



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Washoe Project-Rate Order No. WAPA-176

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Rate Order Extending Washoe Project, Stampede Division, Non-Firm Power Formula Rate.

SUMMARY: The Deputy Secretary of Energy extended, on an interim basis, the existing Washoe Project, Stampede Division, Non-Firm Power Formula Rate, effective October 1, 2017, through September 30, 2022. The existing Non-Firm Power Formula Rate Schedule SNF-7 expires on September 30, 2017. The extended formula rate will be in effect on an interim basis until the Federal Energy Regulatory Commission (FERC) approves the extension on a final basis, or until superseded.

DATES: This action is effective October 1, 2017.

FOR FURTHER INFORMATION CONTACT: Mr. Subhash Paluru, Regional Manager, Sierra Nevada Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, CA 95630-4710, telephone (916) 353-4418, e-mail paluru@wapa.gov; or Ms. Regina Rieger, Rates Manager, Sierra Nevada Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, CA 95630-4710, telephone (916) 353-4629, e-mail SNR-Rates@wapa.gov.

SUPPLEMENTARY INFORMATION: On September 9, 2016, Western Area Power Administration (WAPA) proposed its intent to seek a five-year formula rate extension and

allowed for a 30-day comment period in a Notice published in the Federal Register.¹ No comments were received.

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Administrator of WAPA; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to FERC. Federal rules, specifically 10 CFR 903.23(a), govern Department of Energy procedures for this rate extension.

Under Delegation Order No. 00-037.00B and in compliance with 10 CFR part 903, I hereby approve, on an interim basis, Rate Order No. WAPA-176, which extends without adjustment, the existing Washoe Project, Stampede Division, Non-Firm Power Formula Rate, Rate Schedule SNF-7, through September 30, 2022. Rate Schedule SNF-7 will be submitted promptly to FERC for confirmation and approval on a final basis.

Dated: December 23, 2016

Elizabeth Sherwood-Randall
Deputy Secretary of Energy

¹ See 81 FR 62499 (September 9, 2016).

**DEPARTMENT OF ENERGY
DEPUTY SECRETARY**

In the Matter of:)
)
Western Area Power Administration)
Sierra Nevada Region) Rate Order No. WAPA-176
Extension of the)
Washoe Project, Stampede Division,)
Non-Firm Power Formula Rate)

**ORDER EXTENDING THE EXISTING WASHOE PROJECT, STAMPEDE DIVISION,
NON-FIRM POWER FORMULA RATE ON AN INTERIM BASIS**

The existing formula rate was established in accordance with Section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152). This act transferred to and vested in the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Administrator of the Western Area Power Administration (WAPA); (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to the Federal Energy Regulatory Commission (FERC). Federal rules, specifically 10 CFR 903.23(a), govern Department of Energy procedures for this rate extension.

BACKGROUND

The existing Washoe Project Non-Firm Power Formula Rate, Rate Schedule SNF-7, expires on September 30, 2017. FERC confirmed and approved Rate Schedule SNF-7, on April 16, 2009,¹ and the subsequent extension on September 5, 2013.² WAPA published a notice in the Federal Register on September 9, 2016, proposing to further extend Rate Schedule SNF-7 for five years, without adjustment.³ In accordance with 10 CFR 903.23(a), WAPA provided for a consultation and comment period that ended on October 11, 2016. WAPA received no comments.

DISCUSSION

Rate Schedule SNF-7 provides sufficient annual revenue to recover annual expenses, interest, and capital investments, within the cost recovery criteria set forth in DOE Order RA 6120.2. Congress, by legislation, declared all Washoe Project costs to be non-reimbursable except the Stampede Powerplant (Stampede).⁴ The average Stampede generation, approximately 10 gigawatt-hours annually, is used principally to provide energy for two Federal fish hatcheries. Since the Washoe Project has no Federally-owned transmission lines, WAPA contracted with Truckee Donner Public Utility District and the City of Fallon (TDPUD/Fallon) to accept Stampede generation and serve project use loads. Energy in excess of project use loads is integrated with the Central Valley Project (CVP) and marketed under the 2004 Power Marketing Plan. Pursuant to Rate Schedule SNF-7, each year, any remaining reimbursable expenses, in excess of the revenue collected under contract, are incorporated into the CVP power revenue

¹ See *U. S. Dept. of Energy, Western Area Power Admin.*, 127 FERC ¶ 62,043 (2009).

