracts or contingency resources available to serve their loads. However, the decision for an entity to request an allocation will be based on economics; that is, the entity will weigh the value of the power with the risks of its withdrawal.

2. Draft Plan Alternative

Proposed Option: This option is the same as the proposed option under the Status Quo alternative.

Alternative Option: Western will not offer any withdrawable power allocations. Future withdrawals to serve any contractual requirements will be taken from other types of power. Western's purchase power and wheeling requirements will be reduced.

On the other hand, CVP revenue will be reduced because Western will not market power to and receive revenue from a group of customers who have

the capability to receive power from Western when the load level can serve them, and to acquire power from other sources when the load level rises beyond 1152 MW.

3. Zero-Base Alternative

Proposed Option: Under this option, all 39.941 MW of Type III Withdrawable power would be allocated to new and existing customers. All ready, willing, and able preference customers would compete on a equal basis for allocations, with no consideration given by Western to a customer's previous allocation. This option would allow Western maximum flexibility in allocating the power to new customers and in changing the existing customer mix.

This alternative could have minor disadvantages to existing customers in that there could be a minor disruption in resource planning and possible minor price consequences to existing customers who may receive no allocation or substantially lower allocations than what they had previously received.

Alternative Option: This option is the same as the proposed option, except that the 39.941 MW of power would be allocated to existing customers only. This option would allow Western maximum flexibility in changing the existing customer mix, but would not allow for marketing to any potential new customers. Again, this option could result in minor disruptions to resource planning and price consequences to existing customers.

4. Termination Alternative

Proposed Option: This option is the same as Option 1 under the Draft Plan alternative.

C. Diversity Power

1. Status Quo Alternative

Proposed Option: This option would result in the renewal of all 30 MW of diversity power contracts with the same contract rates of delivery to the same customers with the same terms and conditions until 2004. The customers now receiving this power are NASA-Ames and the Department of Energy research laboratories - Stanford Linear Accelerator Center and Lawrence Berkeley Laboratory. No other customers would receive an allocation; therefore, the status quo would be maintained. The marketing of diversity power encourages load management by enabling customers who have the flexibility to drop their electrical requirements to receive Federal power that they would not otherwise receive if they did not have the flexibility.

A disadvantage to this option is that 21 of the 30 MW of power allocated under this class of electrical service is currently unused. This option would not allow Western to market this unused portion to other entities who may be able to use it better. It would also prevent Western from streamlining its marketing of short-term power.

2. Draft Plan Alternative

Proposed Option: The 30 MW of diversity power will become Type III Withdrawable Power allocations and will be offered to new and existing customers. Western potentially can reduce the types of power marketed, thereby streamlining the marketing process, and change the customer mix by adding new customers and/or by raising or lowering allocations to existing customers. This option will allow a re-examination of the load management program, including its mechanics, beneficiaries, and allottees. Western believes that Type III Withdrawable power offers an incentive for customers who receive such an allocation to engage in conservation and load management because the failure to do so results in a

withdrawal of such power. On the other hand, potential new customers must arrange for contingency resources to supply their loads in the event of a withdrawal.

Alternative Option 1: This option is the same as the proposed option under the Status Quo Alternative.

Alternative Option 2: The 30 MW will remain classified as diversity allocations and will be marketed to new and existing customers. All ready, willing, and able preference customers would compete on an equal basis for allocations, with no prejudice on Western's part due to a customer's previous allocation. This option would allow Western maximum flexibility in allocating the power to new customers and in changing the existing customer mix.

This alternative could have minor disadvantages to existing customers in that there could be a minor disruption in resource planning and possible minor price consequences to existing customers who receive no allocation or substantially lower allocations than what they had previously received.

3. Zero-Base Alternative

Proposed Option: This option is the same as Option 2 under the Draft Plan Alternative.

4. Termination Alternative

Proposed Option: None of the 30 MW of Diversity power would be renewed under this alternative. This would have a serious impact on Western's real-time load management program and would probably cause Interruptible Power and Type III Withdrawable power to be withdrawn more frequently and in substantially larger quantities.

D. Interruptible Power

1. Status Quo Alternative

Proposed Option: Under this alternative, Western would renew the single contract for interruptible power with the City of Santa Clara for the 88.072 MW they currently receive under the same terms and conditions until the year 2004. This contract is advantageous to both the City of Santa Clara and Western in that it provides for the City to use additional power and for Western to obtain load management benefits. It allows an increment of power to be marketed that would otherwise go unused, while providing protection for the 1152 MW load level. The main disadvantage of this alternative is that it would not allow new customers a chance to apply for this class of electrical service.

2. Draft Plan Alternative

Proposed Option: Western would market 50 percent (44.898 MW) of the current block of interruptible power to the City of Santa Clara and the remaining 50 percent to other entities who have the capability of real-time scheduling. Western can continue to encourage customer load management programs that (1) drop load during peak hours, or (2) schedule displacement power. Further, Western can change the customer mix and/or spread the benefits of CVP allocations by adding additional customers. Also, with a broader customer participation base, the reliability of load management programs improves by dispersing responsibility for load shedding across more participants.

On the other hand, this option reduces the quantity of interruptible power to the City of Santa Clara by the amount allocated to new customers. In addition, the new customers would need to endure a load reduction or obtain additional backup resources, in the event that power is requested to be curtailed.

Alternative Option 1: Western will allow the existing contracts to terminate and not reallocate the current block of interruptible power. This option simplifies the load management program and reduces pressure on the 1152 MW load level, because the interruptible power service can contribute to overall system peak. However, it also diminishes widespread use and revenues, because fewer customers are served and the benefits of marketing a portion of system diversity are foregone. The incentives for load management and conservation are also eliminated.

Alternative Option 2: Rather than allocating 50 percent (44.898 MW) of the existing amount of Interruptible Power to the City of Santa Clara, the amount will be 75 percent (66.054 MW) This option distributes more back to the City. This "split" may more closely represent the value received for the services rendered. An additional 30 MW of Interruptible Power is proposed to be marketed to encourage further demand-side management programs.

3. Zero-Base Alternative

Proposed Option: Under this option, the entire 89.795 MW of Interruptible Power would be allocated on an equal-footing basis to qualified applicants. The City of Santa Clara would not be assured of renewing any of their existing allocation, but this alternative would also not preclude Western from renewing it. This alternative would allow Western maximum flexibility in changing the customer mix.

4. Termination Alternative

Proposed Option: This option is the same as Option A under the Draft Plan alternative.

E. Renewable Resource and Cogeneration (RR&C) Power

1. Status Quo Alternative

Proposed Option: Under this alternative, Western would renew all 30 MW of the current RR&C contracts to the same customers under the same terms and conditions until the year 2004. This alternative would provide the most stability to the existing customers, but would not allow Western to market the 4 MW of currently unused power under this class of electrical service, nor would it allow Western to change the customer mix. Also, the original RR&C allocations were made to support the development of such resources and contained a specific contract termination date. By extending the contracts another ten years, the recipients may be receiving benefits beyond a reasonable amount of time needed to develop and support a resource project.

2. Draft Plan Alternative

Proposed Option: Western would offer a new RR&C allocation (24.343 MW) to those customers who have an effective contract for RR&C power pursuant to the 1981 Power Marketing Plan. The contracts resulting from these allocations would not contain specific return energy provisions. Any purchases by Western under the contracts would be made under mutually agreeable terms and at market-based rates. The 5.657 MW of existing allocations to customers who do not have an effective contract would be marketed as long-term firm power to new customers. Western can potentially reduce the purchased power costs and change the customer mix. By not continuing the return energy provision, Western can acquire more economical energy. On the other hand, the option does not promote additional resource development and may, like the Status Quo alternative, give the impression that RR&C allocations are normally renewed.

Alternative Option 1: Western would discontinue the RR&C program and reallocate the RR&C power as long-term firm power. The entities

receiving the allocations will be only new customers, only existing customers, or both new and existing customers. Western can potentially change the customer mix. However, this option would cause Western to lose the capability of purchasing economical energy under the RR&C program to offset some of the costs of purchased power. In other words, it is possible that, within the next fifteen years, the service area will see a rise in marginal energy costs, perhaps due to rising fossil fuel prices. With this option, Western's ability to negotiate for return energy prices (if the contract condition is selected) that are lower than those of other resources may be foregone.

Alternative Option 2: Western will continue the RR&C program and market the power to existing customers and/or new allottees who have not had an RR&C allocation in the past. The contracts will not contain return energy provisions. Any purchases by Western under the contracts will be made under mutually agreeable terms and at market-based rates. Western can potentially change the customer mix, add new customers, add new resources to the service area, and reduce the purchased power costs.

On the other hand, protracted construction schedules, which can plague any resource development project, may result in contract execution delays. Such delays would thereby inhibit widespread use. Furthermore, because the future is uncertain, resources may be developed that cannot become cost effective during or after the contract expires.

3. Zero-Base Alternative

Proposed Option: This alternative is the same as Option 2 under the Draft Plan alternative.

4. Termination Alternative

Proposed Option: This alternative is similar to Option 1 under the Draft Plan alternative, except that the power would not be reallocated at all. Again,

under this alternative Western would lose the capability of purchasing economical energy under the RR&C program to offset some of the costs of purchased power.

F. Other Types of Power

1. Status Quo Alternative

Proposed option: Western would market only the classes of electrical service described above. If other classes of electrical service are marketed, they will be offered on a short-term basis or under a separate marketing plan. Western can market power without entering into new firming contracts or modifying existing contracts.

This option maintains the status quo in that no changes will occur to current reservoir operations and the potential of disputes with PG&E over the marketing of new classes of electrical service will not be an issue. On the other hand, some widespread use of Western power may be postponed or foregone, because there may be a potential allocation scenario whereby the preference customers as a whole would benefit by marketing other types of power such as peaking surplus energy, capacity, emergency and backup power, and spinning reserves.

Marketing these types of power may require addressing two major issues: (1) reservoir operation, and (2) the existing firming contract with PG&E. Reservoir operation is multi-purpose and serves, in addition to power generation for preference customers, other uses such as water quality, flood control, project use, water supply, fish, wildlife, and recreation needs. Although Western does not believe that such sales will impact current CVP reservoir operation, this issue may require further analysis. PG&E is contesting Western's potential sale of services to customers other than PG&E. Therefore, because of the complexity of these two issues and the possibility of negotiations, litigation, and possible environmental issues

associated with marketing any other type of power, no other option is proposed at this time.

2. Draft Plan Alternative

Proposed Option: Same as the Status Quo alternative.

3. Zero-Base Alternative

Proposed Option: Same as the Status Quo alternative.

4. Termination Alternative

Proposed Option: Same as the Status Quo alternative.

NOTE: FOR FOLLOWING SECTIONS: Alternatives and options are not discussed individually for the following sections: Electric Service Contract Conditions, General Allocation and Contract Principles, and the Eligibility and Selection Criteria. For the Status Quo alternative, these terms and conditions would remain the same as the terms and conditions for the present contracts, except that the contracts would be extended to the year 2004. For both the Draft Marketing Plan alternative and the Zero-base alternative, the terms and conditions would be as they are presented in these next sections. For the Termination alternative, no terms and conditions would be needed since there would be no contracts.

Electric Service Contract Conditions.

A. Minimum Load Requirement.

The following two options refer to the minimum monthly kW demand requirements, for three consecutive months in the twelve months immediately preceding the date that service is requested of PG&E for customers receiving service from the PG&E transmission and distribution system.

Proposed Option: The minimum requirement will remain 500 kW. No new agreements or revisions are needed between Western and PG&E. However,

Western may lose the benefit of (1) serving smaller loads that promote widespread use, or (2) reducing the number of small contract rates of delivery (CRD) that increase the cost of service.

Alternative Option: The minimum requirement will be 1000 kW. Power revenues and service costs may be reduced slightly. The total number of irrigation districts served may be reduced if they cannot meet this requirement. No new agreements or revisions are needed between Western and PG&E.

B. Westlands Water District (Westlands) Withdrawable Condition.

Proposed Option: Long-term firm power allocations will be made without this withdrawable condition. The number of withdrawable conditions in power service contracts will be reduced. Westlands' contract rights to power will be unaffected. In addition, recipients will have the assurance, for resource planning purposes, of receiving an allocation without this condition.

However, the option potentially will add stress to the load management program and the 1152-MW load level, if Westlands experiences a higher than anticipated load growth. The Type III withdrawable power customers would be impacted in such an event.

Alternative Option: Long-term firm power allocations will be made with this withdrawable condition. The number of withdrawable conditions in power service contracts may remain the same. Westlands contract rights to power will be unaffected. The original customers with the Westlands withdrawable condition would bear the impact of Westlands' unanticipated load growth. On the other hand, recipients will not have the full value of an allocation without this withdrawable condition.

C. Integration Contract/Firming Service Condition.

Proposed Option: Power service contracts will be made without the condition that a customer's CRD can be reduced because of the expiration or termination of a firming contract with a third party. Western will have the responsibility to maintain power service via other arrangements with existing or new third

parties. Other benefits include a reduction in the number of withdrawable conditions in power service contracts and an increased flexibility in providing firming service. However, the cost of service may increase if the reduction condition were removed. This option was supported by a majority of the comments received to date.

Alternative Option: Power service contracts will be made with the condition that a customer's CRD can be reduced because of the expiration or termination of a firming contract with a third party. This option maintains the status quo, but the option limits the value of a firm power sale and reduces flexibility in providing firming service.

D. Transmission Service Condition.

Proposed Option: Western will have the responsibility of obtaining third-party transmission arrangements, unless otherwise agreed by Western, the transmission agent(s), and the affected customer. Western's responsibility will include assisting the customer in obtaining service outside the PG&E service area. Western will monitor the progress of transmission negotiations on a case-by-case basis to determine whether or not an allocation should be maintained or withdrawn. This option retains the policy in effect currently.

Alternative Option: This option has the same conditions stated above, plus, for customers outside the PG&E service area (if any), Western will require that the necessary transmission service be acquired within one year of an electric service contract with Western.

E. Contract Term.

Proposed Option: All power service contracts will have expiration dates of December 31, 2004. The 2004 date will correspond to the expiration dates for all other power service contracts and for the firming contract with PG&E. With this option, Western can assess the option of all allocations together at a later date. There are no other options proposed at this time.

F. Other Contract Conditions.

Proposed Option: All power service contracts will incorporate, as applicable, Western's standard provisions, including the latest version of the General Power Contract Provisions (in Appendix) the conservation and renewable energy provision, and withdrawal provisions for Project Use, load level limit, First Preference, and the resale of electric energy provision (in Appendix). With this option, Western can standardize the contract conditions for power service. There are no other options proposed at this time.

General Allocation and Contract Principles.

The following draft principles are the proposed option. There are no other options regarding these principles described in this brochure.

- A. By administrative authority and Reclamation law, Western will have the sole authority and responsibility to determine power allocations. The allocation of power is an offer by Western for the sale of power. The right to purchase the power is afforded only upon the execution of an electric service contract. Western will allocate in amounts of no less than 500 kW in order to be consistent with the minimum load service requirement contained in Contract 2948A. The only exception would be for those preference entities with loads under 500 kW, and which are directly connected to Western's system.
- B. To prevent block loading, a reduction of diversity and to promote efficiency, all allocations will be offered either (a) with energy provided on an "A over B" basis, unless specifically exempted by a firming contract, or (b) pursuant to a scheduling agreement. This is also a requirement for service under Contract 2948A.
- C.1. Western will attempt to have negotiated and executed renewal contracts in advance of June 30, 1994 -- the expiration date of contracts subject to this 1994 Power Marketing Plan, unless otherwise agreed in writing by Western.
- C.2. To minimize purchase power costs, any RR&C contract will be offered without a return energy provision. Furthermore, any sales to Western resulting from the allocation will be at market-based rates and pursuant to a "scheduling"

agreement. This type of arrangement benefits both Western and the customers to assure that each are obtaining an economical purchase and sale of energy over the life of the contract.

- D. Western believes a six-month time period to negotiate and execute a contract with a new allottee from the time the contract is offered, is adequate. Any grace period granted beyond the six months will be at Western's discretion, depending upon the circumstances.
- E. In the event that Western and the allottee do not execute a contract by the allotted time, or in the event that an allottee's contract is terminated prior to 2004, then the allocation reverts back to Western. Western will exercise its discretion to either not allocate the power prior to 2004, or allocate the power, selecting from the pool of original qualified applicants or requesting new applications in accordance with the Final 1994 Power Marketing Plan.
- F. Contracts for Type III Withdrawable Power and Interruptible Power will continue to exist until their termination date, even should the CRD be reduced to zero. Western's policy is to be able to reinstate power to customers with these contracts, in accordance with applicable procedures.
- G. To ensure equity and mitigate uncertainty, any new RR&C allocation will contain provisions that (a) allow Western to shift the allocation to another project or projects, (b) require certification of the scheduled operation date by a registered professional engineer, a project online date of no more than three years after the publication date of the final allocations; otherwise, Western will have the option to terminate the allocation, with six months written notice if the allottee fails to meet the online date, and (c) disallow demonstration projects. The contracts for new RR&C allocations will also contain an enabling provision providing for the sale of project energy by the allottee to Western at market-based rates. This principle recognizes free-market transactions. That is, the risk to both parties of long-term fixed prices is reduced in favor of the reality and certainty of market-based pricing.
- H. To enhance resource efficiency, Western will promote and execute scheduling agreements that benefit the customer base as a whole, are consistent with

applicable law, and are normal utility practices of interconnected utilities. To ensure performance, Western will include provisions in the agreements regarding satisfactory transmission capacity use, voltage support, power factor, reactive powerflow, system operations, and facility modifications. This action will be determined on a case-by-case basis by Western.

- I. To keep customer contact and to ensure best use, Western will normally contract with individual customers. However, if it is in the best interest of the customer base as a whole, is consistent with applicable law, and is agreeable to the effected individual customers, Western will enter into consolidated or combined delivery contracts with a group of customers or their agent. This action will be determined on a case-by-case basis by Western.

Eligibility and Selection Criteria.

The following draft criteria are the proposed option. There are no other options regarding these criteria described in this brochure.

Draft General Eligibility Criteria: Western will market its power only to preference entities, since requests are expected to exceed the available amount. Preference entities qualified under Reclamation law will be eligible to receive an allocation. Furthermore, to ensure best use, the preference entities must be in existence and operation and must be ready, willing, and able to receive and use or distribute the allocation at the time that the final Post-1994 Power Marketing Plan is published in the Federal Register. Finally, to be eligible for consideration for a new allocation, preference entities must file timely applications pursuant to a written notice issued by Western and published in the Federal Register.

Draft Specific Selection Criteria: The following discussion addresses a set of criteria consistent with the proposed options described above. If other options become part of the Final 1994 Power Marketing Plan, then the criteria will be adjusted to be consistent. For example, some of the proposed options include allocation to both new and existing customers. If options are adopted that eliminate either type of customer from consideration, the the criteria will be adjusted.

There are eight specific criteria for allocating Long-Term Firm, Interruptible, Type III Withdrawable, Diversity, and RR&C Power:

1. The minimum load at each delivery point shall be no less than 500 kW at peak. This criterion is consistent with existing power service conditions and contracts.
2. Only applicants in the PG&E service area will be considered. This criterion mitigates delays in obtaining widespread use, because Western and preference entities have had difficulty in arranging for wheeling outside this service area.
3. For new irrigation and water district applicants, only those who purchase CVP water or who have water rights recognized under California law will be considered.
4. Western will give greater consideration to applicants who can demonstrate a contribution to system diversity at the time of Western's simultaneous peak. This criterion will allow more widespread use because these applicants' peak demands would not coincide with Western's.
5. Western will give greater consideration to applicants who have instituted and continue to actively pursue demand-side management activities. Applicants who have these activities demonstrate prudent resource stewardship.
6. Western will give greater consideration to applicants who are constructing, developing, or planning new cost-effective RR&C projects. Applicants who have these activities demonstrate their commitment to reliable, dispersed and efficient power resources.
7. Western will give greater consideration to applicants who assist Western in meeting customer loads in the most cost-effective manner. The assistance would include (1) providing access to cost-effective power, and (2) aiding in providing efficient and reliable electric service. Applicants who assist in this manner demonstrate their capability of contributing to widespread use and of benefiting the entire customer base.

8. Depending upon the allocation option, Western will consider both new and existing customers. This criterion will allow Western to examine the benefits of allocating power to the group of preference entities that would result in the most widespread benefit and use.

