

**Meeting Notes**  
**Power O&M Cost Suballocation**

**February 7, 2002**  
**Sacramento, CA**

Attendees:

Ara Azhderian, San Luis Water District	Ed Roman, SMUD
Frances Mizuno, San Luis and Delta Meed WA	Russell Harrington, Westlands
Lynn Hurley, SCV Water District	Michael Hagman, TCCA
Steve Richardson, Western Area Power	Jesus Reynosa, Reclamation
George Senn, CVP Water Authority	Ron Jacobsma, FWUA
Melinda Grow, Western Area Power	Chase Hurley, Panoche Water District
Michael Bloom, Roseville	Linda Bringle, Reclamation
Kathryn Kitchell, Roseville	Russ Freeman, Westlands Water District
Tom Ruthford, Reclamation	Martin Bauer, Reclamation
Donna Daughety, Reclamation	Tasia Papajohn, Reclamation

**Review of the Interests**

The group reviewed the interests discussed at the last meeting. No new interests were brought up at this time. Reclamation still needs to pursue Interest #7 to ensure that this would not violate any authorities. The interests are as follows:

1. Full Allocation of all Costs
2. Equitable allocation of costs among appropriate functions (equitable defined as fair sharing of burden and benefits – defensible to audits)
3. Administratively able to implement. Clear, equitable, accurate, acceptable accounting practices – “simple” accounting process and tracking
4. Consistent with Authorizations, Reclamation Law, then current policies, contract rights of water users, and Western Power Marketing Plan.
5. Maintain the cost-effectiveness of the CVP power resource.
6. Robust administrative procedures that will work for all operational activities with predictable outcome. (Robust – predictable results to variation in input)
7. Allocation procedure should have the ability to be modified through a collaborative process to respond to changes in the operating environment. (Reclamation needs to check on this interest)
8. Power O&M Cost Suballocation Procedures and intent should be memorialized.

**Brainstorming Solutions**

We began by reviewing the definitions of the costs.

*Reclamation Power O&M Expenses*

Hydraulic Power Generation – costs at the powerplants – does not include pumping plants – includes labor, materials, etc. – total power cost

Transmission Expense – maintenance of substations and switchyards Reclamation has in association with generating facilities – facilities immediately adjacent to the powerplant

Carriage System – those costs that are associated with transporting the water related to Level 2 delivery requirements

Water Marketing – those costs associated with the administrative function of the water conveyance system related to Level 2 delivery requirements.

*Western O&M Expenses*

Transmission Expenses operation and maintenance– those costs associated with operation of the system – costs associated with third party contracts and trust fund are taken out.

Power users accounting and collecting process – accounts payable, meter reading (not meter maintenance)

Conservation and renewable energy expenses – DOE program required to put conservation programs in place

*Control Area Operator Charges*

We will try to get someone from SMUD and Western Area Power to attend the next meeting to discuss the specifics of these charges.

Attached is the Excel spreadsheet listing possible solutions for allocating these and other costs.

**Next Meeting**

Next meeting scheduled for March 14, 2002, 9:30 a.m. to 2:30 p.m. – Location to be determined.

Following meeting scheduled for April 11, 2002, 9:30 a.m. to 2:30 – Location to be determined.