

General Comments

1. Suggest that when project energy is being discussed that the term Project Use be used. Throughout the two reports these terms are used interchangeably and they can be confusing to the reader. If Project Use is used in its capitalized form, it then becomes a *defined term* (power necessary to run project facilities) and no confusion takes place.
2. We can offer some suggested changes to the sections discussing the electric utility industry restructuring and the ISO. We will forward if asked to do so.
3. Historically capacity has been evaluated on a *dry condition*--either one dry year or a series of dry years-- and energy is evaluated on an *average condition*. We do not believe an *average hydrologic year* is the appropriate basis for a capacity evaluation. We are further confused by the term *average capacity* and what that means in terms of firm capacity. We believe the CALFED concept doesn't take into account the need for energy to be available to backup the capacity.
4. We believe our post-2004 Power Marketing Plan needs to be discussed. We will forward information if asked to do so.
5. Please remove all of the statements "*...and is dedicated first to Project Use. The remaining energy is marketed to various preference power customers in northern California.*" used throughout the Affected Environment Sections. The CVP is marketed as an integrated project. Project Use is netted against all available generation. It is just not one or two facilities that are responsible for providing Project Use, nor is the power from specific facilities marketed to a specific group of CVP preference power customers.
6. The counties of Tuolumne and Calaveras are also First Preference Power customers. They have an entitlement to 25% of the generation of New Melones Powerplant. Will the CALFED EIS/EIR evaluate the possible impacts to their entitlement in addition to Trinity County and their entitlement to 25% of the generation of the Trinity River Division?
7. An additional burden placed on the CVP preference power customers is the CVPIA Restoration Fund surcharge. The surcharge when coupled with the CVP commercial power rate may cause the preference customer to look elsewhere for power. On an average annual basis, the surcharge is approximately \$7.5 million. We believe the surcharge should be included in the analysis.
8. We suggest a history of the SWP's rates be included. Also, add a section on how they are developed. This would again help to demonstrate difference between the two Projects.

Affected Environment

1. Page 1, 1st paragraph. Question the word *concise*. Also, what is a *typical normal water year*?
- Table 1. Where did the 21.48 \$/MWh come from? We were not able to follow the evaluation.

2. Page 3, 2nd column, 1st paragraph, last sentence. Change *preference power* to *Project Use*.
3. Section 4.2.3. In particular, the write up regarding AB 1890 states that IOU's will turn over transmission facilities to the ISO, but does not say anything regarding municipalities or Western's transmission facilities. The write up suggests the ISO will operate the State's entire transmission system. This may not be a true assumption. Also, the pricing of power may not be complete. While it is true that there will be a "day-ahead" and "hour-ahead" market, there are also provisions for bilateral sales and other markets which may provide for the value of firm capacity.
4. Section 4.3.1 CVP History. For clarification, the CVP preference power customers include irrigation, water and reclamation districts, rural electric cooperatives, public utility districts, municipalities, California state agencies, Federal agencies, and local public transportations districts.
5. Page 9, 2nd column, 1st paragraph. Swap the words *power* and *preference*.
6. Page 12, Figure 5 and 6. Both these figures contain sales of supplemental power to preference customers. Actual sale of CVP-only hydropower is much less. If the graph is trying to depict the true CVP hydropower, then we believe supplemental sales should not be included. Otherwise, please make the reader aware of the difference.
7. Page 14, Table 2. Please add two rates:

Year	Capacity Rate (\$/MW-month)	Energy Rate (\$/MWh)
1996	10/01/96 \$4.32	Base 15.93 Tier 26.27
1997	10/01/97 \$5.03	10.31

8. Section 4.4.3, Tracy Pumping Plant. The Tracy Pumping Plant is located in Alameda County, not San Joaquin and is actually more near the towns of Byron or Brentwood.
9. Sections 4.4 to 4.7. We are confused as to the separation of CVP preference customers by region. We do not understand what will be evaluated for the specific customers per region. Western sells power based on an integrated system. Each customer pays the same price. The physical location of the CVP preference customer has no bearing on the Project. The location is a transmission issue which is not a part of this EIR/EIS.

Now, if CALFED is proposing to evaluate each CVP preference customer and their *dependence* on

CVP power, then we believe all of the CVP preference customers should receive the same level of evaluation. At the very least, all 78 CVP preference customers should be listed in the document, even those outside the study area. We've enclosed a map of the current CVP preference customers.

The same argument can be made for not splitting out the CVP "power" facilities by region. It may be confusing for the reader. Also, the reader may believe that certain CVP preference power customers get a specific amount of power from one particular generator.