In addition to the above criteria, the following three criteria apply to specific types of power to be allocated:

1. For Diversity Power, greater consideration will be given to applicants who have a historical or demonstrated potential to either reduce CVP power requirements or to schedule, in real time, resources to displace the requirements at Western's peak load periods. This criterion will ensure benefits to the entire customer base.
2. For Interruptible Power, (a) only applicants with real-time scheduling agreements with Western or with the capability and which enter into such agreements with Western will be considered; and (b) greater consideration will be given to applicants who have a historical or demonstrated potential to either reduce CVP power requirements or to schedule, in real time, resources to displace the requirements at Western's peak load periods. These two criteria will ensure adequate response to reduce pressure on the 1152-MW load level and will provide benefits to the entire customer base.
3. For RR&C Power, greater consideration will be given to those applicants whose projects (a) reduce the nation's dependence on natural gas or imported oil; (b) have minimal environmental impact; and (c) result in significant improvements in energy efficiency and are cost effective over the life cycle of the resource. These two criteria will assist in saving natural resources, enhancing trade balances, and promoting prudent resource development.

Stampede Powerplant.

Proposed Option: Western will not integrate the Stampede powerplant of the Washoe Project with the CVP. The powerplant output will be marketed pursuant to a separate marketing plan or under separate agreements. No transmission agreements associated with integration will be necessary. In addition, if not integrated, the powerplant repayment and transmission costs to the CVP

(estimated to be 65 mills/kWh or \$650,000 annually) would not be absorbed by the preference customers.

However, similar to the discussion of the RR&C options, by not integrating the project, Western loses the capability to potentially reduce purchased power costs with this resource. Within the next fifteen years, marginal energy costs are projected to rise in the service area to a point where the price of Stampede power is expected to become competitive.

Alternative Option: Western will integrate the plant with the CVP. To pursue this option, transmission agreements between and among Western, SPPC, and PG&E will have to be executed. With said agreements, Stampede output will then be integrated with CVP generation. The integration will include a methodology to recover Stampede repayment and transmission costs, through the CVP rates paid by preference customers. These costs, as discussed above, are not currently competitive, yet may become attractive in the future.

Transmission Marketing Plan.

Proposed Option: Western's transmission marketing policy consists of the following six components:

1. Western will deliver Federal power to project customer loads as required under Reclamation law and its contractual obligations.
2. Surplus transmission capability, if available after serving No. 1 above, will be utilized for power purchases, which are integrated with CVP power to support project and customer loads.
3. Surplus transmission capability, if available after serving Nos. 1 and 2 above, will be made available to customers who have power requirements above those supplied by Western, and who are directly connected to Western's transmission system.
4. Surplus transmission capability, if available after serving Nos. 1, 2, and 3 above, will be made available on a first-come, first-served basis to any

requesting utility. Generally, capability will not be made available to non-utility generators, independent power producers, and qualifying facilities unless there is a utility involved.

5. Western will cooperate in area-wide emergency planning programs and utilize its transmission system to provide appropriate assistance during emergency and curtailment situations to assist all interconnected utilities where feasible.
6. Western will cooperate and assist preference customers in compatible efforts to integrate their transmission with Western's service to project and preference customer loads.

There are no other proposed options.



SECTION V

PROS AND CONS OF THE ALTERNATIVES

This section discusses the pros and cons of the four draft power marketing plan alternatives that were considered by Western in the development of the Draft Power Marketing Plan. These alternatives are (a) Status Quo, (b) Draft Plan, (c) "Zero-Base" Allocations, and (d) Termination.

After the description of each alternative, there is a list of pros and cons, from Western's perspective, after balancing all competing interests. These pros and cons are not necessarily all-inclusive and, from other perspectives, may be viewed differently. As a result, Western welcomes any comments on the following descriptions.

Status Quo, or No-Action Alternative.

In this alternative, all allocations and their attendant power sales contracts' terms are extended through 2004, with no other substantive modifications of contracts and no new allocations.

Pros.

1. Minimum disruption to existing customers.
2. No changes in customer resource plans.
3. No changes to incentives to conserve or build new resources.
4. Consistency with customer reliance factor, historical practice with power marketing plans, and the overwhelming majority of the comments to renew allocations. (See footnote at the end of this section.)
5. No changes in environmental effects.

6. Expedition of public processes for both power marketing and environmental assessment.
7. Reduction in exposure to controversy.
8. Compatibility with existing firming agreements.

Cons.

1. Elimination of service to new customers.
2. Inhibition of public comment and involvement.
3. Avoidance of potential efficiencies in power use.

Regarding 3, above, a small amount of power is currently assigned but not used, due to transmission and wheeling constraints. In this alternative, the power could not be allocated to other entities. Furthermore, other potential efficiency improvements -- such as combined service, elimination of certain classes of power, and increased usage of withdrawable and off-peak power -- cannot be pursued.

The Draft Power Marketing Plan Alternative.

This alternative, with specified options under consideration, is described in detail in Section II. It consists of renewed contracts, new allocations, and new contract provisions. The renewed contracts contain terms and conditions that are substantially similar to those in the existing contracts. New allocations for several types of power are offered to new and existing customers. Comments on the draft plan are being considered and addressed as part of the public process. During the public process, one or more of the specified options may be eliminated and additional options may be added.

Pros.

1. Substantial continuation of power service to existing customers.
2. Allowance for new customers and improvement in widespread use.
3. Potential improvement in efficiency.
4. Only minor disruptions in most customers' resource plans.
5. Compatibility with existing firming arrangements.

Cons.

1. Potential disruptions in resource plans of customers who have diversity power allocations.
2. Compared with the first alternative, extension of public process, and increased exposure to controversy.

Zero-Base Alternative.

In this alternative, all types of power allocations that have resulted in power service contracts or negotiations for such contracts that expire in 1994 are reconsidered. Also, all new allocations of all types of power are offered with new attendant contract terms and conditions.

Pros.

1. This alternative establishes a "level playing field" for those with and without Federal power to present their views on equity.
2. Potential increased efficiency because of the allocations and types of power offered.

3. Increased flexibility and opportunity to provide power and meet social and environmental goals.

Regarding the efficiency and flexibility impacts 2 and 3 above, Western feels that meeting the greatest need and improving efficiency of use is problematical because opinion on need and efficiency of use varies widely, that is, all current as well as potential customers can effectively argue the need for a limited and economical source of power. For most allocation conditions, Western has no compelling reason to favor one preference entity over another, or for taking power from one customer and giving it to another.

4. Compared with the two previous alternatives, nearly identical overall customer benefits and costs (these benefits and costs are shifted among the customers).

Cons.

1. The amount to be marketed is only 40 percent of the total power marketed by Western SAO.
2. Inconsistency with the majority of public comment and with historical practice.
3. Increased possibility for environmental impacts.
4. Expanded public process, increased exposure to controversy, potential lack of compatibility with existing firming contracts, and increased complexity in determining customer need.

Termination Alternative.

In this alternative, Western does not market any of the power associated with contracts expiring in 1994.

Pros.

1. Reduction in rates, revenues, and purchase power and wheeling costs.
2. Potential increase in end-use efficiency due to higher priced replacement power.

Cons.

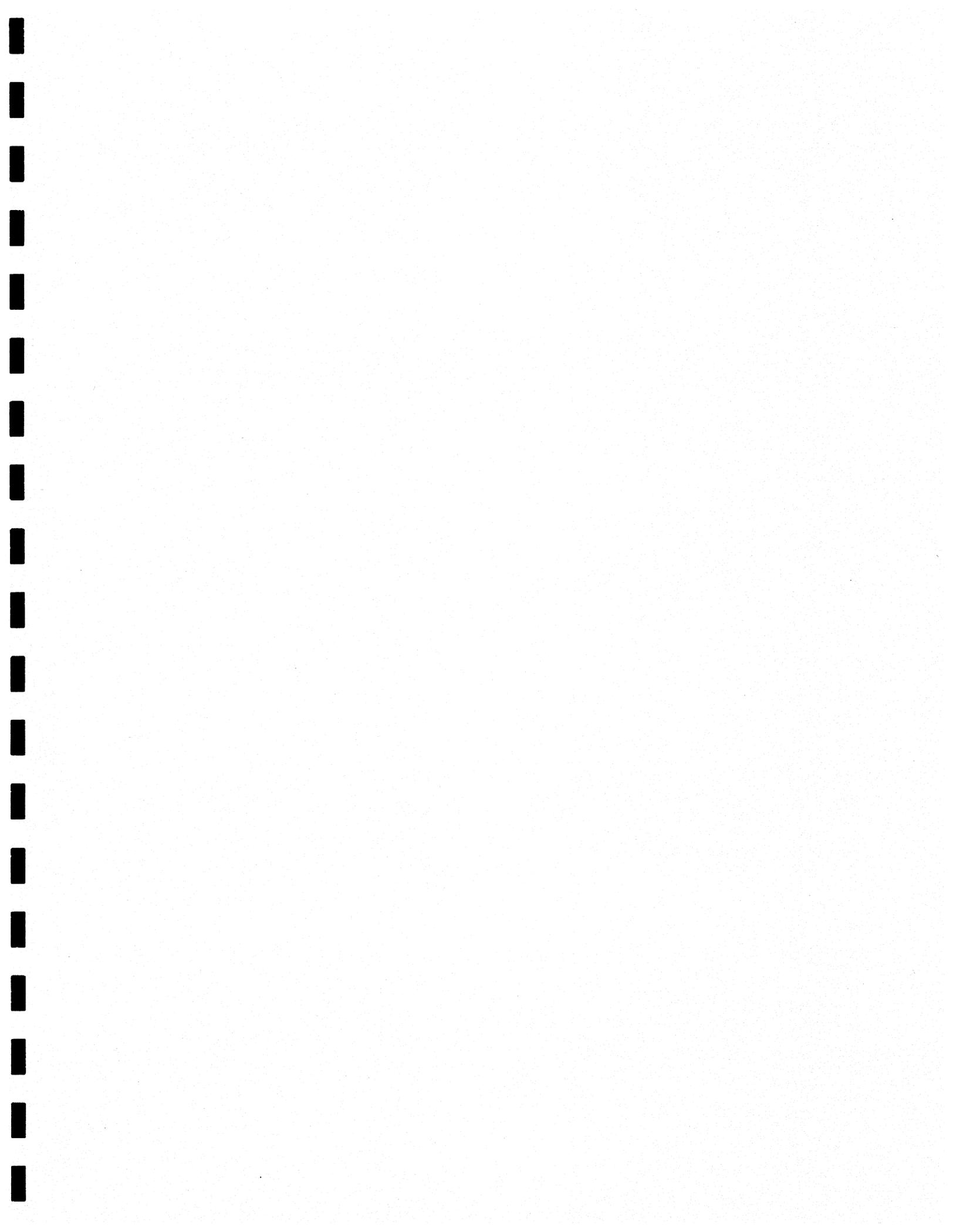
1. Potential increased pressure to raise rates.
2. Lack of equity because of application to only 40 percent of the total power marketed by Western SAO.
3. Dislocation of economy due to increased cost of replacement power by the customers.
4. Decreased use of Intertie capacity.
5. Inconsistency with the majority of customer opinion, historical SAO power marketing practices, and the concepts of widespread use, efficient utilization of Federal investment, the preference clause, and the maximization of the amount of firm power sold.
6. Avoidance of the benefits of agreements on the load level supported by firming agreements.

In regards to 3, above, customer costs for replacement power increase in the short- and long-term for three reasons. First, current replacement power is priced at a minimum of 25 percent higher than CVP power. Secondly, mid- and long-term resource plans may cause an additional need for generation and transmission

resources. Finally, the customers' net costs are higher than Western's costs due to reduced efficiency and lack of economy and scale.

Footnote: All Western power service contracts have specific termination dates. A compelling reason for this term is to allow the public an opportunity to reassess the efficiency and widespread use of Federal power. As a result, no existing customer has a right to power service in perpetuity.

On the other hand, Western considers customer expectations in the decision to renew or rescind allocations. Customer expectations, by themselves, do not determine the final decision, but are considered along with other relevant factors. Furthermore, although there is no "customer right" to a renewal of all or any part of Federal power service, a number of customers expect a renewal and do not plan for a reduction in the amount. This expectation is evident in the comments received. In other words, for planning purposes, the customers assume contract renewal; therefore, Western considers this assumption when making allocation decisions.



SECTION VI

SUMMARY OF COMMENTS

Issues for the development of the 1994 Power Marketing Plan were presented in a brochure dated January 31, 1989, and distributed to CVP customers and interested parties. Informal meetings on the issues were held in early 1989 and written comments were solicited.

This section summarizes the comments received on the development of the Power Marketing Plan as of May 15, 1989. The summary is intended to highlight, not supplement, the individual comments. After each comment, the number of commentors submitting the comment is given. Copies of any of the brochures can be obtained by contacting Western.

A total of 45 customers and interested parties have submitted comments. These entities are listed in Table One below, by order of receipt of their comments.

Table One
Interested Parties Providing Comments

Navy	12/21/88	*	Pacific Gas and Electric	02/28/89	*
City of Alameda	12/28	*	Turlock Irrig. Dist.	02/28	
City of Healdsburg	12/28	*	Tuolumne County PPA	02/28	
City of Lodi	12/28	*	Trinity County PUD	02/28	
City of Lompoc	12/28	*	Sacramento Regional Transit	03/02	*
City of Santa Clara	12/28	*	Lower Tule River ID	03/07	
City of Ukiah	12/28	*	Terra Bella ID	03/10	
Department of Energy	12/28	*	Delano-Earlimart ID	03/10	
Air Force	12/28	*	Lindsay-Strathmore ID	03/10	
Sonoma County WA	02/07/89		Princeton-Codora-Glenn ID	03/10	
Summers Engineering	02/10		Calaveras PPA	03/10	
Santa Clara Valley WD	02/13		City of Roseville	03/10	
Lassen MUD	02/15		Arvin-Edison WSD	03/14	
U.S. Bureau of Reclamation	02/15	*	National Park Service	03/16	
San Juan Suburban WD	02/17		Glenn-Colusa ID	03/17	
Georgetown Divide PUD	02/22	*	Veterans Administration	03/20	
Bay Area Rapid Transit	02/22	*	Contra Costa WD	03/22	
San Luis Water District	02/28		San Ramon Valley USDS	03/29	
Yosemite National Park	02/28	*	Carmichael WD	03/29	
Ames Research Center	02/28		University of California	03/31	
City of Redding	02/28		City of Palo Alto	04/06	
Shasta Dam Area PUD	02/28		Sacramento MUD	04/10	

* These parties have submitted additional comments after the date cited in Table One.

Economic Benefits and Usefulness of Present Allocations.

Renew existing contracts, including those expiring in 2004. (One)

Avoid renewing contracts to existing customers except under hardship conditions.
(One)

Increase allocations to municipalities to bring their share of CVP vs Other resource more in line with those of customers who receive all or most of their power from Western. (Seven)

Market currently unused allocations to new customers. (Three)

Renew existing contracts to customers who have used their allocation. (One)

Market currently unused allocations to new and existing customers. (One)

Delay reallocation until 2004. (One)

Protect existing customers before considering new allocations. (One)

Avoid blanket contract renewal. (Three)

Power Allocation Priority.

Western received seventeen types of comments regarding power allocation priority. Basically, the commentors stated that first priority should be given to entities that:

have utility responsibility. (Ten)

have utility responsibility and, furthermore, market only withdrawable power to any other type of customer, using the zero-base option to determine selection. (One)

were organized as special districts. (One)

have activities that are critical to national security. (Four)

are Federal agencies. (Three)

can schedule and otherwise support Western's load management program. (Eight)

have water projects that may adversely impact hydropower production. (One)

receive power at voltages above 44 kV. (Six)

use all of the power allocated. (One)

provide research and products that result in greater energy efficiency. (Two)

have purchased CVP power in the past when its short-term cost was not as attractive as alternative resources. (Three)

are CVP water users. (Eight)

are not municipalities. (One)

are designated as national laboratories or as part of the Department of Defense. In these cases, the allocation should provide the total load requirements. (One)

are current non-utility customers who do not have their total load requirements served by an allocation. (One)

are utility customers who can pay rates higher than those set by Western to cover costs. (One)

are irrigation districts whose allocations, by definition, will not impair the project. (Five)

enhance State and Federal air quality objectives. (One)

are end-use customers. (One)

provide mass transit. (Two)

provide water for multi-purpose use. (One)

provide medical services to veterans. (One)

provide services to taxpayers at designated areas set aside by Congress to be preserved and protected. (One)

are school districts. (One)

There were thirteen types of comments on the customer mix, as follows:

Avoid bringing in new customers. (Twelve)

Avoid the zero-base approach. (Nine)

Use the zero-base approach. (Three)

Incorporate the 2004 customers if:

- the zero-base approach is used. (Two)
- new customers are added. (Seven)

Seek a more even balance of allocations among customer classes, if the customer mix is changed. (One)

Consider the total load of a single entity's facilities in all locations within the marketing area -- including those served by other utilities -- in determining the ratio of CVP allocations to total allocations. (One)

Consider total load of all entities within a customer group when determining the ratio of CVP allocation to total resource requirements, if the customer mix is changed. (One)

Avoid marketing to entities who (a) have never received an allocation, (b) have never used their allocation, (c) use only a portion of the allocation, (d) are not ready, willing, and able to receive the allocation, or (e) do not have utility responsibility. (One)

Avoid marketing to Federal agencies. (One)

Give priority to entities with utility responsibility as described in Reclamation Law. (Six)

Give priority to entities that benefit the taxpayers and give a lower priority to utilities who serve commercial, industrial, and residential loads. (One)

Give priority to water users over municipal and industrial users. (One)

Avoid priority criteria that discriminate against irrigation districts who have little flexibility to change loads. (Two)

Consider that local, state, and Federal entities, regardless of the type or number of classes of load served, have equal preference under Reclamation Law. (One)

Balance the allocations so that all customers receive the same percentage of their total requirements from Western. (One)

Increase allocations to Federal agencies. (One)

Give priority to entities who use power for water conveyance, treatment, and storage and for water quality. (One)

Give priority to entities who can financially participate in systems upgrades. (One)

Give priority to customers who can leverage and multiply the power benefits. (One)

Give priority to water districts who have pumping needs. (One)

Scheduling Contracts.

Promote scheduling. (Thirteen)

Promote scheduling by allocating additional firm power (up to about 50 to 60 percent of requirements) to customers who can schedule. (Seven)

Avoid scheduling. (Two)

Allow scheduling that is consistent with Contract 2948A. (Two)

Avoid scheduling to non-utility customers. (One)

Recognize that not all customers can schedule. (Three)

Promote scheduling where cost effective to the customer base. (One)

Minimum CRD.

Waive requirement for entities with utility responsibility. (One)

Continue present requirement, with appropriate charge or restrictions for service if it is more costly or the minimum is lowered. (Seven)

Continue, but reduce CRD's to customers served below 44 kV to compensate for losses. (Six).

Continue present requirement. (Six)

Allow several points of delivery if minimum is raised. (One)

Increase the minimum to 3,000 kW to discourage small end-use entities from requesting and receiving power. (One)

Increase the minimum to 1,000 kW for three consecutive months, except on a temporary basis to customers with utility responsibility, and include a "take-or-pay" provision. (One)

Realize that a change in the minimum is not a unilateral decision. (One)

Decrease the number of small delivery points and provide information that describes allocations which are (a) less than 1,000 kW, (b) utilized irregularly, (c) utilize low monthly load factors (<30%), or (d) utilized very high monthly load factors. (One)

Serve more load at fewer delivery points and avoid taking on new delivery points that add additional costs. (One)

CRD Consolidations.

Allow consolidations where there are clear benefits to all CVP customers and taxpayers. (Six)

Avoid consolidation. (Thirteen)

Allow consolidations, but allocate to individual customers. (Three)

Avoid consolidations, except for first preference customers. (One)

Continue to allow consolidations. (One)

Consider that existing consolidations are not consistent with Contract 2948A and work to the disadvantage of the majority of Western's customers. (One)

Allow consolidations for small entities only. (One)

Allow consolidations and establish criteria addressing contribution to diversity, load shedding capability, and communication. (One)

Contract Term.

Market contracts with a 12/31/04 expiration date. (Fourteen)

Extend beyond 2004 with price adjustment. (One)

Market contracts with a 2024 expiration date. (Seven)

Market contracts with a 2014 expiration date. (Three)

Market contracts with a 2019 expiration date. (One)

Extend contracts with Irrigation Districts to correspond to the contract termination date of water deliveries from the Bureau of Reclamation. (One)

Include 2004 customers if the term is extended beyond 2004. (Three)

Consider that Contract 2948A terminates in 2004 and no arrangements have been made on its renewal, extension, replacement. (One)

Extend the termination date of contracts expiring in 2004 to 2024. (One)

Ready, Willing, and Able Conditions.

