

Comment PWI-01


CREDA

Colorado River Energy Distributors Association

June 18, 2007

ARIZONA

Arizona Municipal Power Users Association

Arizona Power Authority

Arizona Power Pooling Association

Irrigation and Electrical Districts Association

 Navajo Tribal Utility Authority
(also New Mexico, Utah)

Salt River Project

COLORADO

Colorado Springs Utilities

Intermountain Rural Electric Association

Platte River Power Authority

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

 Yampa Valley Electric
Association, Inc.

NEVADA

 Colorado River Commission
of Nevada

Silver State Power Association

NEW MEXICO

Farmington Electric Utility System

Los Alamos County

City of Truth or Consequences

UTAH

City of Provo

South Utah Valley Electric Service District

Utah Associated Municipal Power Systems

Utah Municipal Power Agency

WYOMING

Wyoming Municipal Power Agency

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Executive Director

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 Via email: navgal@usbr.gov

The Colorado River Energy Distributors Association (CREDA) appreciates the opportunity to provide comments on the on Reclamation's Planning Report and Draft Environmental Impact Statement for the Navajo-Gallup Water Supply Project (PR/DEIS), (72 Fed.Reg No. 61, 15159 March 30, 2007). In the event there is an extension of the comment period, CREDA may supplement these comments at an appropriate later date.

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CREDA Background

CREDA's mission is "To preserve and enhance the availability, affordability, and value of Colorado River Storage Project facilities while promoting responsible stewardship of the Colorado River System." CREDA is a non-profit, Colorado corporation, also authorized to do business in Arizona, which was formed in 1978 as an association of non-profit entities who are long-term contractors for resources of the Colorado River Storage Project (CRSP). CREDA represents its members by working with the Bureau and the Western Area Power Administration (WAPA) regarding issues related to the CRSP. CREDA members serve over four million consumers in six states: Arizona, New Mexico, Nevada, Colorado, Utah and Wyoming. CREDA members include joint action agencies, state agencies, political subdivisions, tribal utility authorities, municipalities, rural electric cooperatives and irrigation and electrical districts. CRSP contractors pay all the power costs of the CRSP, which includes construction (with interest), operation, maintenance and replacements, transmission, environmental and approximately 95% of the irrigation costs. CREDA and its members have a direct and specific interest in this process.

It is important to note that according to the Purpose and Need Statement, this project is intended to "provide a long-term (year 2040) supply, treatment, and transmission of M&I water to the Navajo Nation, the Jicarilla Apache Nation, and the City of Gallup, New Mexico." (emphasis added).¹ CREDA understands there is no agricultural irrigation associated with this project. There is no need to make this a CRSP participating project other than to provide authorization for the use of CRSP power for pumping the M&I water. CREDA has no objection to an allocation of an appropriate amount of CRSP power to meet this need.

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1 PR/DEIS, Vol. 1, p. S-2.

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Legislation has been introduced (April 19, 2007), which proposes to make this project a participating project of the CRSP. CREDA strongly opposes that proposal and has endeavored over the past number of years to provide alternative language to such an approach. CREDA also recognizes this issue may be considered to be outside the scope of this PR/DEIS; however, depending on the outcome of the legislative process, there may be impacts to any final EIS/Record of Decision for this project.

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CREDA takes no position on the alternatives as currently drafted, but does have some specific comments on the PR/DEIS for Reclamation's consideration.

Comments on Volume I are as follows:

- 1) Page S-8: Table S-3 – o&m costs for CRSP need to be revised with updated rates. The CRSP power rate was adjusted in October 2005. Table shows 9.5 mills/kWh and \$4.04/kw-mo; the current rates are 10.43 mills/kWh and \$4.43/kw-mo. Also, the most recent rate formula includes the potential "adder", or cost recovery charge (CRC). Consideration should be given to including an uncertainty associated with imposition of a CRC in the economic comparisons.
- 2) Page I-12: I-12 - Description of the San Juan River Basin Recovery Implementation Program fails to mention that CRSP power revenues have funded in excess of \$16,945,436 toward the program.
- 3) Page IV-22: Depending on revised economic analysis, is the SJRPNM Alternative still the low cost option? The current analysis assumes the NIIP Amarillo Alternative to be the low cost option assuming NTUA power rates.
- 4) Page VIII-9: Reference to the CRSP Act should NOT contain "The proposed project has potential to become a participating project of the Colorado River Storage Project (CRSP) Act." This listing should merely cite the legal reference to the Act, and that speculative language should be removed.
- 5) Page F-28 and F-33 (tables F-8 and F-11): see comment 1 above.

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Comments on Volume II are as follows:

- 1) Page 3: "The cost of power transmission lines is assumed to be incorporated in the unit price of the power." See also page 108. Please consider whether this 2001 Technical Memorandum assumption is correct. Depending on the selected power source, the transmission costs may or may not be included in the power rate.
- 2) Page 56: There is reference to a June 30, 1994 letter from Reclamation's Rob Leuthouser that is not included in any of the historical information contained in the PR/DEIS. Please provide a copy of that letter.
- 3) Page 131: There is reference to water coming from Navajo Reservoir, and subject to a CRSPA fee. "The current fee for municipal water is approximately sixty dollars per acre-foot." Yet, page 3 of Appendix C assumes a \$1.00/acre-foot o&m charge by Reclamation. Are these two different applications, or which is correct, and which is utilized in the economic analysis?
- 4) Appendix B-31: Why were costs of power required to convey water from the infiltration caissons to the treatment plant not included in the cost estimates? What are the assumptions associated with the power supply and cost?
- 5) Appendix B-49: Power costs are shown for the year 2040 – see comment 1 above. The example shows 2.767 MW; is this correct? What is the actual estimated power requirement (demand) for the project? As drafted, the federal legislation proposes to provide 26 MW. Is this amount overstated?

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- 6) Appendix C: Table D-6 – see comment 1) above.
- 7) Appendix D-35: Diverted water from the San Juan River is anticipated to deplete inflow to Lake Powell. This could have a range of impacts on power generation at Glen Canyon Dam. The Upper Basin's obligation to minimum releases from Lake Powell will not be relieved by this project, so releases may not change. However, until the Upper Basin uses its full entitlement and during period of above normal runoff, the Upper Basin may release more than its obligated amount from Lake Powell. In this case, the depletion from this project will cause a reduction in power generation at Glen Canyon Dam. A 2000 Reclamation estimate shows 2.12 MW lost, with 18,563 MWh. At \$53.12/kwh (2004 \$), this present value over the 50 year life is \$17 million, although current market prices are significantly higher than that figure. The estimate should be updated with current market values. Has this potential impact been factored into the economic analysis associated with options assuming the CRSP power rate?

Please continue to provide any future materials to us regarding this project. Thank you for the opportunity to comment on the PR/DEIS.

Sincerely,

/s/ Leslie James

Leslie James
Executive Director

Cc: CREDA Board

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