

COMMENT LETTER

RESPONSES

**CREDA****Colorado River Energy Distributors Association****ARIZONA**

Arizona Municipal Power Users Association

September 7, 2000

Arizona Power Authority

Arizona Power Pooling Association

Irrigation and Electrical Districts
AssociationNavajo Tribal Utility Authority
(also New Mexico, Utah)

Salt River Project

Ms. Jayne Harkins
Bureau of Reclamation
Attn: BCOO -4600
PO Box 61470
Boulder City, NV 89006-1470
(fax: 702-293-8042)**COLORADO**

Colorado Springs Utilities

RE: COMMENTS ON DRAFT EIS ON COLORADO RIVER INTERIM SURPLUS
CRITERIA

Intermountain Rural Electric Association

Dear Ms. Harkins:

Platte River Power Authority

Tri-State Generation & Transmission
Cooperative
(also Nebraska, Wyoming, New Mexico)Yampa Valley Electric
Association, Inc.

The Colorado River Energy Distributors Association (CREDA) is an association of over 133 consumer-owned electric systems that purchase and distribute more than eighty-five percent of the energy produced by the Colorado River Storage Project (CRSP). In addition, CREDA members repay nearly ninety-five percent of the federal investment in the CRSP. CREDA member systems serve nearly three million consumers in six Western states. CREDA represents the majority of CRSP firm power contractors, who have a direct and specific interest in issues, which could affect Glen Canyon Dam operations and output.

NEVADAColorado River Commission
of Nevada

Silver State Power Association

NEW MEXICO

Farmington Electric Utility System

Tri-State Generation & Transmission
Cooperative

City of Truth or Consequences

UTAH

City of Provo

Strawberry Electric Service District

Utah Associated Municipal Power Systems

Utah Municipal Power Agency

WYOMING

Wyoming Municipal Power Agency

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CREDA has reviewed the DEIS on the Interim Surplus Criteria, and finds that under any of the alternatives, including the base case, there will be significant impacts to the firm power contractors of the federal power projects on the Colorado River. CREDA also finds that these impacts are not adequately recognized, analyzed or measured in the DEIS.

When the DEIS is being used as a planning process, which seems to be the case here, it is essential that it be a process which integrates impacts on all the resources. It is clear that power resources have not been fully integrated into this planning and analyses. The analyses of impacts does not accurately reflect: 1) the operating restraints on certain of the power plants, 2) how the plants are operated, or 3) the impacts of changed power operations on the firm power contractors. For example:

I. Sec. 3.10.2.2.1 – does not seem to recognize the greatly reduced generating capacity at Glen Canyon Dam which resulted from the Glen Canyon Dam EIS and Record of Decision. It also seems that the study assumed operating points at which both Glen Canyon and Hoover operate most efficiently. The plants are most often not operated at these points due to scheduling entities' use of the plants for regulation and reserves. The assumption skews the results and tends to minimize the impacts of changed operations.

II. Sec 3.10.2.2.2 – is far too simplistic in its assumption that the impacts will felt through a large area (WSCC) and are therefore minimal. What must be measured are the direct financial impacts to the power contractors. In the case of

1: The EIS analysis is intended to be an analysis of the alternatives compared to the baseline projections. As discussed in Section 3.1.3, baseline projections are used to compare possible future without interim surplus criteria to future with interim surplus criteria conditions. Under baseline conditions and each of the alternatives, the fact that reservoir elevations will have an increased probability to fall over time is predominantly a result of increased depletions in the Upper Basin states. Reclamation believes that the level of analysis for energy resources presented in the EIS, and the comparison of the alternatives to baseline conditions appropriately identifies the potential effects of interim surplus criteria.

2: The analysis shows the effects of each alternative reservoir operating strategy when compared to the baseline strategy. Increases or decreases in energy and capacity between the baseline strategy and the alternatives are shown on a yearly basis. This analysis accurately reflects the operating constraints on the powerplants in the modeling parameters. Powerplant operations change daily with differing conditions, but from an overall power production perspective, the analysis results provide a useful comparison of the anticipated reduction in energy and capacity within the WSCC region. A substantial portion of the reduction is included in baseline conditions; alternatives would result in incremental changes. The quantities of capacity needed to replace incremental reductions, while not significant when compared to the total capacity installed in the WSCC region, may have impacts on power contractors that must purchase replacement power. These impacts were not analyzed in the FEIS.

3: This analysis is not intended to analyze the effects of the Glen Canyon Dam Operation EIS and Record of Decision. The assumptions that were used for interim surplus criteria modeling related to operating points were used in the analysis of power production for both baseline conditions and each of the alternatives. Since the analysis contained in this EIS is concerned with the difference between baseline conditions and the alternatives, and the underlying assumptions are the same for all cases, the net difference should not change substantially.

4: Please see response to Comment 16-2.

COMMENT LETTER

RESPONSES

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Glen Canyon, as power production is reduced there is a direct and immediate upward impact on power rates. There is also an immediate additional cost to the contractors who must pay the costs of replacing the lost energy and capacity. The DEIS is completely silent on these impacts.

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III. Sec. 3.10.2.3.1 – the proposed “easy” solution of buying replacement power from the short-term market trivializes the problem. The short-term wholesale power market this summer is causing major problems and severe economic impacts in San Diego and other areas across the WSCC. Industries are shutting down in California and the Northwest because of the short-term market prices.

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IV. Sec 3.10.2.3.1.2 – cites the impact on the basis of an average of the study years. This is a gross oversimplification that minimizes the real financial impacts to power customers.

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Overall the DEIS seems to be deliberately minimizing the impacts of power by using annual averages and measuring impacts on a regional basis. It does not deal with the direct financial impacts to power contractors. These contractors in the Upper Colorado River Basin Project are repaying 100% of the federal investment in power features and over 95% of the investment in irrigation projects, and are funding nearly all of the subsequent environmental studies and mitigation projects. Surely, the impacts of the surplus criteria on this important part of the equation deserve full analysis and discussion in the EIS process. The DEIS is significantly incomplete without these analyses. CREDA will be glad to assist in any way possible to achieve this goal.

I may be reached at (480) 557-0987 or email creda@uswest.net.

Sincerely,

Leslie James
Executive Director

Cc: CREDA Board

5: Please see response to Comment 16-2.

6: Please see response to Comment 16-2.

7: Please see response to Comment 16-2.

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