Assist customers in obtaining wheeling. (Seven)

Assist entities with utility responsibilities in acquiring wheeling paths. (One)

Continue with the existing conditions. (Ten)

Oppose any direct connection requirement as an absolute condition to receive power. (Six)

Evaluate the possible deficient condition of marketing to two Joint Power Authorities. (Six)

Evaluate conditions which may adversely impact integration and repayment of other projects into the CVP. (One)

Use the conditions as a first priority in allocations. (Two)

Give a reasonable amount of time and other considerations in requiring the applicant to secure wheeling. (Eight)

Define the "able" condition to be the utility responsibility. (One)

Define the condition in the Power Marketing Plan. (One)

Require the entity to meet the conditions at the time the power is allocated. (One)

Consider that any entity outside the wheeling area must pursue its own contract for wheeling services. (Three)

Consider layoff to other customers while entities are obtaining wheeling agreements or are receiving the benefit of the layoff. (Four)

Avoid layoffs to other customers. (One)

Consider take-or-pay provisions while entities are obtaining wheeling agreements. (Four)

Consider providing some portion of the value of CVP power to the wheeling utility as an incentive. (One)

Establish conditions which prohibit entities who are not capable of receiving power from getting an allocation. (One)

Place the responsibility on the entities to acquire transmission services for receiving power. (Two)

Consider that there is no legislation that requires customers to own, maintain, and administer the distribution system as a condition to receive an allocation. (Two)

Allow customers located outside the wheeling area to identify delivery joints within the wheeling area whereby they can benefit from an allocation. (Three)

Avoid discriminating against irrigation districts who do not own distribution facilities. (Two)

Renewable Resource and Cogeneration Allocations.

Renew contracts to existing allottees. (Nine)

Reallocate to other customers in small increments. (One)

Reallocate unused portion to other customers with qualifying projects. (One)

Consider raising the 30-MW level. (One)

Lower total MW in this category and market the balance as firm. (One)

Reallocate to customers who can assist Western in meeting system support. (Two)

Reallocate as firm power to new and existing customers. (Four)

Allocate additional RR&C Power to original allottees who have successfully completed projects. (Six)

Modify program so that (a) existing contracts are allowed to expire and the allocations revert back to a RR&C pool, (b) new contract terms are for ten years only, after which time the allocations return to the pool, (c) qualifying projects to receive an allocation are prioritized and placed on a waiting list if no allocation is available, (d) projects receiving allocations have a high probability of completion; and (e) customers who purchase the output of an RR&C project can qualify for an allocation. (One)

Modify the program to allow allocation's benefits to be shared equally between the producer of the project and Western's customers. (1)

Consider that the allocations have resulted in the development of expensive, unreliable projects. (One)

Eliminate the program and market the power as withdrawable to serve first-preference rights. (One)

Eliminate the allocations. (One)

Reallocate to new RR&C Projects. (One)

Continue the program with modifications to ensure that allocations are offered only to projects that are cost effective. (One)

Avoid allocations to promote new resources because of existing transmission line access constraints. (One)

Geographic Boundaries of the Power Marketing Area.

Consider the boundary to be the PG&E Control Area. (Eight)

Consider the power cost impacts of extending existing service area boundaries. (One)

Expand service so that wheeling and control are as are not a restriction. (Two)

Expand service to include the entire Area Office boundary. (Three)

Expand service beyond the existing wheeling area and give highest priority to public entities in Northern California who serve end users. (One)

Limit service to the PG&E wheeling area. (One)

Satisfy loads within the PG&E wheeling area before marketing outside. (One)

Expand service area to achieve broad distribution to entities with utility responsibility. (One)

Maintain the current marketing area. (Two)

Load Level Support.

Expand the existing diversity and load management program. (Thirteen)

Ensure that terms and conditions for shedding load are met. (One)

Encourage participation by marketing a higher CRD for interruptible load and foregoing full CRD on Western's peak. (One)

Provide additional allocations to entities who can shed load and who now have smaller percentage allocations than the average CVP customer. (Six)

Continue the load level support policy. (Six)

Provide assistance in load monitoring. (One)

Offer a curtailable rate that is lower than the average CVP system composite rate. (One)

Include customers in the program who can reduce load level by providing generation. (One)

Avoid diversity contracts which benefit a few customers and are a burden to the majority. (One)

Provide information on the existing load management and diversity program such as (a) the participants and their costs, (b) the benefits received by them and Western, and (c) the adverse impacts on the remaining customers. (One)

Target customers who have winter peaks in the summer peaking service area. (One)

Recognize that some customers cannot load shift due to system constraints. (Three)

Continue program only under conditions where existing and future customers benefit as a whole. (One)

Offer a rate that is higher than incremental costs and with first right of refusal in proportion to firm allocations. (One)

Stampede Integration.

Integrate the project with the CVP. (One)

Avoid integration with the CVP. (Fourteen)

Integrate only if there are net benefits to CVP customers. (Four)

Market the power to Truckee-Donner PUD. (One)

Integrate only if the least possible financial impact on the CVP customers is realized. (One)

Consider that the plant is not a CVP facility, requires transmission access in an already constrained area, and is not in the wheeling area. (One)

Firm Power and Associated Withdrawal Conditions.

Market firm power without conditions. (Ten)

Provide consistency. (Seven)

Withdraw power only to the extent and in the time period that it is needed. (Two)

Ensure that withdrawable power to serve loads reserved for Westlands is withdrawn from customers who received a Westlands allocation. (One)

Recognize the statutory requirements to satisfy project use and first preference rights. (Three)

Continue to market power as firm, with withdrawal conditions. (Eleven)

Ensure that municipalities have no withdrawal preference. (One)

Withdraw power from project use and load level from diversity allocations. (One)

Consider the complications of excluding allocations of 500 kW from withdrawal. (One)

Consider the economic impacts of irrigation districts when making withdrawal to serve project use and meet load level requirements. (Two)

Discontinue withdrawal conditions for power that is set aside for customers who are not and will not use the power. (One)

Provide consistent withdrawal conditions for project use. (One)

Transmission Policy.

- Allocate transmission access. (Four)
- Allocate transmission access with first priority to Preference Customers. (Eight)
- Allocate transmission access with a reservation charge until the capacity is used. (One)
- Allocate transmission access with a first priority to those customers who have no other transmission options available. (One)
- Allocate access as long term, short-term, firm, or non-firm. (One)
- Allocate with or separate from Post-1994 PMP. (One)
- Allocate in a separate Power Marketing Plan. (One)
- Continue existing transmission service and assist customers in getting more economic transmission access and wheeling rates. (One)
- Include access to areas beyond the PG&E wheeling area. (One)
- Consider access as an incentive to promote new resources. (One)
- Consider the benefits and impacts of terminating Contract 2948A in allocating transmission access and firm power and other power services. (One)
- Consider that connections of new resources affect power flows on Western's interconnected system with PG&E, and therefore, allocations cannot be considered unilaterally.
- Consider giving credits or other considerations to customers who have made investments to reduce transmission losses, if average loss criteria continue. (One)
- Continue with existing agreement with PG&E. (One)

Integration Contracts and Firm Power.

- Market firm power irrespective of firming contracts. (Eleven)
- Market as firm power for the contract term and limit firming contract to an economic level. (One)
- Consider that the existing firming contract provides advantages to Western and its customers that may not be realized in another arrangement. (One)
- Provide results of a case study. (Three)

Market two types of power at rates reflecting the cost of service -- one type subject to firming contracts and the other type which is guaranteed. (One)

Other Types of Power Allocations.

Market peaking capacity, emergency and backup power, and spinning reserves. (Ten)

Market off-peak and seasonal power for water pumping customers only. (One)

Market off-peak and seasonal power. (One)

Market power purchased as a broker. (One)

Market power which can be shifted to other customers when the taxpayers benefit. (One)

Market power in a contract separate from the firm power service contract. (One)

Complete contract negotiations that have begun and market the services independent of the power marketing plan. (One)

Consider that marketing such services is currently the subject of litigation, may not be able to perform under existing contracts, and may be exceeding Western's authority. (One)

Provide results of a case study. (Three)

Provide these services in proportion to the customer's long-term firm power allocation. (Two)

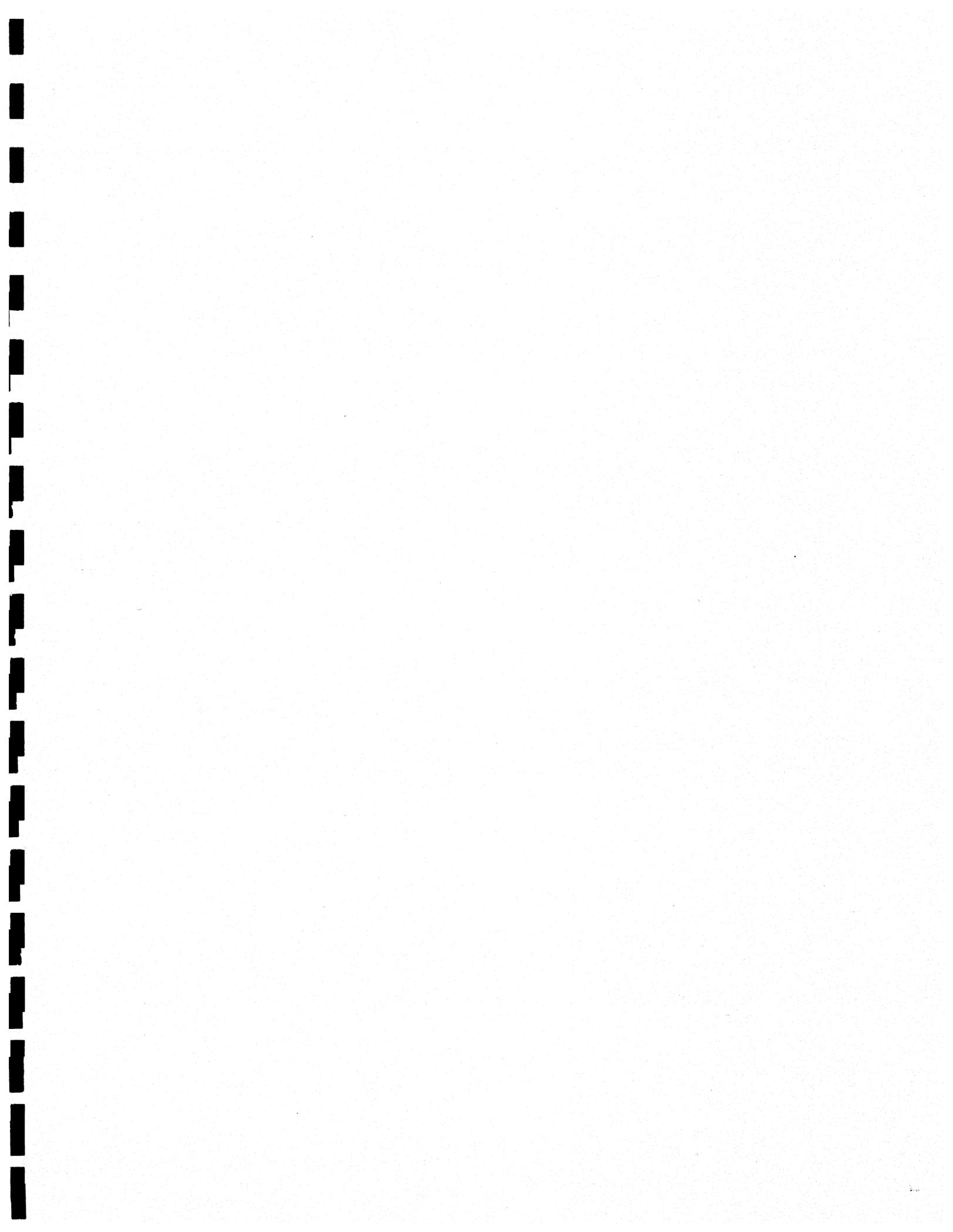
Provide services that do not impair the efficiency of the project for irrigation purposes. (Two)

Other Issue(s).

The majority of the comments addressed the above fifteen issues. In addition, Western received four comments describing new issues:

- A. Establish, as contract conditions, a loss calculation method that uses average transmission losses and a charge for indirect service. (One)
- B. Develop a Power Marketing Plan based on the following three components: (One)
 1. Market only CVP hydro resources with a firming agreement.
 2. Terminate existing power purchase agreements with Northwest power producers.
 3. Serve as a transmission agent using the transmission access resulting from No. 2 above.

- C. Determine the allocations by the order in which the customers can use six types of power services as follows: (One)**
- 1. Allocate plant factor energy and capacity to customers who are directly connected to the CVP transmission system. If capacity and energy are still available,**
 - 2. Allocate plant factor energy and capacity to customers who can receive the service via the PG&E wheeling contract. If capacity and energy are still available,**
 - 3. Allocate firm power service to customers who are directly connected to the CVP transmission system. If firm power is still available,**
 - 4. Allocate firm power service to customers who can receive the service via the PG&E wheeling contract. If transmission capability still remains,**
 - 5. Allocate bulk power and transmission services. If transmission capability still remains,**
 - 6. Allocate other service such as C&RR and diversity power.**
- D. Market power at two different rates: (1) cost-based rates for loads that provide direct taxpayer benefits; and (2) auctioned and market-based rates to other loads, including non-preference loads. Also, in future power service contracts, include provisions for conformance with changes in laws, regulations, and executive orders related to pricing and delivery conditions. (One)**



SECTION VII

APPLICANT PROFILE DATA

The following applicant profile data is provided in draft form. Public comments on it should be made at the first public comment forum in October 1989. Written comments are due thirty days from the public comment forum.

If an entity is applying for power on behalf of another organization which is not a member or subsidiary of applicant, the applicant should provide a statement to that effect which includes the reason(s) why the other organization is not applying for power on its own behalf. All items of information in the applicant profile data should be answered as if prepared by the organization seeking the allocation of Federal power.

A. Applicant Organization.

1. Organization name and address.
2. Name, address, title, and telephone number of person(s) who will represent the entity in dealing with Western.
3. Type of organization (municipality, rural electric cooperative, irrigation district, state agency, Federal agency, other). Parent organization, if applicable. Names of members, if applicable. Applicable law under which organization was established.
4. Organization's geographic service area. If readily available, submit a map of the service area, and indicate the date prepared.
5. Number and types of customers served and percentage of load: residential, commercial, industrial, agricultural, military base, etc.

B. Loads.

1. a. Maximum demand (kW) and energy use (kWh), for each month for each of the calendar years 1988, 1989, and 1990.

- b. Average annual and monthly load factors for 1988, 1989, and 1990.
2. Projected monthly load forecasts (kW, kWh, and load factors) for 1994-1996; annual load forecasts for the following eight years, 1997-2004. Indicate the forecasting method and assumptions. Please provide any factors or conditions which may change your peak demands or load duration or profile curves for the next three years.
3. Load duration curves if readily available; otherwise load profile curves (demand vs time) for recent typical summer and winter peak days.
4. Daily peak demand for the peak week in 1988, 1989, and 1990.

C. Resources.

1. Operating generating resources, if any, including for each, the year installed, rated capacity, plant factor by month for 1989 and 1990, type of fuel, and location.
2. If your load is served wholly or partially by purchases from others, for each contract please provide the name of the power supplier, amounts of firm and non-firm capacity and energy supplied under the contract, take-or-pay provisions, and the expiration date.
3. Future planned resources for the next ten years including the expected inservice dates, rated capacity, type of fuel, location, and estimated bus-bar cost in mills per kWh.

D. Transmission.

1. A brief description of your transmission and distribution system including existing and planned interconnections. Please provide a single-line drawing of your system, if one is readily available.
2. Requested point(s) of delivery on Western's system or a third party's system, voltage of service required and capacity desired at the points of delivery.

3. Description of the transmission arrangements necessary to deliver power from the requested point(s) of delivery to your load. Please provide a single-line drawing of your service arrangements, if one is readily available.

E. Service Requested.

1. The amount(s) and type(s) of electrical service requested, if applicable.
2. The date when you can first use the service requested from Western.

F. Rates and Power Costs.

1. Your existing and proposed rate schedules, by class of service.
2. Estimated costs of existing and future power purchases and generation and transmission facilities.

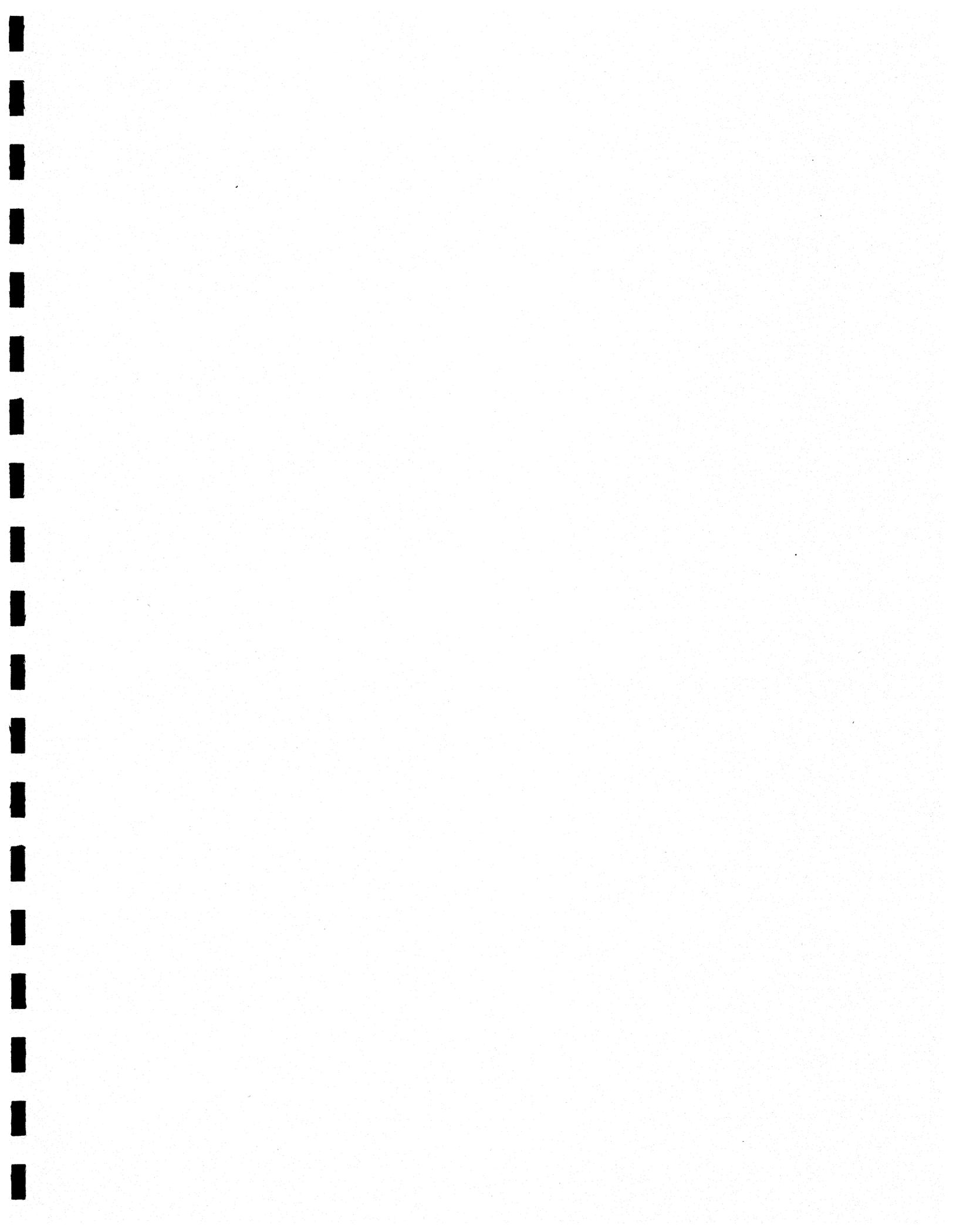
G. Demand Side Management Programs.

1. A description of Demand Side Management (DSM) programs that have been on line or added in 1988, 1989, 1990. DSM programs include lighting improvements (new and retrofit), building energy efficiency projects, thermal energy storage, air conditioning load shedding, and commercial/industrial load curtailment.
2. The amount of power (kW) and energy (kWh) saved by the programs each year.
3. The amount of resources in dollars and personnel hours to administer the program expended each year.
4. A description of new DSM programs and enhancements to existing DSM programs that are planned in the next five years, 1991-1995, including a cost estimate of the power and energy saved and the resources expended.

H. Assistance in Meeting Customer Loads.

A description of current and future capabilities to assist Western in meeting its load requirements. Capabilities could include the willingness to provide transmission service, transmission access, or joint project participation.

- I. For new irrigation district applicants only - Documentation that the district purchases CVP water or has water rights recognized under California law.
- J. Any other information the applicant wishes to include.
- K. The signature and title of an appropriate official who is able to attest to the validity of the information submitted and who is authorized to submit the application.



SECTION VIII

BACKGROUND INFORMATION

The Western Area Power Administration (Western) is a relatively new Federal agency, established in December 1977 under the Department of Energy Organization Act. It conducts the power marketing and transmission functions -- formerly performed by the Bureau of Reclamation -- in a service area encompassing 1.3 million square miles and 15 states. In performing these functions, Western operates and maintains over 16,000 miles of transmission lines and 266 substations from Minnesota and Texas in the east to California in the west.