Lastly, for those customers listed, please note the changes:

- Byron-Betheny should be Byron-Bethany
- Arvin Edison Water District is Arvin Edison Water Storage District
- Before each Municipality, please add the words *The City of...*

11. Section 5.5. Mr. Thomas Dang is not an employee of Western. Mr. Dang is a Reclamation employee working in CVO.

Environmental Impacts (Consequences)

1. Page 3, Section 3.2.1. What are the proposed changes and what are the impacts? How does the reader determine what those impacts are? How does the reader know how much increase in Project Use is needed to operate these facilities and which Project will be the responsible party. If no determination can be made at this time regarding responsibility, would it be reasonable to say that each Project would carry half of the burden? Where is the table this section is referring to?

2. Page 4, 1st column, 1st bullet. How can maximum instantaneous capacity be based on average reservoir levels?

3. Page 5, 1st column, 5th paragraph. Contract 2948-A has no relevance in this analysis. The contract expires in 2004 and this study is projected for the year 2022. Replacement power should not be based on any portion of Contract 2948-A.

4. Page 5, Section 3.4. The statement that *future power rates in the market as a whole may also affect the rates that Western can charge for CVP power...* is incorrect. Western is mandated by Congress to set cost-of-service rates. We are obligated to charge a cost-of-service rate no matter what the market is doing. Without understanding this concept, you cannot begin to understand our concern about the loss of the CVP power resource. Our customers have the ability to go elsewhere to purchase power if our rates are higher than the market. Without the customers to purchase CVP power we have ability to collect money to pay for the Federal debt to construct the facilities, interest on that debt, O&M expenses and no CVPIA Restoration Fund payments.

5. Page 6, 1st column, 6th paragraph. What is meant by *regional differences in power rates*?

Attachment Pg.3

Western markets commercial power based on one capacity and energy rate to all CVP preference power customers no matter where they are located within the state.

6. Page 6, 2nd column, 3rd paragraph. Where is the forecast of MCP and how was it determined? Why choose PG&E? Regarding determination a *power value*. If the value is long-term, why is it based on costs for 1998? We'd like the opportunity to discuss the methodology for determining power values with the CALFED staff.

7. Page 8, Table 3. There are no units of measurement.

8. Page 9. Where are footnotes 1, 2, 3 and 4? Also, there is a difference between mills and cents.

9. Page 10, 1st column, 1st and 2nd paragraph. Some ancillary services do need to be supported by energy. For example, spinning reserve must be supported with at least 2 hours of available energy.

10. Page 12. Please note that sales of CVP commercial power are to wholesale customer, not a retail end-user. This current discussion in the document may confuse the reader.

11. Page 13, 1st column, last bullet. What exactly is meant by the statement *Implementation of the Central Valley Project Improvement Act (CVPIA)*. Nowhere in this report is that statement explicitly defined.

12. Without any backup info for Tables 5, 6, 7, and 8 we cannot comment on their content at this time. Are these tables for illustrative purposes?....are these actual model results?

13. Page 22, Figure 6. Where is the No-Action trace? Also, we suggest there be two graphs, one for each Project.

14. Page 22, Figure 7. Are the values based on energy only? If so, what happened to the value of capacity and ancillary services?

15. Page 23, 1st column, 3rd paragraph. We disagree with the statement "*since power rates on the open market are expected to be relatively flat for some time as the transition to competitive market continues.*" We believe the market may appear flat on an average annual scale, but will be quite volatile with regards to seasonality and time of day. This will be especially true with hydropower.

16. Page 23, 2nd column, 2nd paragraph. The discussion regarding "restructuring" power rates is misleading. The ability to exchange power between regions and economically dispatch the system will be the same in the future--just more players will be involved.

Please explain the statement *“The impacts of the CALFED action alternatives on available capacity and energy production....are expected to be minimal in comparison to the regional energy and ancillary services...”* Throughout the draft document, statements like this are made without telling the reader why it is a factual statement.

17. Page 25, Figure 8. Where is the No-Action trace?

18. Page 25, 1st column, 1st paragraph. Why are there two values for energy? \$2.60 to \$3.40/MWh for the energy used and \$2.25 to \$3.00/MWh for energy generated used (Page 22) Has off-peak and on-peak been switched? What happened to the 2.5 to 3.5 mills/kWh range identified on Page 9? Page 22 says the range is an average and Page 9 refers to an off-peak rate. What is the justification of pricing Project Use at the on-peak rate?

19. Page 28, Table 11 for Alternative 2. The use of this Table in conjunction with Table 1 causes confusion. For the CVP, the available power for sale must be the “net” power. We are concerned the reader will question an overall increase in generation when Table 11 clearly shows there is an overall deficit when combined with Project Use.

20. Could we receive information on what is proposed to be provided in the sections that are incomplete?