



Department of Energy
 Western Area Power Administration
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JUN 13 2005

Mr. Bob Johnson
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 U.S. Bureau of Reclamation
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Mr. Rick Gold
 Regional Director
 Upper Colorado Regional Office
 U.S. Bureau of Reclamation
 125 South State Street, Room 6107
 Salt Lake City, UT 84138-1102

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Dear Mr. Johnson and Mr. Gold:

In response to the Colorado River Management Work Group Process Meeting (Meeting) on May 26, Western is providing its comments about the issues raised. First, we commend Reclamation for proactively pursuing solutions to the challenges posed by low-water storage and large water demands on the Colorado River. Pursuing a solution, at this time, should mitigate the serious impacts to both the water and power users that, otherwise, might ensue in the future.

The two largest hydropower facilities in the Southwest are the Hoover and Glen Canyon Power Plants. Power from these plants plays a critical role in interconnected power system operations, stability, and reliability in the WACM and WALC control areas as well as the Western Interconnection as a whole. Additionally, the low-cost hydropower generation is crucial to the financial condition of many of our customers in the Upper and Lower Basins. These include municipalities, Native American tribes, electrical cooperatives, Federal and State facilities, and, of course, the many water users who rely on the Colorado River generation for project pumping.

This generation is the principal revenue source for Reclamation's irrigation projects in the Upper and Lower Basin States and many other uses on the river. Loss of either of these generation facilities would severely impact Western's ability to fund dam and power system operations and maintenance, repay the Federal investment in these facilities, and support the many environmental programs funded from power revenues. With this in mind, the focus of our comments is to ensure that Federal hydropower generation is provided serious consideration during this process for the benefit of the Colorado River Storage, Boulder Canyon, and Parker-Davis projects, our customers, and the general public.

The Meeting's purpose was to discuss the process by which the guidelines for operating in shortage or low-reservoir conditions will be developed and implemented. We believe there were two areas of concern related to the process. First, is the scope of the process - primarily whether Lake Powell releases should be within the scope of the process or only Lower Basin shortage guidelines. The second concern is the type of process utilized, such as modification of the Long-Range Operating Criteria (LROC) or development of interim guidelines. Directly related to the type of process is the duration of the guidelines developed and the ability to perform future reviews or updates of these guidelines.

During discussions at the Meeting about the type of process to pursue, an opinion was expressed that the process should be very similar to that of the Interim Surplus Guidelines (ISG) and should terminate coincident with the ISG in 2016. The ISG process involved an environmental impact

statement and a subsequent record of decision. Western has concerns regarding this approach. The current Hoover Electric Service Contracts terminate in 2017. Western could face tremendous uncertainty about the resources available at Hoover if the shortage guidelines were to expire a year before the new marketing period begins.

Of the options discussed, perhaps a modification of the LROC would be the best option for implementing the new shortage/low-reservoir guidelines. The advantages of this process are the following:

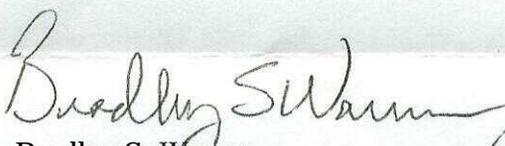
1. It provides continuity for the guidelines with regular reviews to enable changes as needed.
2. An extensive environmental review should not be required and would, therefore, be easier to implement.
3. Decisions made would be within the scope of the Secretary of Interior's discretionary authority to formulate and execute the LROC.

Finally, we support a process to

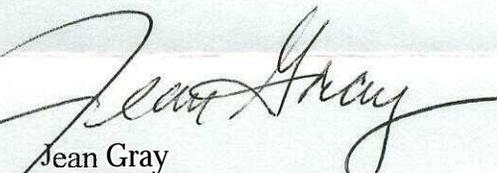
1. Incorporate shortage criteria in the Lower Basin that would recognize water right priorities in the Lower Colorado River, minimize the impacts on water quality of low reservoir conditions, and maintain power generation capacity to Lower Basin customers; and
2. Consider Upper Basin releases as contemplated by the Colorado River Compact that could enhance storage in Lake Powell to maintain power generation at Glen Canyon and continue to produce power repayment revenue during drought periods for the water user and CRSP customer benefits.

We appreciate this opportunity to provide comments about the issues raised at the Meeting.

Sincerely,



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cc:

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