As a power marketing agency, Western's first priority is to market power produced at Federal dams at rates that (1) repay operation, maintenance, purchase power, and wheeling expenses; (2) ensure repayment of the Federal power investment with interest; and (3) assist in the repayment of irrigation investment that is beyond the repayment ability of the irrigators. Western markets its resources in an efficient and effective manner consistent with its statutory authority, including coordinating with regional utilities in order to hold down costs to the customer. Upon adoption of a power marketing plan, Western enters into contracts with our customers to implement the plan. These contracts not only cover firm power sales pursuant to marketing plans, but may extend to transmission service, interconnections, operation, maintenance, emergency services, and short-term sales.

Western's primary objective is the marketing of Federal hydroelectric resources ". . . in such a manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles . . ." (Flood Control Act of 1944, Section 5.) By law, Federal power is sold at rates sufficient to recover all costs, including capital investments, with preference in such sales being given to nonprofit entities. Western markets surplus power from hydroelectric powerplants operated by the Bureau of Reclamation, the Corps of Engineers, and the International Boundary and Water Commission. In addition, it markets the Federal entitlement to power from the Navajo coal-fired plant near Page, Arizona.

Western's 550 customers include rural electric cooperatives, municipalities, public and municipal utility districts, Federal, State and local agencies, and irrigation districts. These customers pay electric rates, set by Western, to recover the costs associated with constructing, operating, maintaining, and marketing the power systems, including the associated firming purchases. The Western organization consists of a headquarters office in Golden, Colorado, and five area offices in Billings, Montana; Boulder City, Nevada; Loveland, Colorado, Salt Lake City, Utah; and Sacramento, California.

Western's Sacramento Area Office (SAO) presently markets the output of over 2000 MW (installed nameplate capacity) from Central Valley Project (CVP) hydroelectric generation. Table II shows a complete listing of the CVP facilities. In addition, Western markets up to 400 MW of power purchased from utilities in the Pacific Northwest and the Midwest. These resources, plus purchases from PG&E and some small instate resources, are used by Western to meet a project use load of approximately 250 MW (on peak), and 350 MW (off peak), and a customer peak of 1152 MW. Western supplies about 1700 GWh to project loads and 7600 GWh to customer loads. Overall, Western markets about eight percent of the northern California area's total load requirements. Maps of SAO's transmission system and area office boundaries are located in the Appendix.

CVP Hydroplant Operations.

By Reclamation Law, the Central Valley Project (CVP) is a multi-purpose project. It is operated and maintained to satisfy a number of area-wide needs, including salinity control, fish migration and propagation, recreation, water supply, and flood control. In general, CVP hydropower production is secondary to the requirements of the above non-power uses of the CVP.

In addition to legislative requirements, there are three physical limitations that affect CVP power production:

1. Due to hydrologic conditions, the energy production is low and variable when compared with preference customer requirements. CVP plant factors average 30 to 40 percent, depending upon the type of water year and unit availability. Preference customer load factors average about 65 percent.

TABLE II: POWER RESOURCES OF THE CENTRAL VALLEY PROJECT

Plant Name	Type	Operating Agency	Location	Date in Service	Maximum Number of Units	Maximum Operating Capacity (kW)	Operating Capacity (kW)
Judge F. Carr	Hydro	USBR	Lewiston Tunnel	May 1963	2	184,000 ^{b/}	154,000
Folsom	Hydro	USBR	American River	May 1955	3	215,100 ^{c/}	210,000
Keswick	Hydro	USBR	Sacramento River	Oct 1949	3	90,000	90,000
Nimbus	Hydro	USBR	American River	Nov 1967	2	17,260	17,260
O'Neill	Hydro	USBR	San Luis Creek	Nov 1967	7	29,000 ^{d/}	25,200
San Luis	Hydro	Calif. ^{a/}	San Luis Creek	Mar 1968	8	202,000 ^{e/}	202,000
Shasta	Hydro	USBR	Sacramento River	Jun 1944	6	578,000	578,000
Spring Creek	Hydro	USBR	Clear Creek Tunnel	Jan 1964	2	200,000 ^{f/}	192,000
Trinity	Hydro	USBR	Trinity River	Feb 1964	3	140,350 ^{g/}	140,350
New Melones	Hydro	USBR	Stanislaus River	Jun 1979	2	<u>383,000</u>	<u>383,000</u>
Total Installed Capacity						2,038,740	1,992,010
Total Number of Plants						10	

^{a/} Operated by the State of California for USBR.

^{b/} Limited by tunnel restrictions.

^{c/} Limited by operating head.

^{d/} Limited by turbine.

^{e/} Eight 53,000-kW units for a total installed capacity of 424,000 kW, of which USBR share is 22,000 kW.

^{f/} Limited by tunnel restrictions.

^{g/} Includes 350 kW Lewiston Station service.

2. Two of the plants -- San Luis and O'Neill -- are pump-storage facilities that are used as peaking capacity resources. Pump-storage plants consume more energy than they provide.
3. Plant capabilities may be limited by tunnel, turbine, or operating restrictions.

As a result, because of the legal and physical limitations, and the multi-purpose nature of the CVP and because of the agreement between Western and the Pacific Gas and Electric Company (PG&E) discussed below, CVP hydro-plant and river operations are not affected by the 1994 Power Marketing Plan.

Western/PG&E Agreement.

Western and PG&E are parties to Contract No. 14-06-200-2948A (Contract 2948A), which provides for the sale, interchange, exchange service, and transmission of electric capacity and energy. Contract 2948A includes provisions for integrating 400 MW of power imported over the Pacific Northwest-Pacific Southwest Intertie with power generated from the CVP.

PG&E benefits from the CVP's hydro-system peaking and load-following capabilities. PG&E uses the CVP independently of preference customer requirements. In exchange for this benefit, Western uses PG&E's baseload firm capacity and transmission capabilities to serve many of Western's preference customers and some project use loads. Both PG&E and Western benefit from the parallel operation of their transmission systems.

An essential feature of Contract 2948A requires a determination of Project Dependable Capacity (PDC). PDC is the capacity available from the CVP after deducting project use requirements and is determined according to agreed requirements of hydroplant operation under adverse hydrologic conditions. Western provides monthly project capacity and energy for PDC support to PG&E. This support for PDC is set by Contract 2948A, and will not be affected by the 1994 Power Marketing Plan.

The CVP resources are integrated with PG&E's resources as described above. In exchange, PG&E is obligated to support Western's customer load level, currently 1152 MW. This load level is a contractually set maximum simultaneous peak of Western's customers. In the event that the actual load served by Western exceeds the load level

limit, then procedures to reduce Western's obligation to service customer loads are followed.

At the end of each month, Western and PG&E account for the power delivered to the other. This accounting tracks the energy produced by the CVP hydroelectric powerplants and power purchased by Western, against the project use and preference customer loads supported by PG&E. One capacity and two energy accounts were established as part of this accounting for capacity and energy under Contract 2948A. Energy Account No. 1 (EA1) is an account of energy which was available for purchase by Western at a fixed rate of 2.8 mills/kWh. The balance of energy in EA1 was depleted in December 1988. Energy Account No. 2 (EA2) is an account in which CVP energy excess to customer load, within limits, can be sold to PG&E and now, after the depletion of EA1, can be repurchased to meet customer load. A capacity account provides for the sales and purchases of capacity between Western and PG&E. In addition to the aforementioned accounts, an annual energy exchange account allows Western to use off-peak energy from PG&E to accomplish off-peak project pumping so long as Western delivers an equal amount of energy to PG&E in a calendar year. Contract 2948A has enabling provisions for the sale of excess capacity, and excess capacity sales have been made to PG&E from time to time.

Firm and nonfirm power can be imported from the Northwest by Western, over its 400-MW share of the Pacific Northwest/Pacific Southwest 500-kV Intertie, to support project and customer loads. A five-year written notice to PG&E is required for Western to receive capacity credit for firm imports. The five-year notice is to coincide with PG&E's planning horizon since PG&E is obligated to provide capacity to the CVP from the capacity account if the CVP does not meet its own requirements.

Western meets the capacity requirements of its customer load through a combination of PDC and Northwest capacity credit. If the sum of these is not equal to the customer load level, then Western purchases capacity from the capacity account. If such capacity is excess, it can be sold to PG&E into the capacity account. If Western cannot supply sufficient energy to the PG&E area to meet customer requirements, then energy can be purchased from EA2. If Western has surplus energy, it may be sold to PG&E into EA2. The repurchase formulae for EA2 and the capacity account are identical in concept except the equations deal with energy and capacity costs respectively. The repurchase formulae are based on the costs of PG&E thermal resources, less a credit for past savings accrued by PG&E when capacity or energy was sold into the accounts, plus certain

service charges which are nominal for the energy account and which relate to the provision of reserves for the capacity account. When the accounts are depleted, then Contract 2948A provides that Western may purchase capacity and energy from PG&E at specified costing methods.

Contract 2948A provides for three interconnection points with PG&E: Tracy, Cottonwood, and Folsom. The Tracy Substation is considered to be the load center, the interconnection point at which the capacity and energy accounts are normalized.

PG&E exchanges capacity and energy from Western at Tracy. PG&E also provides wheeling to Western's customers located within a contractually defined wheeling boundary, to the extent it has excess capacity available in its transmission system. Transmission service charges for delivery of capacity and energy are based on the cost of service rate case filed by PG&E with the Federal Energy Regulatory Commission. Contract 2948A limits rate adjustments to five-year periods.

Table III shows the energy and capacity balances and unbanking prices in these accounts as of January 1989. These balances and prices change over time. Currently, the rates, which include production costs and other fees/charges, less credits, are estimated at \$17.36/kW-mo and 11.2 mills/kWh for the Capacity and Energy Account No. 2, respectively.

TABLE II

**PG&E/Western Bank Account Balances
as of January 31, 1989**

Account	Balance	Unbanking Price
Capacity	8,830 MW-Mo	\$17.36/kW-Mo
Energy No. 1	0 GWH	2.8105 mills/kWh
Energy No. 2	25,282 GWH	11.2 mills/kWh

Power Rates.

Periodically, Western develops power and transmission rates for implementation by the CVP. The rates are based upon historical expense, as well as costs in future-year budgets of the Bureau of Reclamation and Western, and are developed in accordance with the various policies, procedures, and methodology that govern the establishment of Federal power rates. According to Reclamation Law and Departmental Policy, power rates must be sufficient to recover the annual power expenses plus repay the power investment costs of Reclamation and Western within prescribed time periods.

Table IV provides a summary of past and present power rates. The present rates were confirmed and approved by the Federal Energy Regulatory Commission for the period June 1, 1988, through May 31, 1993.

The CVP financial statements show that power revenues were insufficient to repay any principal investment, or to recover the annual CVP power expenses from 1974 until the 1983 rate adjustment. Insufficient rates combined with certain dispute settlements, led the CVP to accrue a \$234-million deficit prior to the 1983 rate implementation. For the period May 1983 through May 1988, the CVP power rates produced a level of revenues significantly above the CVP annual expenses. A portion of these revenues repaid the \$234-million deficit previously incurred in the operation of the CVP. The power rates currently in effect reflect repayment of the deficit.

Western's present power rates resulted in an initial rate reduction of about 17 percent when compared to the previous effective CVP power rates at an average system load factor (about 64.5 percent). By 1993 this 17-percent reduction will diminish to a point about 7 percent below pre-1988 rates. The capacity and energy components of the rate were each set to recover approximately one-half of the total amount of revenue required for repayment. Individual customers with low system load factors (below 40 to 50 percent), may realize a composite rate increase at some point during the rate adjustment period. Similarly, customers with load factors higher than the average system load factor may realize greater reductions in their composite power rates. Western's present firm and nonfirm transmission rates will increase based on increased costs since 1983, and due to a revision in methodology for development of the firm transmission rate.

The most significant aspects of the present rate design are: the proportion of revenue recovery by the capacity rate component has increased as compared to the energy

component; revenue recovery for third-party transmission has been separated from the capacity and energy rate design and will be recovered as a straight pass-through rate; a power factor adjustment provision is included; and a revenue adjustment provision has been added to track variances in future revenues and expenses, and thereby lessen the probability of significant revenue surplus or deficit.

Tables V and VI provide a list of present CVP customers and total sales for FY 1988, respectively. Table VII gives information on Western's projected revenues and expenses for FY 1989 through 1993.

TABLE IV

Rate Schedule History

Wholesale Firm Power

<u>Effective Date</u>	<u>Capacity Rate</u>	<u>Energy Rate</u>
January 1, 1945	\$10.00/kW/year	1.5 mills/kWh
March 6, 1945	0.75/kW/month	4, 3, and 2 mills/kWh
April 1, 1974	1.15/kW/month	3 mills/kWh
June 1, 1976*		
May 25, 1978	2.00/kW/month	4.2 mills/kWh
November 1, 1979	2.00/kW/month	5.11 mills/kWh
May 25, 1983	3.75/kW/month	8.53 mills/kWh
October 1, 1983	3.75/kW/month	13.74 mills/kWh
October 1, 1984	3.75/kW/month	18.95 mills/kWh
November 1, 1985	3.75/kW/month	27.97 mills/kWh
October 1, 1986	3.75/kW/month	31.44 mills/kWh
May 1, 1988**	6.86/kW/month	14.43 mills/kWh
October 1, 1989**	7.49/kW/month	15.76 mills/kWh
October 1, 1991**	7.74/kW/month	16.30 mills/kWh

* Monies collected under 1974 rate increase were refunded.

** Rate schedule incorporates a revenue adjustment clause to track actual versus estimated vacancies in revenues and certain expenses.

TABLE V
FY 1988 Power sales and revenues

Sacramento Area Office
Central Valley Project

Customer	Contract Rate of Delivery	Peak (kW)	kWh (000)	Revenue (\$)
Municipalities				
Alameda, City of	21,245	21,245	134,538	4,252,791
Biggs, City of	4,200	2,776	10,137	369,287
Gridley, City of	9,400	7,696	28,560	994,762
Healdsburg, City of	3,258	3,258	13,025	478,371
Lodi, City of	13,311	13,311	84,266	2,654,136
Lompoc, City of	5,226	5,226	34,578	1,085,962
Palo Alto, City of	175,000	175,000	957,987	31,829,951
Redding, City of	116,000	154,482	537,310	18,125,226
Roseville, City of	69,000	91,774	292,182	10,178,519
Santa Clara, City of	231,491	205,005	1,007,685	31,744,943
Ukiah, City of	8,809	8,809	61,730	1,966,228
	Total:		3,161,998	103,680,176
Rural electric cooperative				
Plumas-Sierra	25,000	17,224	93,161	3,024,756
	Total:		93,161	3,024,756
Federal agencies				
Ames Research Center (NASA)	80,000	169,344	197,266	8,548,927
Bagshaw, R.	100	4	16	555
Beale Air Force Base	21,540	22,098	103,702	3,537,660
Camp Parks (Provisional)	500	336	1,312	44,366
Castle Air Force Base	7,466	9,478	50,080	1,637,767
DOE-Site 300	3,000	2,760	14,703	487,029
Foran, M.	100	3	16	573
Lawrence Berkeley Lab	3,000	15,110	8,347	313,428
Lawrence Livermore Lab	36,906	59,260	239,307	7,822,967
Mare Island Naval Shipyard	22,048	24,320	138,704	4,600,138
Naval Air Station-Lemoore	17,290	18,300	80,185	2,642,999
Naval Air Station-Moffet Field	6,981	7,246	43,933	1,439,857
Naval Communications Station-Stockton	3,220	3,790	14,565	542,892
Naval Radio Station-Dixon	1,730	1,860	11,969	380,221
Naval Weapons Station-Concord	1,948	2,434	10,485	468,358
Naval Security-Skaggs Is.	820	868	6,171	194,925
Naval Support-Treasure Is.	4,541	5,862	31,653	1,059,698
Sharpe Army Depot-Lathrop	4,000	4,172	15,928	590,425
Stanford Linear Accel Ctr.	45,903	47,870	180,228	5,781,056
Stephens, M.	100	4	17	587
Tracy Defense Depot	3,450	3,836	17,443	620,297
Travis Air Force Base	10,967	13,198	72,508	2,383,692
Travis Wherry Housing		1,296	6,499	221,462
U.S. Information Agency- Dixon Relay Station	500	1,744	957	41,919
	Total:		1,245,994	43,361,798

TABLE V (con't)
FY 1988 Power sales and revenues
Sacramento Area Office
Central Valley Project

Customer	Contract Rate of Delivery	Peak (kW)	kWh (000)	Revenue (\$)
State Agencies				
Calif. State Parks-Folsom	100	66	141	5,882
Calif. State Univ. at Sacramento-Nimbus	40	14	25	1,125
Deuel Vocational Institution	1,700	1,136	9,655	324,576
Folsom State Prison	2,300	5,080	14,171	470,151
Northern Calif. Youth Center	1,700	1,932	9,766	333,576
Sierra Conservation	3,000	1,772	11,272	361,608
University of Calif.-Davis	14,889	27,345	85,769	2,891,936
Vacaville Medical Facility	1,800	1,766	9,847	323,886
	Total:		140,646	4,712,740
Public utility districts				
Calaveras Public Power Agcy.	5,000	3,902	14,780	546,534
East Bay Muni. Util. Dist.	1,975	10,970	13,359	422,494
Hayfork Public Util. Dist.		1,102	3,691	123,872
Modesto Irrig. Dist	10,860	10,800	61,320	2,123,846
Sacramento Municipal Util Dist.	360,000	2,109,372	1,936,025	63,584,880
Shasta Dam Area PUD	1,450	12,658	59,180	1,943,366
Trinity County PUD	8,000	6,886	33,288	1,134,795
Tuolumne County PPA	6,000	4,702	17,243	636,503
Turlock Irrig. Dist.	3,958	3,941	23,529	783,980
	Total:		2,162,415	71,300,270
Irrigation districts				
Arvin-Edison WD	30,000	25,888	92,203	2,990,275
Banta-Carbona ID	3,700	2,378	7,865	236,585
Broadview WD	500	714	1,394	53,828
Byron-Bethany ID	2,200	2,013	5,211	176,082
Delano/Lindsay/Terra Bella	991	5,647	13,857	430,641
East Contra Costa ID	2,500	1,848	3,671	128,470
Glenn-Colusa ID	3,343	3,232	10,682	311,905
James ID	991	1,050	3,614	113,631
Kern-Tulare River/Rag Gulch ID	991	3,019	5,720	194,924
Lower Tule WD	1,975	1,893	6,883	205,571
Patterson WD	2,000	1,414	1,932	75,674
Provident ID	750	692	1,380	45,915
Reclamation Dist. 2035 Main	850	1,070	1,550	58,826
Reclamation Dist. 2035 Booster	750	500	1,016	37,383
Santa Clara Valley WD	991	1,240	6,164	196,343
San Juan Suburban WD	1,000	964	3,502	115,463
San Luis WD	6,650	5,694	6,902	231,729
Westside ID	2,000	1,684	5,784	183,193
West Stanislaus ID	5,200	3,484	11,121	367,716
Westlands WD	8,888	5,627	10,943	362,153
	Total:		201,394	6,516,307
Investor-owned utilities				
Pacific Gas and Electric Co.		185,000	48,644	3,275,154
	Total:		48,644	3,257,154

TABLE VI
FY 1988 Power sales and revenues
Sacramento Area Office
Total Projects Sales

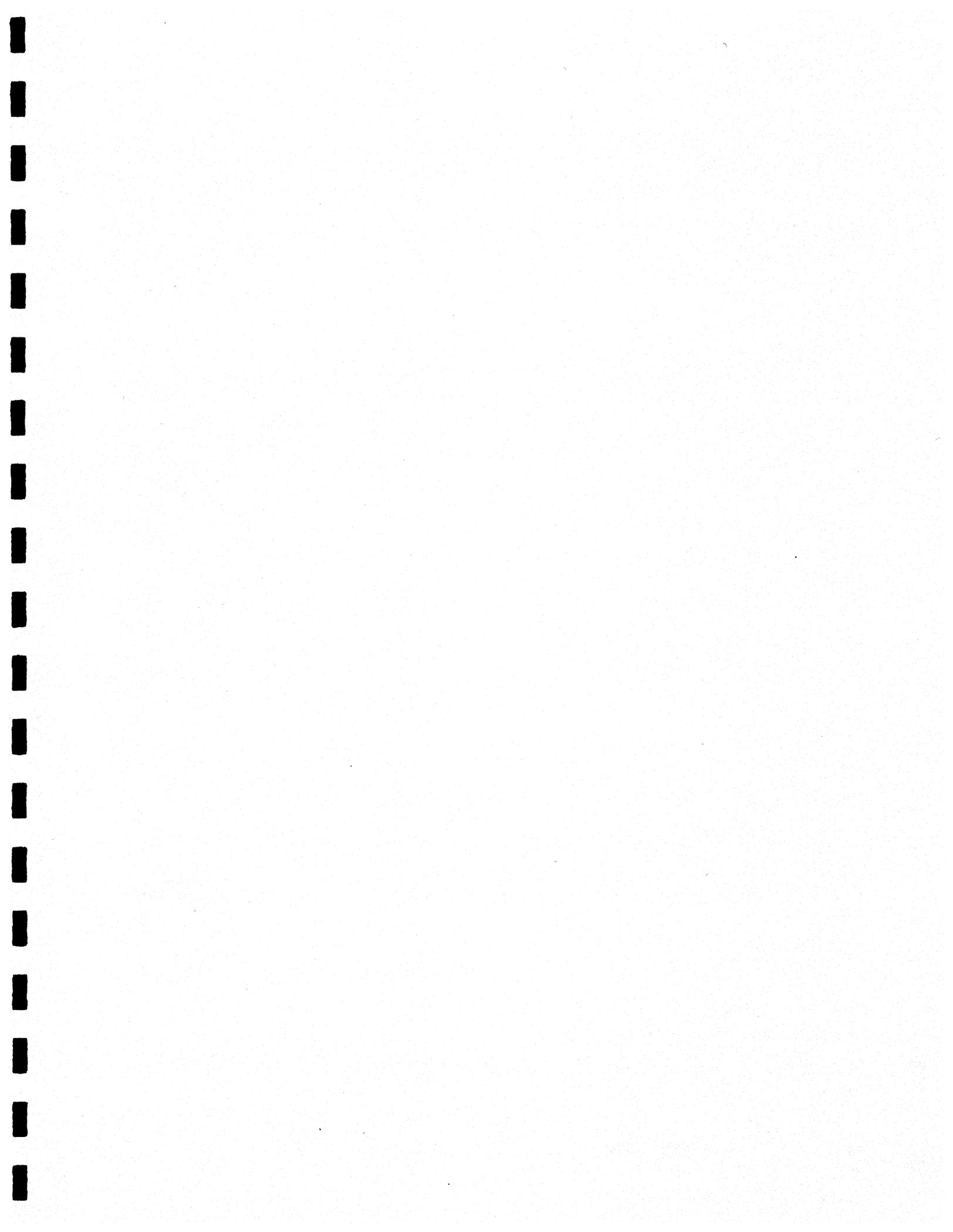
Customer	kWh (000)	Revenue (\$)
Central Valley Project		
Central Valley Customer Total	7,054,251	235,853,188
Bureau sales not included in above	1,404,788	5,857,965
Central Valley Project Total	8,459,039	241,711,153
Washoe Project Total*	2,542	42,122
FY 1988 Sacramento Grand Total	8,461,581	241,753,275

* The Washoe Project's total output is sold to Sierra Pacific Power Company, an investor-owned utility.