² See *U. S. Dept. of Energy, Western Area Power Admin.*, 144 FERC ¶ 62,213 (2013).

³ See 81 FR 62499 (September 9, 2016).

⁴ See Fallon Paiute Shoshone Indian Tribes Water Rights Settlement Act, Pub. L. No. 101-618, 104 Stat. 3289, 3307 (1990).

requirement. For the proposed extension period, WAPA forecasts the Washoe Project cost to CVP to be approximately \$255,000 annually.

Extending Rate Schedule SNF-7 will provide sufficient revenue to recover annual expenses, interest, and capital requirements, thus ensuring project repayment within the cost recovery criteria set forth in DOE Order RA 6120.2.

ORDER

In view of the foregoing and under the authority delegated to me, I hereby extend, on an interim basis, the existing Washoe Project, Stampede Division, Non-Firm Power Formula Rate, Rate Schedule SNF-7. Rate Order No. WAPA-176 extends, without adjustment, Rate Schedule SNF-7 through September 30, 2022. Rate Schedule SNF-7 shall remain in effect on an interim basis, pending FERC's confirmation and approval of this extension, or substitute formula rate, on a final basis.

Dated: December 23, 2016

Elizabeth Sherwood-Randall
Deputy Secretary of Energy

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**SIERRA NEVADA REGION
Washoe Project, Stampede Division**

NON-FIRM POWER FORMULA RATE

Effective:

The first day of the first full billing period beginning on or after August 1, 2008, through September 30, 2022, or until superseded by another rate schedule, whichever occurs earlier.

Available:

Within the marketing area served by the Sierra Nevada Region.

Applicable:

To preference customers under the 2004 Power Marketing Plan and the applicable third party(ies) who are under contract (Contractor) with the Western Area Power Administration (WAPA).

Character and Conditions of Service:

Alternating current, 60 hertz, three-phase, delivered and metered at the voltages and points established by contract.

Non-Firm Power Formula Rate:

In order to serve project use loads and effectively market the energy from Stampede, WAPA has contracted with a third party Contractor that provides for a Stampede Energy Exchange Account (SEEA). The SEEA is an annual energy exchange account for Stampede energy. In the SEEA, the revenues from sales (generation revenues) made at the SEEA Rate are reduced by the

project use and station service power costs and SEEA administrative costs. WAPA applies the ratio of project use costs to the generation revenue recorded in the SEEA to determine a non-reimbursable percentage. One hundred percent minus this non-reimbursable percentage establishes a reimbursable percentage. This reimbursable percentage is then applied to the appropriate power-related costs to determine the reimbursable costs for repayment. The reimbursable costs are then netted against generation revenues made at the SEEA Rate. As stipulated under the 2004 Power Marketing Plan, any remaining reimbursable costs, to include interest and annual capital costs, are then transferred to the Central Valley Project for incorporation into the CVP Power Revenue Requirement.

The formula rate for Stampede power is:

$\text{Stampede Annual Transferred PRR} = \text{Stampede Annual PRR} - \text{Stampede Revenue}$

Where:

Stampede Annual Transferred

Power Revenue Requirement (PRR) = Stampede Annual PRR as identified as a cost transferred to the CVP.

Stampede Annual PRR =

The total PRR for Stampede required to repay all annual costs, including interest, and the investment within the allowable period.

Stampede Revenue =

Revenue from applying the SEEA Rate to project generation.

Billing:

Billing for the SEEA Rate will be as specified in the service agreement.

Adjustment for Losses:

Losses will be accounted for under this rate schedule as stated in the service agreement.

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