

Original Interest	Power O&M Cost Suballocation Interest	Other Interest
Full Cost Recovery	1. Full Allocation of all Costs	
Equitable sharing of costs between power and water customers (equitable defined as fair sharing of burden and benefits – defensible to audits)	2. Equitable allocation of costs among appropriate functions (equitable defined as fair sharing of burden and benefits – defensible to audits)	
Administratively able to implement	3. Administratively able to implement Clear, equitable, accurate, acceptable accounting practices – “simple” accounting process and tracking	
Consistent with Authorizations, Reclamation Law, and current policies	4. Consistent with Authorizations, Reclamation Law, then current policies, contract rights of water users, and Western Power Marketing Plan.	
Maintenance of a cost-effective and abundant CVP power resource for Western’s preference power customers	5. Maintain the cost-effectiveness of the CVP power resource.	
Adopted procedures must provide for an operating arrangement that minimizes the ISO (RTO) fees, as well as transmission losses and costs by serving Western-connected loads with Western-connected resources, and PG&E-connected loads with ISO-delivered resources whenever possible.		<i>Minimize the use of non-CVP resources for project loads. Not an interest for this Forum. Operating Arrangements are a negotiation for interconnection. This a marketing plan issue for Western as well.</i>

<p>The adopted procedures must also provide for an operating arrangement that avoids cost shifting between customers, reduces market risks, and minimizes uneconomic supplemental purchases for project-use energy whenever possible.</p>	<p>6. The adopted procedures must provide for an operating arrangement that avoids cost shifting between customers. (<i>Forum is dealing with a finite pool of costs</i>).</p>	<p>Covered in 2, 4, and 8 interests. “reduces market risks, and minimizes uneconomic supplemental purchases for project-use energy whenever possible” are not issue for this Forum.</p>
<p>The adopted procedures must ensure preference power customer responsibility for project-use energy purchases in a given month does not exceed the amount of CVP generation produced in that month.</p>		<p><i>Proposed potential Solution</i></p>
<p>Continue to recognize that power generation is one of the primary project purposes of the CVP.</p>		<p><i>Statement of Value</i></p>
<p>Water Users must retain an interest in the CVP Power Function. Operating procedure may result in Water contractors not linked to the power generation function. Need political clout of the water contractors.</p>	<p>7. The procedures should not insulate the water customers from the benefits of the power generation. There should be a tie between the costs allocated to water and the power generation.</p>	<p><i>Not an interest for this forum.</i></p>
<p>Robust administrative procedures that will work for all options</p>	<p>8. Robust administrative procedures that will work for all operational activities with predictable outcome. (Robust – predictable results to variation in input)</p>	
<p>Ensure cost effectiveness of energy for water user purposes and transfers, consistent with contract rights of water users.</p>		<p><i>Certain components have been addressed in 4, and 5. The remainder is not an interest for this forum.</i></p>

Maximum value of resource – inside parameters of water operations	9. Maximum value of resource—within the parameters of water operations. Adding costs will reduce the value of the water and power resources.	<i>Value not interest.</i>
Ensure reliability – cost and quantity		<i>Reliability will not be effected by how costs are distributed</i>
Predictability of costs	10. Predictability of costs	<i>Covered in interest 8</i>
Minimize costs	11. Minimize costs	<i>Not an interest for this forum</i>
Energy available when needed		<i>Not an interest for this forum</i>
Not impair water efficiency operations		<i>Does efficiency mean cost effectiveness? If not then this is not an interest.</i>
Consistent with the Law		<i>Included in #4</i>
Clear, equitable, accurate, acceptable accounting practices – “simple” accounting process and tracking		<i>Included in #3</i>
Accountability – prudent management of power acquisition		<i>Not an interest, more a statement for Western marketing plan</i>
Suballocation process flexible		<i>Included in #8</i>
Availability of project power for full contract quantity		<i>Not an interest for this forum</i>
Expenses due to environment actions should be non-reimbursable and borne by environmental agencies.		<i>Included in #2</i>
Allocation procedure should have the ability to be modified through a collaborative process to respond to changes in the operating environment.	Allocation procedure should have the ability to be modified through a collaborative process to respond to changes in the operating environment.	
Well documented procedures with history of intent.	Power O&M Cost suballocation Procedures and intent should be memorialized.	