**TABLE VII
Projected revenues versus expenses**

Sacramento Area Office
(\$000,000)

<u>FY</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Revenues					
Project Use	8	8	8	8	8
Commercial	211	231	232	241	241
Other	22	22	22	22	22
Total Revenues	241	261	262	271	271
Expenses					
O&M	25	26	27	27	27
Purchase Power	174	191	199	211	214
Interest	8	8	7	7	7
Other	18	18	18	18	18
Total Expenses	225	242	250	263	266
Available for Repayment	16	19	12	8	5



APPENDIX A
Contracts Expiring June 30, 1994

Customer	Contract Rate of Delivery (kW)		Renewable (kW) Resource	Diversity (kW)
	Firm	Short-Term		
Utility Districts	<u>3,930</u>			
* East Bay MUD	1,965			
Sacramento MUD	-0-		1,000	
* Truckee Donner PUD	1,965 ^{1/}			
<u>U.S. Air Force</u>	<u>47,000</u>	<u>6,126</u>		
Beale	18,400	1,068		
Castle	8,200	1,187		
Travis	11,300	867		
Travis Wherry	100	1,300		
Mather	7,850 ^{2/}	1,704 ^{2/}		
Mather Wherry	1,150 ^{2/}	-0-		
<u>U.S. Army</u>	<u>8,300</u>			
Camp Parks	500			
Sharpe	4,000			
Tracy	3,800 ^{3/}			
<u>U.S. Fish and Wildlife</u>	<u>500^{4/}</u>			
<u>U.S. Department of Energy</u>	<u>47,800</u>	<u>20,004</u>		
LLNL	20,300	5,411		
Site 300	2,500	500		
SLAC	25,000	14,093		
LBL			4,000 ^{5/}	6,000 3,000
<u>U.S. Navy</u>	<u>50,700</u>	<u>7,097</u>		
Dixon	1,830	-0-		
Concord	2,110	98		
Lemoore	10,480	-0-		
Mare Island	22,990	2,148		
Moffett	4,950	2,270		
Skaggs Island	880	-0-		
Stockton	3,830	-0-		
Treasure Island	3,630	2,581		
NASA-Ames	80,000			21,000 ^{6/}
ICA, Dixon Relay Sta (USIA)	500			
<u>State of California</u>	<u>19,140</u>	<u>3,182</u>		
CSUS Nimbus	40	-0-		
Deuel Vocational Inst.	1,700	-0-		
Folsom Prison	2,300	-0-		
Northern Calif. Youth Ctr.	1,700	-0-		
Parks & Recreation	100	-0-		
U.C. Davis	11,500	3,182		
Vacaville Medical Fac.	1,800	-0-		

Contracts Expiring June 30, 1994

(con't.)

Customer	Contract		Renewable (kW)	Diversity (kW)
	Rate of Delivery (kW)	Rate of Delivery (kW)		
	<u>Firm</u>	<u>Short-Term</u>	<u>Resource</u>	
<u>Water / Irrig. Districts</u>	<u>50,233</u>			
Banta-Carbona	3,700			
Broadview	500			
Byron-Bethany	2,200			
* Delano-Earlimart	987			
East Contra Costa	2,500			
Glenn Colusa	3,000		1,000 ^{7/}	
* James	987			
* Kern Tulare	987			
* Lindsay Strathmore	987			
* Lower Tule River	1,965			
* Modesto	8,805		2,000	
Patterson	2,000			
Provident	750			
Rag Gulch	500			
Reclamation 2035	1,600			
San Luis (Kaljian, Fittje)	6,650			
* Santa Clara Valley	987			
Sonoma County	-0-		1,500	
* Terra Bella	987			
* Turlock	2,941		1,000	
West Side	2,000			
West Stanislaus	5,200			
<u>Municipalities</u>	<u>41,092</u>			
* Alameda	15,645		5,500	
* Healdsburg	2,941		300	
* Lodi	11,736		1,500	
* Lompoc	4,897		300	
Santa Clara	-0-	93,327 ^{8/}	8,000	
* Ukiah	5,873		2,900	
Palo Alto	-0-		1,000	
	<u>349,195</u>	<u>129,736</u>	<u>30,000</u>	<u>30,000</u>

Grand Total: 538,931 kW

1/ Truckee-Donner - 1.965 MW of CVP power unused.

2/ Mather AFB and Mather Wherry have temporarily transferred their CRD to LLNL.

3/ The Army Depot at Tracy has temporarily transferred 350 kW to the Naval Installation at Lemoore.

(Footnotes - con't.)

4/ U.S. Fish and Wildlife - 0.5 MW of CVP power unused.

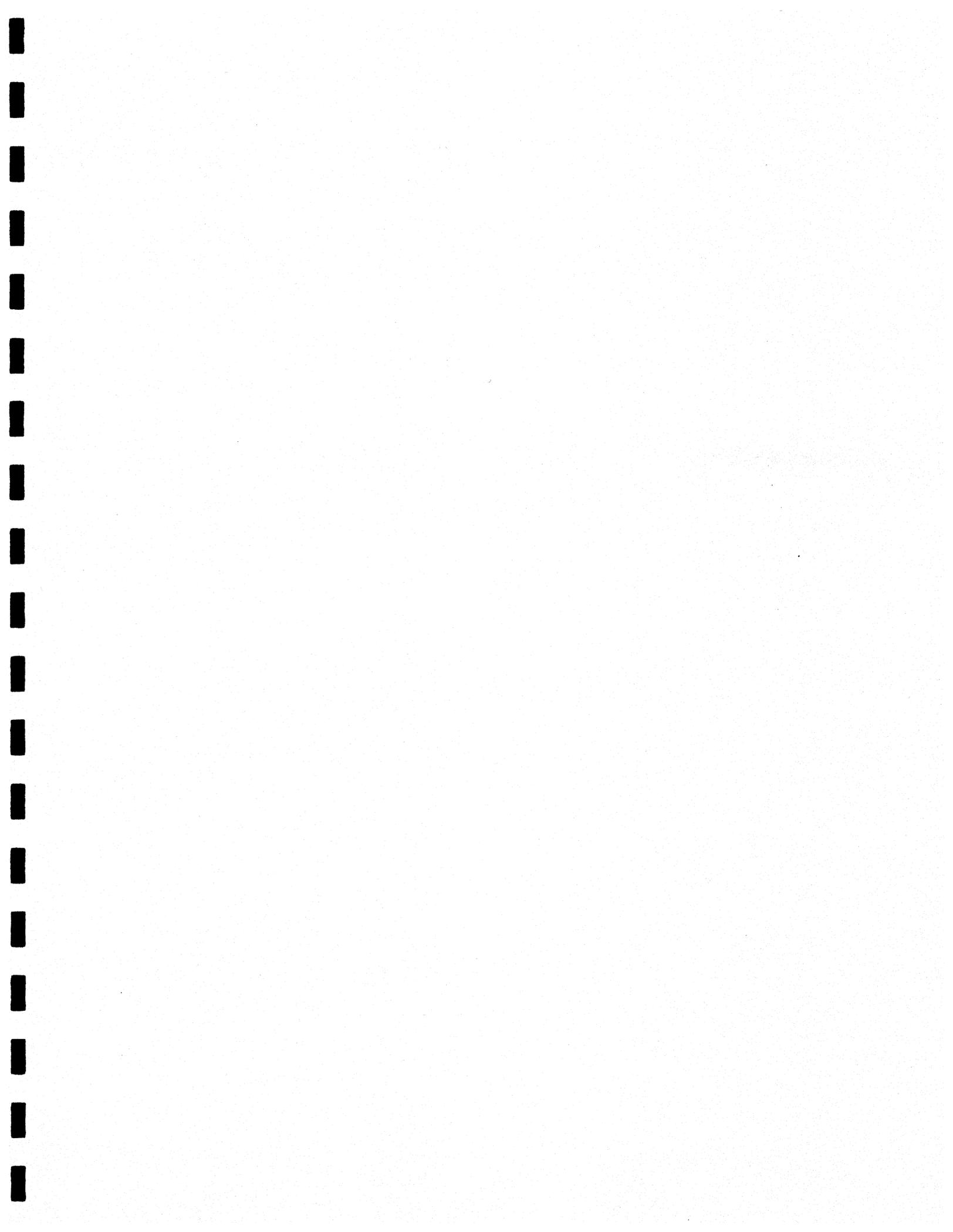
5/ LBL - 4 MW of Renewable Resource unused.

6/ NASA/Ames - 21 MW of Diversity currently unused.

7/ Glenn Colusa - 0.657 MW of Renewable Resource unused.

8/ Santa Clara has 3.532 MW of Type III Withdrawable Power expiring in 1994, and currently short-term Interruptible Power of 89.795 MW which is renewed on a year-by-year basis.

* Subject to Westlands Withdrawal

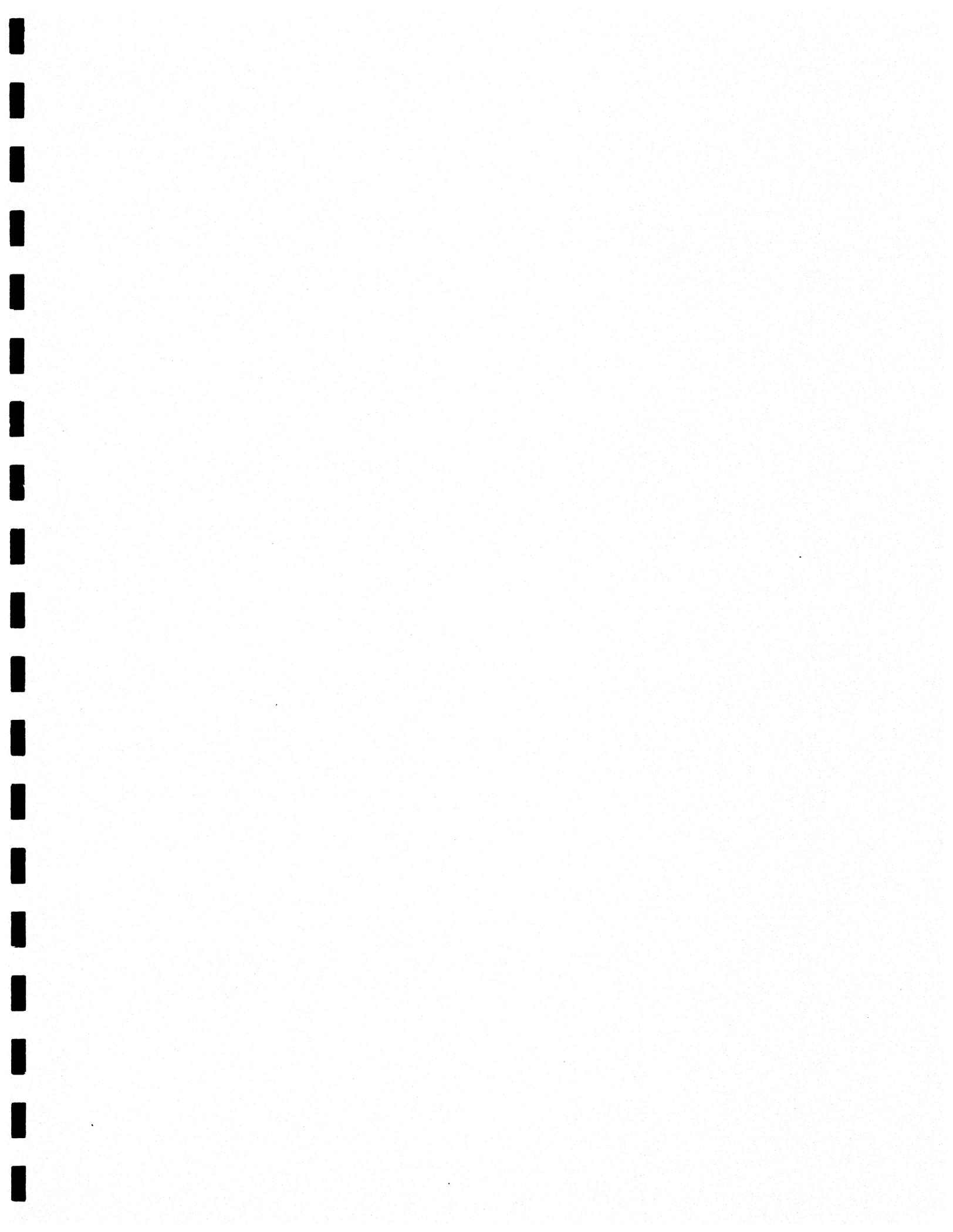


APPENDIX B

Contracts Expiring December 31, 2004

<u>Customer</u>	Contract	
	<u>Rate of Delivery (kW)</u> <u>Firm</u>	<u>Short-Term</u>
<u>Water/Irrigation Districts</u>		
Arvin-Edison	81,000	
Westlands	30,000	
Westlands	50,000 ^{1/}	
San Juan Suburban	1,000	
<u>Municipalities</u>		
	438,600	60,000
Biggs	4,200	-0-
Gridley	9,400	-0-
Palo Alto	175,000	-0-
Redding	116,000	-0-
Roseville	69,000	-0-
Santa Clara	65,000	60,000
<u>State of California</u>		
Sierra Conservation	3,000	
<u>Rural Electric Cooperatives</u>		
Plumas-Sierra	25,000	
<u>Utility Districts</u>		
	388,450	
Sacramento MUD	360,000	
Shasta Dam Area PUD	11,450	
Trinity County PUD	14,000	
Hayfork Valley PUD	3,000	
<u>Public Power Agencies</u>		
	11,000	
Calaveras PPA	5,000	
Tuolumne County PPA	6,000	
Total:	947,050	60,000
Grand Total:	1,007,050	

^{1/} Westlands' current CRD is 9,271 kW, and 40,729 kW is currently being used by CVP customers who received firm power allocations in the 1981 Power Marketing Plan.

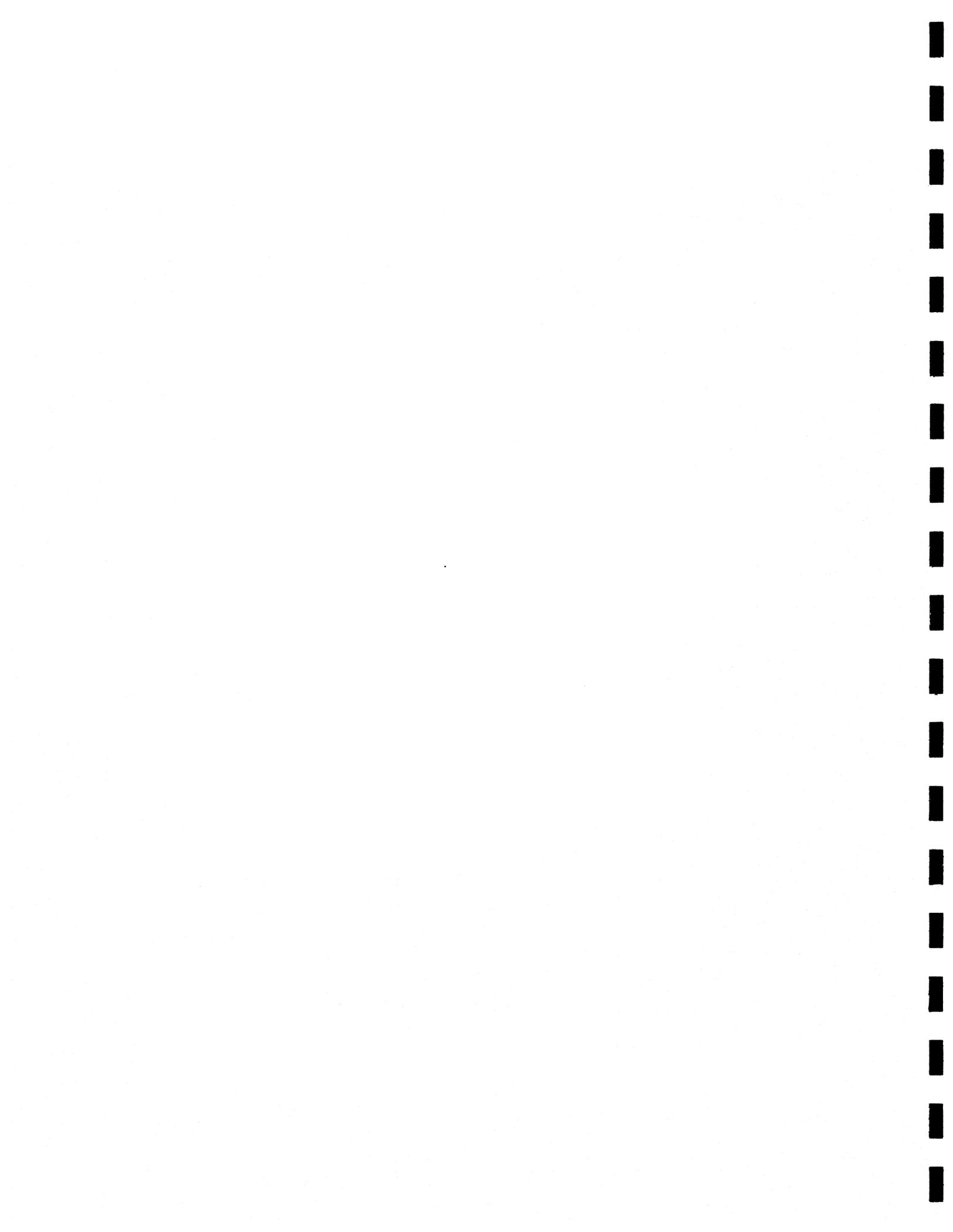


APPENDIX C

Effective January 3, 1989

WESTERN AREA POWER ADMINISTRATION GENERAL POWER CONTRACT PROVISIONS

	<u>PAGE</u>
I. APPLICABILITY.	
1. Applicability	2
II. DELIVERY OF SERVICE PROVISIONS.	
2. Character of Service	2
3. Use of Capacity or Energy in Excess of Contract Obligation	2
4. Continuity of Service	2-3
5. Multiple Points of Delivery	3
6. Metering	3-4
7. Existence of Transmission Service Contract	4
* 8. Conditions of Transmission Service	4-5
9. Multiple Points of Delivery Involving Direct and Transmitted Deliveries	5
10. Construction, Operation, and Maintenance of Contractor's Power System.....	5
III. RATES, BILLING, AND PAYMENT PROVISIONS.	
11. Change of Rates	6
12. Minimum Seasonal or Annual Capacity Charge	6
13. Billing and Payment	6-7
14. Nonpayment of Bills in Full When Due	7
15. Adjustments for Fractional Billing Period	7
16. Adjustments for Curtailments to Firm Service	7-8
IV. POWER SALES PROVISIONS.	
17. Resale of Firm Electric Service	8
18. Contract Subject to Colorado River Compact.....	8
V. FACILITIES PROVISIONS.	
19. Design Approval	9
20. Inspection and Acceptance	9
21. As-Built Drawings	9
22. Equipment Ownership Markers	9-10
23. Third-Party Use of Facilities	10
24. Changes to Western Control Facilities	10
25. Modification of Western Facilities	10
26. Transmission Rights	11
* 27. Construction and Safety Procedures	11-12
VI. OTHER PROVISIONS.	
* 28. Authorized Representatives of the Parties.....	12
29. Effect of Section Headings.....	12
30. Operating Guidelines and Procedures.....	12
31. Uncontrollable Forces	12-13
32. Liability	13
* 33. Environmental Compliance	13
34. Cooperation of Contracting Parties	13
35. Transfer of Interest in Contract by Contractor	14
36. Waivers	14
37. Notices	14
38. Contingent Upon Appropriations	14
39. Officials Not to Benefit	14
40. Covenant Against Contingent Fees	15
* 41. Contract Work Hours and Safety Standards	15
* 42. Equal Opportunity Employment Practices	15
43. Use of Convict Labor	15



WESTERN AREA POWER ADMINISTRATION
GENERAL POWER CONTRACT PROVISIONS

I. APPLICABILITY.

1. Applicability.

1.1. These General Power Contract Provisions shall be a part of the contract to which they are attached. These provisions set forth general conditions applicable to the contract. Specific terms set forth in the contract have precedence over any provision herein.

