

DISCUSSION TOPICS FOR CONFERENCE CALL
Finds and Recommendations Table
CVP Cost Allocation –April 11, 2014

1. Facilities Included

* Transmission facilities should be included in the costs to be allocated, Power SPA costs, and Power separable costs

2. Capital Cost Evaluation: Methodology

* Indexing (vs. repricing) seems more straightforward

* In addition to indexing, historic costs (and benefits) need to be compounded to 2010 to reflect time of occurrence, in the same way that future costs and benefits expressed in 2010 nominal dollars need to be present valued to 2010.

3. Flood Control: Benefits-Methodology, Benefits-Results, Facility-Sizing

* Benefits and SPA costs need to be compounded for time of occurrence

* SPA costs need to include not only construction costs, but also IDC and capitalized OM&R

4. Irrigation Water Supply, M&I Water Supply, and Refuse Water Supply: Benefits Methodology

* Before initiating these benefit studies, once the future and historic water deliveries are known, and the water supply SPA costs are known, as a time saving method, it may be desirable to undertake a quick analysis to determine what the water supply benefits per acre-ft. would need to be in order to exceed the SPA costs. Based on professional judgment, if the benefits are clearly in excess of the SPA costs, there may be no reason to initiate any expensive, time-consuming benefits studies.

5. Irrigation Water Supply, M&I Water Supply, Refuge Water Supply: Facility Sizing

* Table should make clear that there is only one SPA for combined water supply, not individual SPAs for irrigation, M&I, and the refuges

* All the SPA's (including flood control and power) need to be sized to meet not only future benefits, but also historic benefits: the SPA question is not what would be built

today to deliver future benefits but what would have been built in the past to deliver benefit levels for the entire period of analysis. That is why the SPAs are typically based on actual project facilities---what was built.

* The SPA sizing needs to not only reflect the "current regulatory environment", which presumably will be assumed to continue in the future, but also must reflect any sizing considerations related to historic environmental, releases, deliveries, etc.

6. Power: Benefits Methodology

* The future power market price approach is not necessarily a separate approach to the standard "with and without" approach, it is consistent with the "with and without" approach assuming that CVP power capacity/generation does not materially affect market price---which is being tested in the Proof of Concept Test.

* Any thoughts on how past power benefits might be estimated (if necessary), since presumably the PLEXOS model can not do this?