

Colorado River Energy Distributors Association
c/o Plains Electric G&T
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FOR RELEASE JANUARY 22, 1981, 12 NOON MST

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The Colorado River Energy Distributors Association ("CREDA") voted on January 20, 1981 to formally oppose a 20.5% rate increase for Colorado River Storage Project ("CRSP") power, recently announced by the Department of Energy's Western Area Power Administration ("Western"). Western's rates are subject to final approval by the Federal Energy Regulatory Commission ("FERC").

CREDA's Board of Directors approved two actions. First, CREDA authorized full opposition to the rate increase before the FERC. Second, CREDA authorized seeking a federal court injunction barring Western from implementing its rate increase prior to final FERC approval.

CREDA's opposition to Western's rate increase centers primarily on Western's ratemaking methodology which would charge CREDA's members for the cost of CRSP irrigation projects before such projects are actually completed or even started. CREDA's Board emphasized that CREDA doesn't object to paying power rates which include assistance to irrigation projects and does not oppose full development of all CRSP water projects. CREDA's only complaint is about having to help pay for the irrigation projects before they are built.

CREDA's request for a federal court injunction against Western's

interim imposition of the rate hike before final FERC approval was taken at the advice of its attorneys who warned that Western could not pay interest on refunds if the FERC ultimately rejected or lowered Western's proposed new rates. The attorneys advised that the FERC has rejected similar rate increase requests of the Department of Energy in two out of the four cases the Department has filed since the FERC was established in 1977. The attorneys also advised CREDA that Western's interim rates and promise of refunds of excessive collections were not authorized by federal law and constitute a "jumping of the gun" on Western's rate approval process which includes final rate approval by FERC.