1.2. If the Contractor has member utilities which are either directly or indirectly receiving benefits from the contract, then the Contractor shall require such members to comply with the General Power Contract Provisions, Articles 10, 17, 18, 33, 34, 41, 42, and 43.

II. DELIVERY OF SERVICE PROVISIONS.

2. Character of Service.

Electric energy supplied or transmitted under the contract will be three-phase, alternating current, at a nominal frequency of sixty (60) hertz (cycles per second).

3. Use of Capacity or Energy in Excess of Contract Obligation.

The Contractor is not entitled to use Federal power, energy, or capacity in amounts greater than the Western contract delivery obligation in effect for each type of service provided for in the contract except with the approval of the Contracting Officer. Unauthorized overruns of contract delivery obligations shall be subject to charges specified in the contract or the applicable rate schedules. Overruns shall not establish any continuing right thereto and the Contractor shall cease any overruns when requested by the Contracting Officer, or in the case of authorized overruns, when the approval expires, whichever occurs first. Nothing in the contract shall obligate Western to increase any delivery obligation. If additional power, energy, or capacity is not available from Western, the responsibility for securing additional power, energy, or capacity shall rest wholly with the Contractor.

4. Continuity of Service.

Electric service will be supplied or transmitted continuously except for: (1) fluctuations, interruptions, or reductions due to uncontrollable forces, as defined in Article 31 herein, (2) fluctuations, interruptions, or reductions due to operation of devices installed for power system protection; and (3) temporary fluctuations, interruptions, or reductions, which, in the opinion of the party supplying the service, are

necessary or desirable for the purposes of maintenance, repairs, replacements, installation of equipment, or investigation and inspection. The party supplying service, except in case of emergency, will give the party to whom service is being provided reasonable advance notice of such temporary interruptions or reductions and will remove the cause thereof with diligence.

5. Multiple Points of Delivery.

When electric service is supplied at or transmitted to two or more points of delivery under the same rate schedule, said rate schedule shall apply separately to the service supplied at or transmitted to each point of delivery; Provided, That where the meter readings are considered separately, and during abnormal conditions, the Contractor's system is interconnected between points of delivery such that duplication of metered power is possible, the meter readings at each affected point of delivery will be adjusted to compensate for duplication of power demand recorded by meters at alternate points of delivery due to abnormal conditions which are beyond the Contractor's control or temporary conditions caused by scheduled outages.

6. Metering.

6.1. The total electric power and energy supplied or transmitted under the contract will be measured by metering equipment to be furnished and maintained by Western or by the Contractor acting as the designated representative of Western. The Contractor shall ensure that metering equipment furnished and maintained by the Contractor or another power supplier, as provided in the contract, meets the metering standards of Western if such metering equipment will be used for billing or other accounting purposes by Western.

6.2. Meters shall be sealed and the seals shall be broken only upon occasions when the meters are to be inspected, tested, or adjusted, and representatives of the interested parties shall be afforded reasonable opportunity to be present upon such occasions. Metering equipment shall be inspected and tested at least once each year by the party responsible for meter maintenance and at any reasonable time upon request by either party hereto, a supplemental power supplier, transmission agent, or control area operator. Any metering equipment found to be damaged, defective, or inaccurate shall be repaired and readjusted or replaced by the party responsible for meter maintenance. Meters found with broken seals shall be tested for tampering and, if appropriate, meter readings shall be adjusted by Western pursuant to Article 6.3 below.

6.3. Except as otherwise provided in Article 6.4 hereof, should any meter that is needed by Western for billing or other accounting purposes fail to register accurately, the electric power and energy supplied or transmitted during such period of failure to register accurately, shall, for billing purposes, be estimated by the Contracting Officer from the best available information.

6.4. If acceptable inspections and tests of a meter needed by Western for billing or other accounting purposes disclose an error exceeding two percent (2%), then correction based upon the inaccuracy found shall be made of the records of services furnished during the period that such inaccuracy has existed as determined by the Contracting Officer; Provided, That if such period of inaccuracy cannot be determined, correction shall be made for the period beginning with the monthly billing period immediately preceding the billing period during which the test was made.

6.5. Any correction in billing resulting from correction in meter records shall normally be made in the next monthly bill rendered by Western to the Contractor. Payment of such bill shall constitute full adjustment of any claim between the parties hereto arising out of inaccuracy of metering equipment.

7. Existence of Transmission Service Contract.

If the contract provides for Western to furnish services using the facilities of a third party, the obligation of Western shall be subject to and contingent upon the existence of a transmission service contract granting Western rights to use such facilities. If Western acquires or constructs facilities which would enable it to furnish direct service to the Contractor, Western, at its option, may furnish service over its own facilities.

8. Conditions of Transmission Service.

8.1. When the electric service under the contract is furnished by Western over the facilities of others by virtue of a transmission service arrangement, the power and energy will be furnished at the voltage available and under the conditions which exist from time to time on the transmission system over which the service is supplied.

* 8.2. Unless otherwise provided in the contract or attached rate schedule, the Contractor shall maintain a power factor at each point of delivery from Western's transmission agent as required by the transmission agent.

8.3. Western will endeavor to inform the Contractor from time to time of any changes contemplated on the system over which the service is supplied, but the costs of any changes made necessary in the Contractor's system because of changes or conditions on the system over which the service is supplied shall not be a charge against or a liability of Western.

8.4. If the Contractor, because of changes or conditions on the system over which service under the contract is supplied, is required to make changes on its system at its own expense in order to continue receiving service under the contract, then the Contractor may terminate service under the contract upon not less than sixty (60) days' written notice given to the Contracting Officer prior to making such changes, but not thereafter.

* Revised January 3, 1989.

8.5. If Western notifies the Contractor that electric service provided for under the contract cannot be delivered to the Contractor because of an insufficiency of capacity available to Western in the facilities of others over which service under the contract is supplied, then the Contractor may terminate service under the contract upon not less than sixty (60) days' written notice given to the Contracting Officer prior to the date on which said capacity ceases to be available to Western, but not thereafter.

9. Multiple Points of Delivery Involving Direct and Indirect Deliveries.

When Western has provided line and substation capacity under the contract for the purpose of delivering electric service directly to the Contractor at specified direct points of delivery and also has agreed to absorb transmission service allowance or discounts for deliveries of energy over other system(s) to indirect points of delivery and the Contractor shifts any of its loads served under the contract from direct delivery to indirect delivery, Western will not absorb the transmission service costs on such shifted load until the unused capacity, as determined solely by the Contracting Officer, available at the direct delivery points affected is fully utilized.

10. Construction, Operation, and Maintenance of Contractor's Power System.

The Contractor shall and, if applicable, shall require each of its members or transmission agents to construct, operate, and maintain its power system in a manner which, as determined by the Contracting Officer, will not interfere with the operation of the system of Western or its transmission agents over which electric services are furnished to the Contractor under the contract, and in a manner which will coordinate with the protective relaying and other protective arrangements of the system(s) of Western or Western's transmission agents. Western may reduce or discontinue furnishing services to the Contractor if, after notice by the Contracting Officer, the Contractor fails or refuses to make such changes as may be necessary to eliminate an unsatisfactory condition on the Contractor's power system which is determined by the Contracting Officer to interfere significantly under current or probable conditions with any service supplied from the power system of Western or from the power system of a transmission agent of Western. Such a reduction or discontinuance of service will not relieve the Contractor of liability for any minimum charges provided for in the contract during the time said services are reduced or discontinued. Nothing in this article shall be construed to render Western liable in any manner for any claims, demands, costs, losses, causes of action, damages, or liability of any kind or nature arising out of or resulting from the construction, operation, or maintenance of the Contractor's power system.

III. RATES, BILLING, AND PAYMENT PROVISIONS.

11. Change of Rates.

Rates applicable under the contract shall be subject to change by Western in accordance with appropriate rate adjustment procedures. If at any time the United States promulgates a rate changing a rate then in effect under the contract, it will promptly notify the Contractor thereof. Rates shall become effective as to the contract as of the effective date of such rate. The Contractor, by written notice to the Contracting Officer within ninety (90) days after the effective date of a rate change, may elect to terminate the service billed by Western under the new rate. Said termination shall be effective on the last day of the billing period requested by the Contractor not later than two (2) years after the effective date of the new rate. Service provided by Western shall be paid for at the new rate regardless of whether the Contractor exercises the option to terminate service.

12. Minimum Seasonal or Annual Capacity Charge.

When the rate in effect under the contract provides for a minimum seasonal or annual capacity charge, a statement of the minimum capacity charge due, if any, shall be included in the bill rendered for service for the last billing period of the service season or contract year as appropriate, adjusted for increases or decreases in the contract rate of delivery and for the number of billing periods during the year or season in which service is not provided. Where multiple points of delivery are involved and the contract rate of delivery is stated to be a maximum aggregate rate of delivery for all points, in determining the minimum seasonal or annual capacity charge due, if any, the monthly capacity charges at the individual points of delivery shall be added together.

13. Billing and Payment.

13.1. Western will issue bills to the Contractor for service furnished during the preceding month within ten (10) days after the end of the billing period.

13.2. If Western is unable to issue a timely monthly bill, it may elect to render an estimated bill for that month to be followed by the final bill. Such estimated bill shall be subject to the same payment provisions as a final bill.

13.3. Payments are due and payable by the Contractor before the close of business on the twentieth (20th) calendar day after the date of issuance of each bill or the next business day thereafter if said day is a Saturday, Sunday, or Federal holiday. Bills shall be considered paid when payment is received by Western; Provided, That payments received by mail will be accepted as timely and without assessment of the charge provided for in Article 14 if a United States Post Office first class mail postmark indicates the payment was mailed at least three (3) calendar days before the due date.

13.4. Whenever the parties agree, payments due Western by the Contractor may be offset against payments due the Contractor by Western for the sale or exchange of electric power and energy, use of transmission facilities, operation and maintenance of electric facilities, and other services. For services included in net billing procedures, payments due one party in any month shall be offset against payments due the other party in such month, and the resulting net balance shall be paid to the party in whose favor such balance exists. The parties shall exchange such reports and information that either party requires for billing purposes. Net billing shall not be used for any amounts due which are in dispute.

14. Nonpayment of Bills in Full When Due.

14.1. Bills not paid in full by the Contractor by the due date specified in Article 13 hereof shall bear an initial charge of two percent (2%) of the amount unpaid. Each day thereafter, a charge of five hundredths percent (0.05%) of the principal sum unpaid shall be added until the amount due, including the two percent (2%) initial charge, is paid in full. Payments received will first be applied to the charges for late payment assessed on the principal and then to payment of the principal.

14.2. Western shall have the right, upon not less than fifteen (15) days advance written notice, to discontinue furnishing the services specified in the contract for nonpayment of bills in full when due, and to refuse to resume such services so long as any part of the amount due remains unpaid. Such a discontinuance of service will not relieve the Contractor of liability for minimum charges during the time service is so discontinued. The rights reserved to Western herein shall be in addition to all other remedies available to Western either by law or in equity, for the breach of any of the terms hereof.

15. Adjustments for Fractional Billing Period.

For a fractional part of a billing period at the beginning or end of electric service, at the beginning or end of irrigation pumping service each year, a fractional billing period under a new rate schedule, and for fractional periods due to withdrawals of electric services, the demand or capacity charge and minimum charges shall each be proportionately adjusted in the ratio that the number of hours that electric service is available to the Contractor in such fractional billing period bears to the total number of hours in the billing period involved.

16. Adjustments for Curtailments to Firm Service.

16.1. Billing adjustments will be made if firm electric service is interrupted or reduced because of conditions on the power system of the United States for periods of 1 hour or longer in duration each. Billing adjustments will not be made when such curtailment of electric service is due to a request by the Contractor or a discontinuance of electric service by Western pursuant to Article 14 (Nonpayment of Bills In Full When Due). For purposes of billing adjustments under this article, the term power system of the United States shall include transmission facilities used under contract but not owned by the United States.

16.2. The total number of hours of curtailed firm electric service in any billing period shall be determined by adding: (1) the sum of the number of hours of interrupted electric service to (2) the product, for each reduction, of: the number of hours of reduced electric service and the percentage by which electric service was reduced below the delivery obligation of Western at the time of each said reduction of electric service. The demand or capacity charge and applicable minimum charges shall each be proportionately adjusted in the ratio that the total number of hours of electric service determined to have been curtailed bears to the total number of hours in the billing period involved.

16.3. The Contractor shall make written claim within thirty (30) days after receiving the monthly bill, for adjustment on account of any curtailment of firm electric service, for periods of 1 hour or longer in duration each, alleged to have occurred that is not reflected in said bill. Failure to make such written claim, within said thirty-day (30-day) period, shall constitute a waiver of said claim. All curtailments of electric service, which are due to conditions on the power system of the United States, shall be subject to the provisions of this section; Provided, That withdrawal of power and energy under the contract shall not be considered a curtailment of electric service.

IV. POWER SALES PROVISIONS.

17. Resale of Firm Electric Service (Wholesale Sales for Resale).

The Contractor shall not sell any firm electric power or energy supplied under the contract to any electric utility customer of the Contractor for resale by that utility customer; Provided, That the Contractor may sell the electric power and energy supplied under the contract to its members on condition that said members not sell any of said power and energy to any customer of the member for resale by that customer.

18. Contract Subject to Colorado River Compact.

Where the energy sold under the contract is generated from waters of the Colorado River system, the contract is made upon the express condition and with the express covenant that all rights under the contract shall be subject to and controlled by the Colorado River Compact approved by Section 13(a) of the Boulder Canyon Project Act of December 21, 1928, (45 Stat. 1057) and the parties to the contract shall observe and be subject to and controlled by said Colorado River Compact in the construction, management, and operation of the dams, reservoirs, and powerplants from which electrical energy is to be furnished by Western to the Contractor under the contract, and in the storage, diversion, delivery, and use of water for the generation of electrical energy to be delivered by Western to the Contractor under the contract.

V. FACILITIES PROVISIONS.

19. Design Approval.

All facilities, construction, and installation by the Contractor pursuant to the contract shall be subject to the approval of Western. Facilities interconnections shall normally conform to Western's current "General Requirements for Interconnection," in effect upon the signing of the contract document providing for each interconnection, copies of which are available from the Contracting Officer. At least ninety (90) days, unless otherwise agreed, prior to the date the Contractor proposes to commence construction or to incur an obligation to purchase facilities to be installed pursuant to the contract, whichever date is the earlier, the Contractor shall submit, for the approval of Western, detailed designs, drawings, and specifications of the facilities the Contractor proposes to purchase, construct, and install. The Contractor assumes all risks for construction commenced or obligations to purchase facilities incurred prior to receipt of approval from Western. Western review and approval of designs and construction work in no way implies that Western is certifying that the designs meet the Contractor's needs.

20. Inspection and Acceptance.

Western shall have the right to inspect the materials and work furnished by the Contractor, its agents, employees, and subcontractors pursuant to the contract. Such inspections shall be at reasonable times at the worksite. Any materials or work that the Contracting Officer determines is defective or not in accordance with designs, drawings, and specifications, as approved by Western, shall be replaced or modified, as directed by Western, at the sole expense of the Contractor before the new facilities are energized.

21. As-Built Drawings.

Within a reasonable time, as determined by the Contracting Officer, after the completion of construction and installation of facilities pursuant to the contract, the Contractor shall submit to Western marked as-built prints of all Western drawings affected by changes made pursuant to the contract and reproducible drawings the Contractor has prepared showing facilities of Western. The Contractor's drawings of Western facilities shall use drawing title blocks, drawing numbers, and shall be prepared in accordance with drafting standards all as approved by the Contracting Officer. Western may prepare, revise, or complete said drawings and bill the Contractor if the Contractor fails to provide such drawings to Western within a reasonable time as determined by the Contracting Officer.

22. Equipment Ownership Markers.

22.1. The Contractor shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on United States right-of-way or in Western substations pursuant to the contract which are owned by the Contractor, by permanently affixing thereto suitable markers clearly identifying the Contractor as the owner of said equipment and facilities.

22.2. If requested by the Contractor, Western shall identify all movable equipment and, to the extent agreed upon by the parties, all other salvageable facilities constructed or installed on the Contractor's right-of-way or in the Contractor's substations pursuant to the contract which are owned by the United States, by permanently affixing thereto suitable markers clearly identifying the United States as the owner of said equipment and facilities.

23. Third-Party Use of Facilities.

The Contractor shall notify Western of any proposed system change relating to the facilities governed by the contract or allowing third-party use of the facilities governed by the contract. If Western notifies the Contractor that said system change will, as solely determined by the Contracting Officer, adversely affect the operation of Western's system the Contractor shall, at no cost to Western, provide a solution to said adverse effect acceptable to Western.

24. Changes to Western Control Facilities.

If at any time during the term of the contract, the Contracting Officer determines that changes or additions to control, relay, or communications facilities are necessary to maintain the reliability or control of Western's transmission system, and said changes or additions are entirely or partially required because of the Contractor's equipment installed under the contract, such changes or additions shall, after consultation with the Contractor, be made by Western with all costs or a proportionate share of all costs, as determined by the Contracting Officer, to be paid by the Contractor. The Contracting Officer shall notify the Contractor in writing of the necessary changes or additions and the estimated costs to be paid by the Contractor. If the Contractor fails to pay its share of said estimated costs, the Contracting Officer shall have the right, after giving sixty (60) days' written notice to the Contractor, to terminate the applicable facility installation provisions of the contract and require the removal of the Contractor's facilities.

25. Modification of Western Facilities.

Western reserves the right, at any time, to modify its facilities. Western shall keep the Contractor informed of all planned modifications to Western facilities which impact the facilities installation pursuant to the contract. Western shall permit the Contractor to change or modify its facilities, in a manner satisfactory to and at no cost or expense to Western, to retain the facilities interconnection pursuant to the contract. At the Contractor's option, Western shall cooperate with the Contractor in planning alternate arrangements for service which shall be implemented at no cost or expense to Western. The Contractor and Western shall modify the contract, as necessary, to conform to the new facilities arrangements.

26. Transmission Rights.

If the contract involves an installation which sectionalizes a Western transmission line, the Contractor hereby agrees to provide a transmission path to Western across such sectionalizing facilities at no cost or expense to Western. Said transmission path shall be at least equal, in terms of capacity and reliability, to the path in the Western transmission line prior to the installation pursuant to the contract.

27. Construction and Safety Procedures.

* 27.1. The Contractor hereby acknowledges that it is aware of the hazards inherent in high-voltage electric lines and substations, and hereby assumes full responsibility at all times for the adoption and use of necessary safety measures required to prevent accidental harm to personnel engaged in the construction, inspection, testing, operation, maintenance, replacement, or removal activities of the Contractor pursuant to the contract. The Contractor and the authorized employees, agents, and subcontractors of the Contractor shall comply with all applicable safety laws and building and construction codes, including the provisions of Western's current "Power Systems Safety Manual," "Construction, Safety, and Health Standards," and "Power System Clearance Procedures" in effect upon the signing of the contract; Except, That, in lieu of the safety program required herein, the Contractor may provide sufficient information to demonstrate that the Contractor's safety program is satisfactory to the United States.

27.2. The Contractor and its authorized employees, agents, and subcontractors shall familiarize themselves with the location and character of all the transmission facilities of Western and interconnections of others relating to the work performed by the Contractor under the contract. Prior to starting any construction, installation, or removal work, the Contractor shall submit a plan of procedure to Western which shall indicate the sequence and method of performing the work in a safe manner. No work shall be performed by the Contractor, its employees, agents, or subcontractors until written authorization to proceed is obtained from the Contracting Officer.

27.3. At all times when the Contractor, its employees, agents, or subcontractors are performing activities of any type pursuant to the contract, such activities shall be under supervision of a qualified employee, agent, or subcontractor of the Contractor who shall be authorized to represent the Contractor in all matters pertaining to the activity being performed. The Contractor and Western will keep each other informed of the names of their designated representatives at the site.

27.4. Upon completion of its work, the Contractor shall remove from the vicinity of the right-of-way of the United States all buildings, rubbish, used materials, concrete forms, and other like material belonging to the Contractor or used under the Contractor's direction, and in the event of failure to do so the same may be removed by Western at the expense of the Contractor.

27.5. In the event the Contractor, its employees, agents, or subcontractors fail to comply with any provision of this article, or Article 20 (Inspection and Acceptance) herein, the Contracting Officer or an authorized representative may issue an order to stop all or any part of the work until such time as the Contractor demonstrates compliance with the provision at issue. The Contractor, its employees, agents, or subcontractors shall make no claim for compensation or damages resulting from such work stoppage.

VI. OTHER PROVISIONS.

* 28. Authorized Representatives of the Parties.

Each party to the contract, by written notice to the other, shall designate the representative(s) who is (are) authorized to act in its behalf with respect to those matters contained in the contract which are the functions and responsibilities of the authorized representatives of the parties. Each party may change the designation of its authorized representative(s) upon oral notice given to the other, confirmed promptly by written notice.

29. Effect of Section Headings.

Section headings or article titles appearing in the contract or these General Power Contract Provisions are inserted for convenience only and shall not be construed as interpretations of text.

30. Operating Guidelines and Procedures.

The parties to the contract may agree upon and put into effect from time to time, such other written guidelines and procedures as may be required in order to establish the methods of operation of the power system to be followed in the performance of the contract.

31. Uncontrollable Forces.

Neither party to the contract shall be considered to be in default in performance of any of its obligations under the contract, except to make payment as specified in Article 13 (Billing and Payment) herein, when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" means any cause beyond the control of the party affected, including but not restricted to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority and action or nonaction by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority, which by exercise of due diligence such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed to require a party to settle any

strike or labor dispute in which it may be involved. Either party rendered unable to fulfill any of its obligations under the contract by reason of an uncontrollable force shall give prompt written notice of such fact to the other party and shall exercise due diligence to remove such inability with all reasonable dispatch.

32. Liability.

32.1 The Contractor hereby agrees to indemnify and hold harmless the United States, its employees, agents, or contractors, from any loss or damage and from any liability on account of personal injury, death, or property damage, or claims for personal injury, death, or property damage of any nature whatsoever and by whomsoever made arising out of the Contractor's, its employees', agents', or subcontractors', construction, operation, maintenance, or replacement activities under the contract.

32.2 The United States is liable only for negligence on the part of its officers and employees in accordance with the Federal Tort Claims Act, as amended.

* 33. Environmental Compliance.

Facilities installed under the contract by any party shall be constructed, operated, maintained, replaced, and removed subject to compliance with laws, executive orders, and regulations applicable to that party, including the National Environmental Policy Act of 1969, as amended, 36 CFR 800, and the Archeological Resources Protection Act of 1979.

34. Cooperation of Contracting Parties.

If, in the operation and maintenance of their respective power systems or electrical equipment and the utilization thereof for the purposes of the contract, it becomes necessary by reason of any emergency or extraordinary condition for either party to request the other to furnish personnel, materials, tools, and equipment for the accomplishment thereof, the party so requested shall cooperate with the other and render such assistance as the party so requested may determine to be available. The party making such request, upon receipt of properly itemized bills from the other party, shall reimburse the party rendering such assistance for all costs properly and reasonably incurred by it in such performance, including administrative and general expenses, such costs to be determined on the basis of current charges or rates used in its own operations by the party rendering assistance. Issuance and payment of bills for services provided by Western shall be in accordance with Articles 13 (Billing and Payment) and 14 (Nonpayment of Bills in Full When Due) herein. Western shall pay bills issued by the Contractor for services provided as soon as the necessary vouchers can be prepared which shall normally be within twenty (20) days.

* Revised January 3, 1989.

35. Transfer of Interest in Contract by Contractor.

No voluntary transfer of the contract or of the rights of the Contractor under the contract shall be made without the written approval of the Administrator of Western; Provided, That if the Contractor operates a project financed in whole or in part by the Rural Electrification Administration, the Contractor may transfer or assign its interest in the contract to the Rural Electrification Administration or any other department or agency of the Federal Government without such written approval; Provided further, That any successor to or assignee of the rights of the Contractor, whether by voluntary transfer, judicial sale, foreclosure sale, or otherwise, shall be subject to all the provisions and conditions of the contract to the same extent as though such successor or assignee were the original Contractor under the contract; and, Provided further, That the execution of a mortgage or trust deed, or judicial or foreclosure sales made thereunder, shall not be deemed voluntary transfers within the meaning of this article.

36. Waivers.

Any waivers at any time by either party to the contract of its rights with respect to a default or any other matter arising under or in connection with the contract shall not be deemed a waiver with respect to any subsequent default or matter.

37. Notices.

Any notice, demand, or request required by the contract or the provisions of these articles to be in writing shall be considered properly given when delivered in person, or sent by either registered or certified mail, postage prepaid, or prepaid telegram addressed to each party's authorized representative at the principal offices of the party. The designation of the person to be notified may be changed at any time by similar notice.

38. Contingent Upon Appropriations.

Where activities provided for in the contract extend beyond the current fiscal year, continued expenditures by the United States are contingent upon Congress making the necessary appropriations required for the continued performance of the United States obligations under the contract. In case such appropriation is not made, the Contractor hereby releases the United States from its contractual obligations and from all liability due to the failure of Congress to make such appropriation.

39. Officials Not to Benefit.

No member of or delegate to Congress or Resident Commissioner shall be admitted to any share or part of the contract or to any benefit that may have arisen from the contract, but this restriction shall not be construed to extend to the contract if made with a corporation or company for its general benefit.

40. Covenant Against Contingent Fees.

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure the contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, Western shall have the right to annul the contract without liability or in its discretion to deduct from the contract price or consideration the full amount of such commission, percentage, brokerage, or contingent fee.

* 41. Contract Work Hours and Safety Standards.

The contract, to the extent that it is of a character specified in Section 103 of the Contract Work Hours and Safety Standards Act (Act), 40 U.S.C.A. §329 (1986), is subject to the provisions of the Act, 40 U.S.C.A. §§327-333 (1986), and to regulations promulgated by the Secretary of Labor pursuant to the Act.

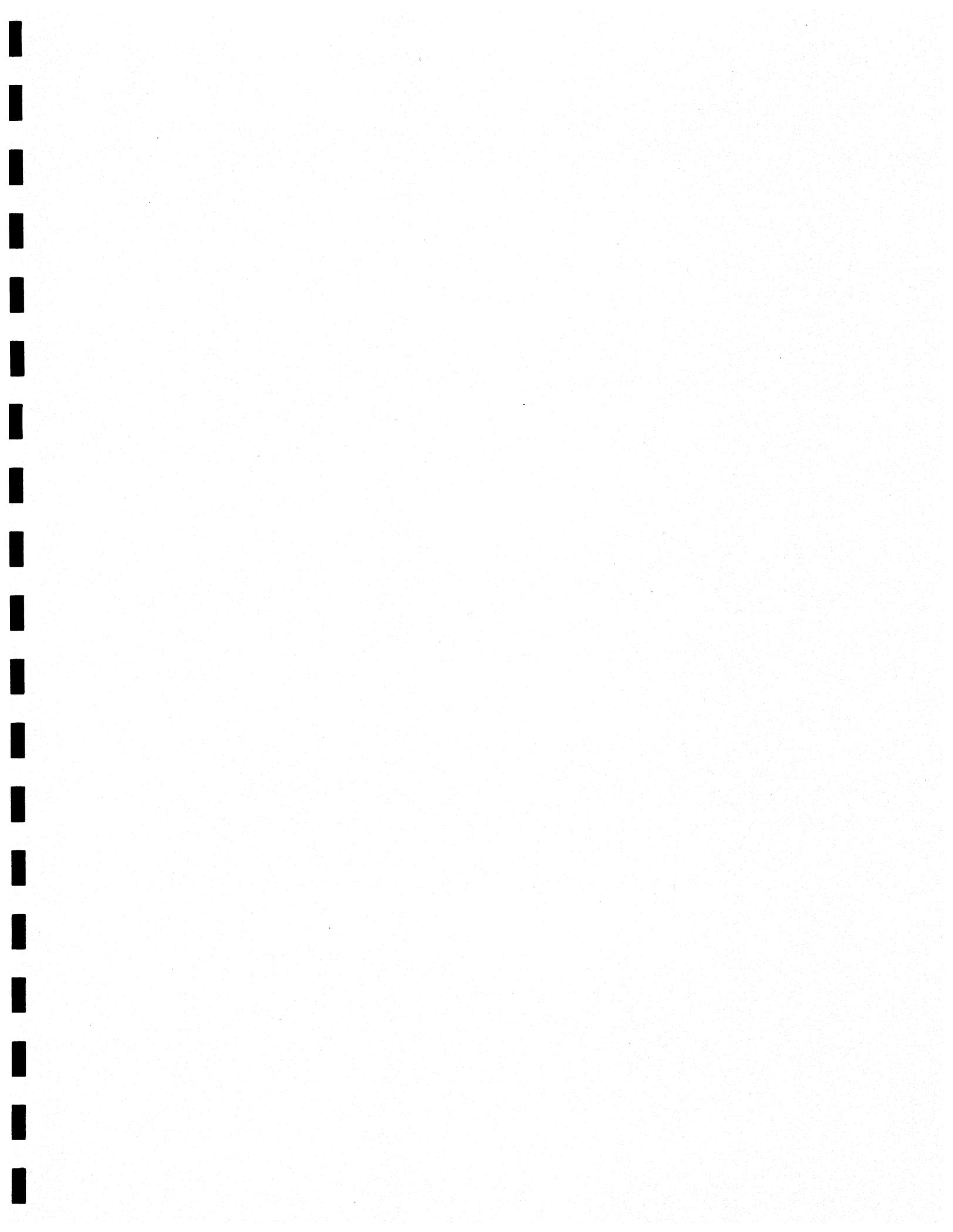
* 42. Equal Opportunity Employment Practices.

Section 202 of Executive Order No. 11246, 43 Fed. Reg. 46501 (1978), which provides, among other things, that the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin, is incorporated by reference in the contract.

43. Use of Convict Labor.

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing the contract except as provided by 18 U.S.C. 4082(c)(2) and Executive Order 11755, December 29, 1973.

* Revised January 3, 1989.



APPENDIX D

(Standard Conservation and Renewable Energy Article in Electric Service Contracts)

1 Article ____ (a) The Contractor shall develop and implement a
2 conservation and renewable energy program. The Contractor's program
3 will be developed and implemented in accordance with the terms of the
4 "Final Guidelines and Acceptance Criteria for Customer Conservation
5 and Renewable Energy Programs" published in the Federal Register on
6 August 21, 1985 (50 F.R. 33892), and any subsequent amendments
7 thereto.

8
9 (b) To effect a conservation and renewable energy program, the
10 Parties agree as follows:

11
12 (1) If requested and if within its capabilities, Western will
13 provide guidance and assistance in the development of a
14 conservation and renewable energy program.

15
16 (2) The Contractor will develop a a conservation and renewable
17 energy program suitable for its own geographic area and type
18 of utility operation, and will submit said program to
19 Western within twelve (12) months of the date of execution
20 of this (contract/amendment/supplement).

21
22 (3) Conservation and renewable energy programs shall consist of
23 a designated number of activities, as stipulated in the
24 Guidelines and Acceptance Criteria. Credit will be given
25 for past accomplishments if they are ongoing and current
26 under the Guidelines and Acceptance Criteria. Approval and

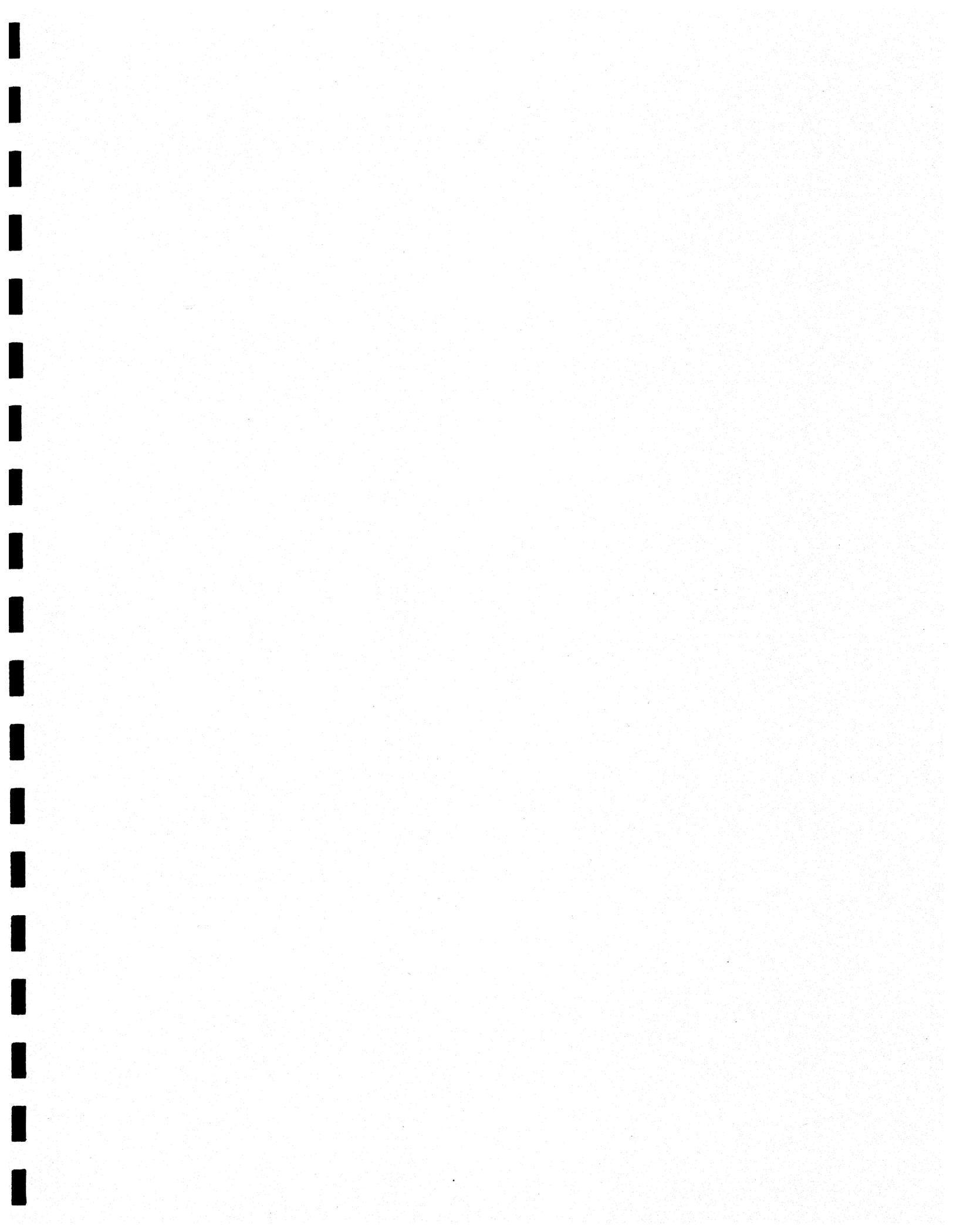
APPENDIX D (con't)

(Standard Conservation and Renewable Energy Article in Electric Service Contracts)

1 periodic review and verification of any program shall take
2 place in accordance with the Guidelines and Acceptance
3 Criteria.

- 4
- 5 (c) The initial conservation and renewable energy program submitted
6 by the contractor to Western will either be approved or
7 disapproved within three (3) months of receipt. If an initial
8 submittal is disapproved, a notification of deficiencies in the
9 program will be given in writing by Western. Deficiencies must
10 be remedied within twelve (12) months of the date of
11 notification. If an existing program is revoked at any time
12 after approval, a notification of deficiencies in such program
13 will be given in writing by Western. Deficiencies must be
14 remedied within twelve (12) months of the date of notification.
- 15
- 16 (d) If deficiencies in any program are not corrected within twelve
17 (12) months of Western's written rejection of a program, the
18 Contractor's firm capacity and associated energy entitlement, as
19 set forth in this (contract/amendment/supplement), may be reduced
20 by 10 percent at the discretion of the Administrator.

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APPENDIX E

(Standard Resale of Electric Energy Article in Electric Service Contracts)

1 Article ____ . Distribution Principles. The Parties hereto agree and
2 understand that the purpose of making low-cost, Federally-generated
3 power available is to encourage widespread use thereof, and the
4 Contractor therefore agrees:

5
6 (a) That the benefits of Federally-generated power shall be made
7 available at fair and reasonable terms to all of its
8 consumers at the lowest possible rates consistent with sound
9 business principles.

10
11 (b) That it will, to the extent that different rules are not
12 prescribed by State laws or by State or Federal agencies,
13 maintain proper books of account in accordance with the
14 system of accounts described for public utilities, and
15 licenses by the Federal Energy Regulatory Commission.

16
17 (c) That it will furnish for the information of the Contracting
18 Officer copies of schedules of resale rates in effect on the
19 date of execution of this (Contract/Amendment/Supplement),
20 and will also furnish for the information of the Contracting
21 Officer schedules of resale rates hereafter adopted.

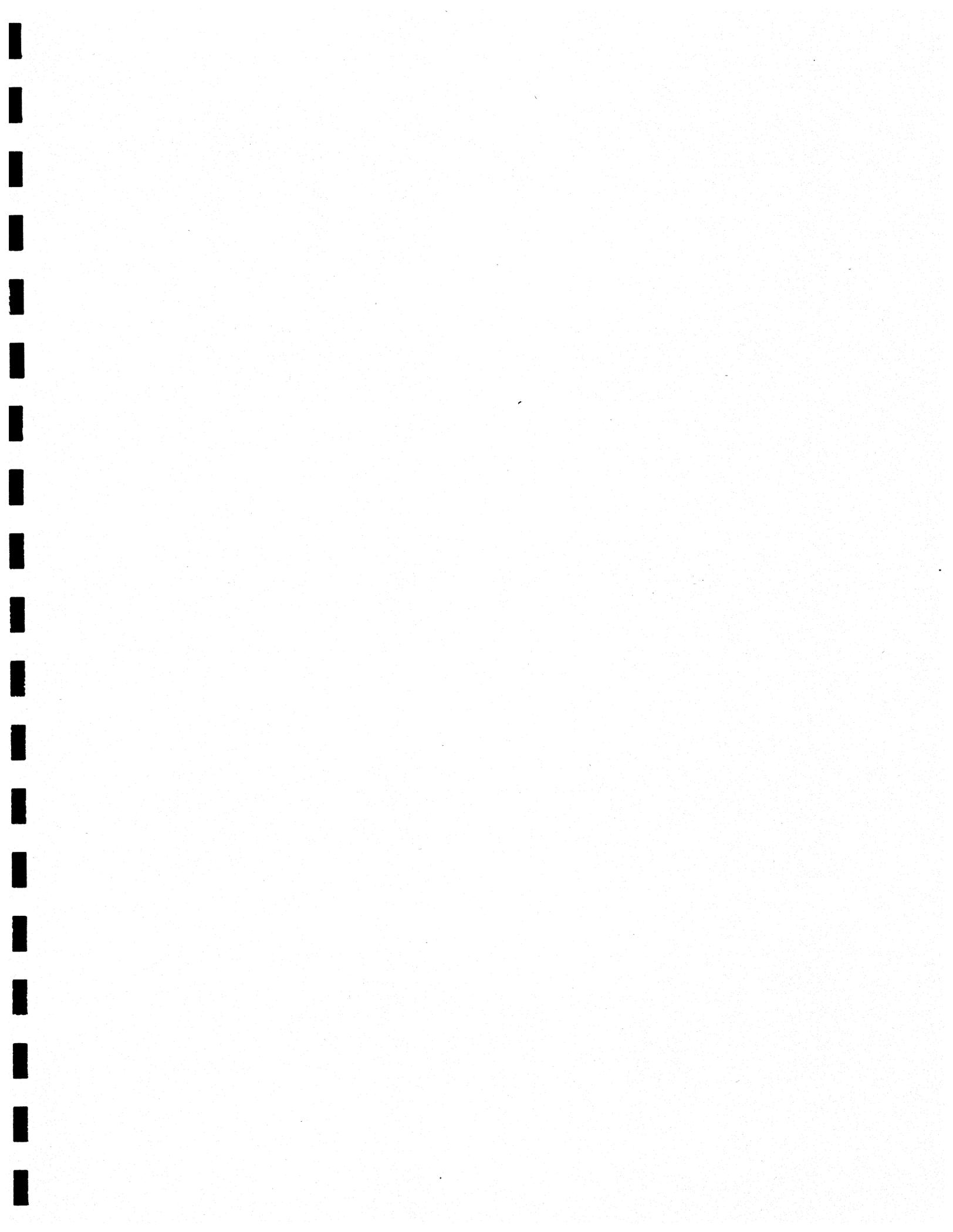
22
23 (d) That it will provide the Contracting Officer an annual
24 statement indicating that the charges to consumers are
25 consistent with the principles set forth in subarticle (a)
26 hereof.

APPENDIX E (con't)

(Standard Resale of Electric Energy Article in Electric Service Contracts)

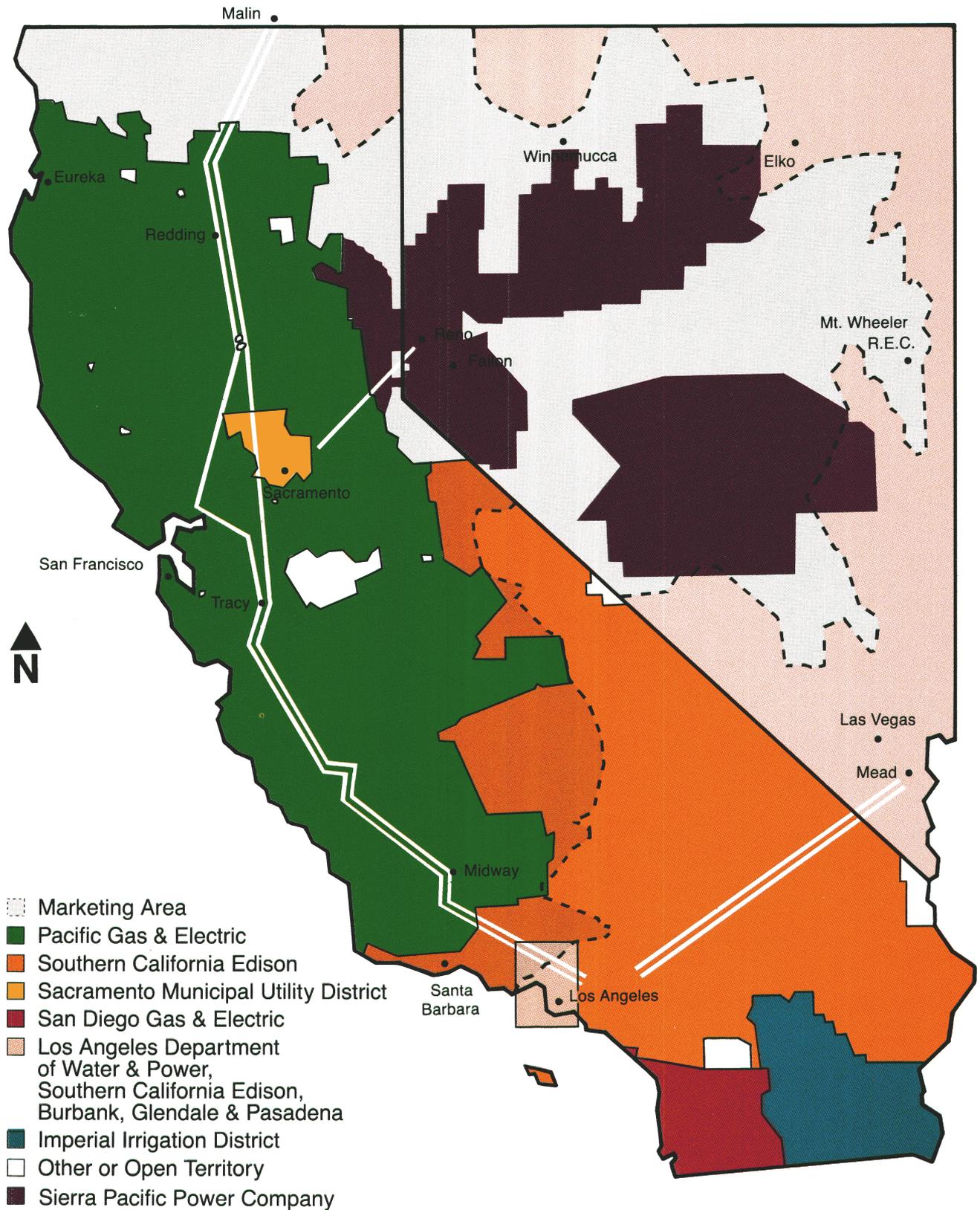
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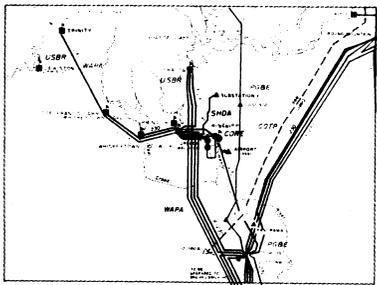
(e) That it will publish annually a report in a newspaper of general circulation in the area served by the Contractor, and will include in such report the operating and financial data of the Contractor's electric distribution system, setting forth in detail the gross revenues and disposition thereof. The first of such reports shall be published annually on or before the first day of October. In lieu of the published annual, the Contractor may furnish such information by mailing copies of the annual report to each of its consumers and a copy to the Contracting Officer.



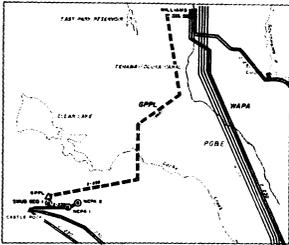
Marketing Area

United States Department of Energy
Western Area Power Administration
Sacramento Area Office

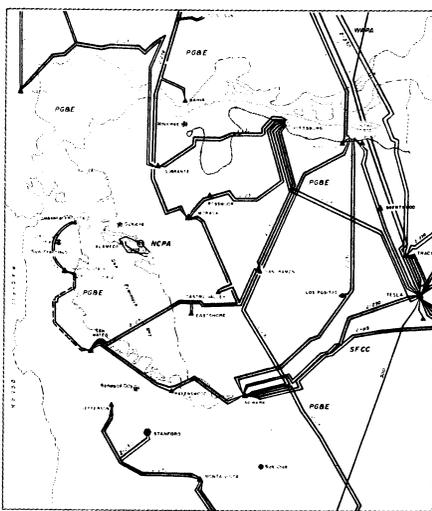




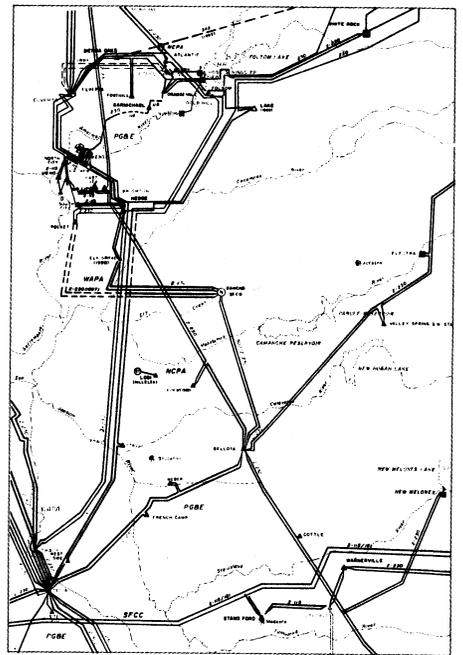
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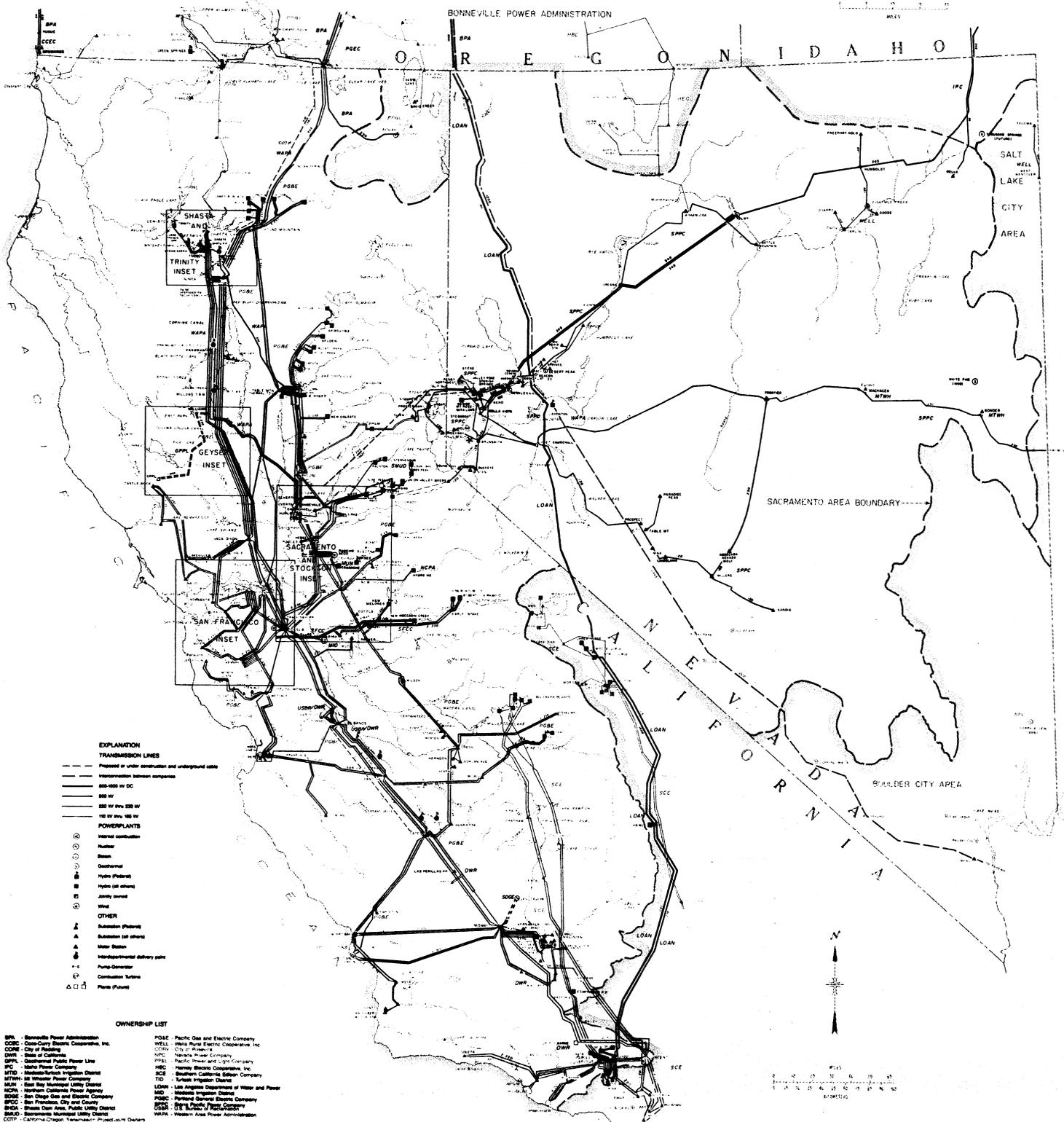
GEYSERS INSET



SAN FRANCISCO INSET



SACRAMENTO-STOCKTON INSET



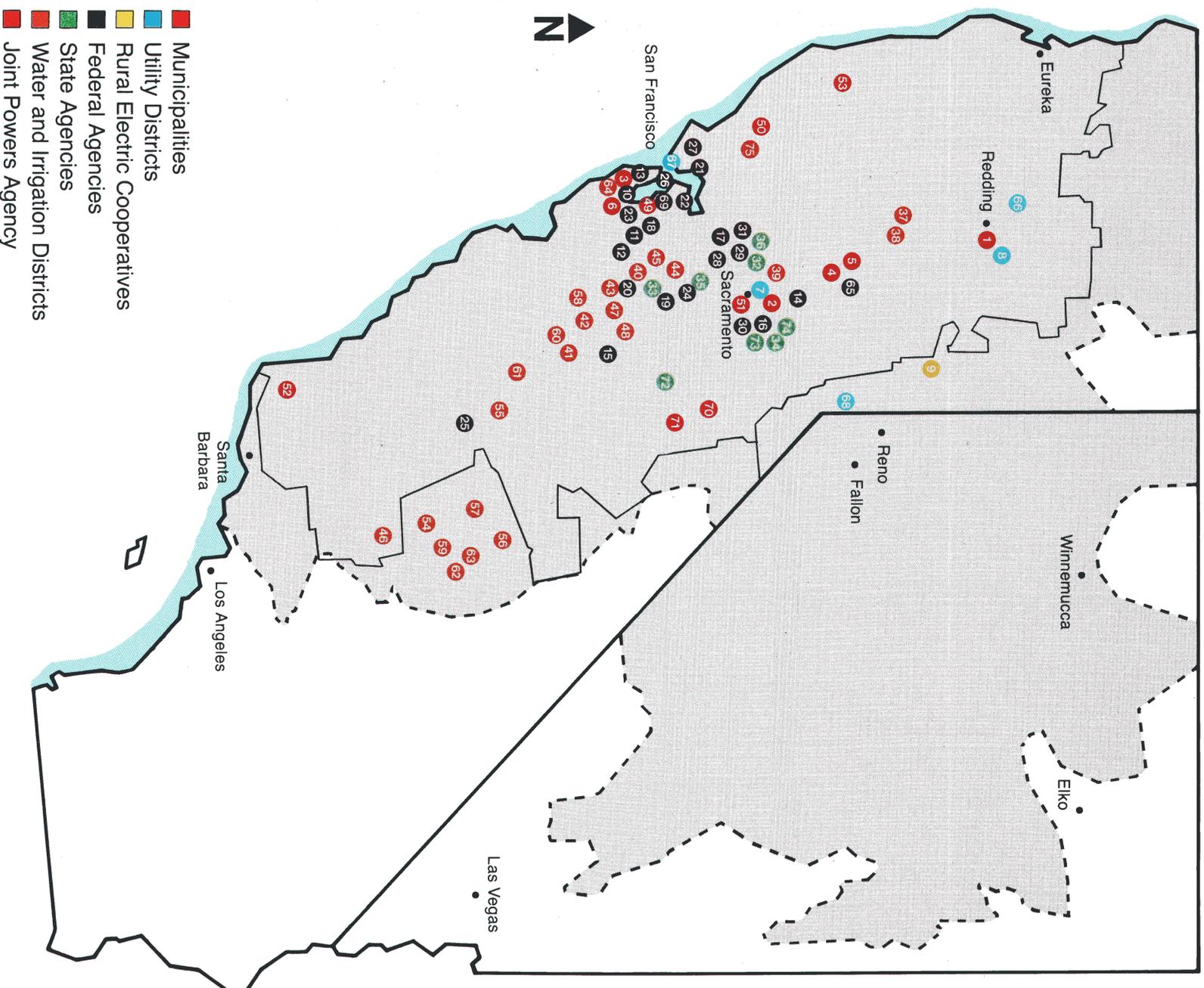
- EXPLANATION**
- TRANSMISSION LINES**
- Proposed or under construction and underground cables
 - Interconnection between companies
 - 500-600 kv DC
 - 500 kv
 - 220 kv
 - 110 kv
 - 69 kv
- POWERPLANTS**
- Hydro contribution
 - Hydro
 - Steam
 - Geothermal
 - Hydro (Planned)
 - Hydro (at other)
 - Joint owned
 - Wind
- OTHER**
- Substation (Planned)
 - Substation (at other)
 - Meter Station
 - Interdepartmental delivery point
 - Point-to-point delivery
 - Combustion turbine
 - Plant (Planned)

- OWNERSHIP LIST**
- | | | | |
|------|--|------|---|
| BPA | Bonneville Power Administration | PG&E | Pacific Gas and Electric Company |
| CC&E | Contra-Costia Electric Cooperative, Inc. | WELL | Wells Rural Electric Cooperative, Inc. |
| COE | City of Oakland | COE | City of Eugene |
| DWP | State of California | NPC | Napa Electric Company |
| DFP | Department of Public Power | PHS | Pacific Telephone and Light Company |
| IPC | Imperial Power Company | HSC | Humboldt Electric Cooperative, Inc. |
| MTS | Metropolitan Edison Company | SCS | Southern California Edison Company |
| MTM | Metropolitan Edison Company | TID | Tulsa Irrigation District |
| NCP | Northern California Power Agency | LDWR | Los Angeles Department of Water and Power |
| NCPA | Northern California Power Agency | MID | Modesto Irrigation District |
| OP&C | San Francisco, City and County | PG&C | Portland General Electric Company |
| SPCC | San Francisco, City and County | PP&C | Piedmont Electric Company |
| SD&D | San Diego Gas and Electric Company | DEP | Delta Electric Power Company |
| SD&D | San Diego Gas and Electric Company | WAPA | Western Area Power Administration |
| SD&D | San Diego Gas and Electric Company | | |

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
 SACRAMENTO AREA OFFICE
 INTERCONNECTED TRANSMISSION SYSTEMS

Central Valley Project Preference Customers

United States Department of Energy
Western Area Power Administration
Sacramento Area Office



1. City of Redding
2. City of Roseville
3. City of Palo Alto
4. City of Gridley
5. City of Biggs
6. City of Santa Clara
7. Sacramento Municipal Utility District
8. Shasta Dam Area Public Utility District
9. Plumas-Sierra Rural Electric Cooperative
10. National Aeronautics & Space Administration (Ames Research Center)
11. Lawrence Livermore National Laboratory
12. Department of Energy, Site 300
13. Stanford Linear Accelerator Center
14. Beale Air Force Base
15. Castle Air Force Base
16. Mather Air Force Base
17. Travis Air Force Base
18. Parks Reserve Forces Training Area/Army
19. Sharpe Army Depot, Lathrop
20. Tracy Defense Depot, Tracy
21. Mare Island Naval Shipyard
22. Naval Weapons Station, Concord
23. Naval Air Station, Moffett Field
24. Naval Communication Stations, Stockton
25. Naval Air Station, Lemoore
26. Naval Support Activity, Treasure Island
27. Naval Security Group, Skaggs Island
28. Naval Radio Station, Dixon
29. International Communication Agency, Dixon
30. Mather Air Force Base (Wherry)
31. Travis Air Force Base (Wherry)
32. University of California, Davis
33. Deuel Vocational Institution
34. Folsom State Prison
35. Northern California Youth Center
36. California Medical Facility, Vacaville
37. Glenn-Colusa Irrigation District
38. Provident Irrigation District
39. Reclamation District 2035
40. West Side Irrigation District
41. Westlands Water District
42. San Luis Water District
43. Banta-Carbona Water District
44. Byron-Bethany Irrigation District
45. East Contra Costa Irrigation District
46. Arvin-Edison Water Storage District
47. West Stanislaus Irrigation District
48. Patterson Water District
49. City of Alameda
50. City of Healdsburg
51. City of Lodi
52. City of Lompoc
53. City of Ukiah
54. Delano-Earlimart Irrigation District
55. James Irrigation District
56. Lindsay-Strathmore Irrigation District
57. Lower Tule River Irrigation District
58. Modesto Irrigation District
59. Terra-Bella Irrigation District
60. Turlock Irrigation District
61. Broadview Water District
62. Kern-Tulare Water District
63. Rag Gulch Water District
64. Santa Clara Valley Water District
65. U.S. Fish & Wildlife Service
66. Trinity County Public Utilities District
67. East Bay Municipal Utility District
68. Truckee-Donner Public Utility District
69. Lawrence Berkeley Laboratory
70. Calaveras Public Power Agency
71. Tuolumne County Public Power Agency
72. Sierra Conservation Center
73. California State University, Sacramento/Nimbus
74. State Parks and Recreation/Folsom
75. Sonoma County Water Agency