



DEPARTMENT OF ENERGY

Western Area Power Administration

Salt Lake City Area Integrated Projects and Colorado River Storage Project - Rate Order No. WAPA-206

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of proposed firm power fixed rate and transmission services, ancillary services, and sale of surplus products formula rates.

SUMMARY: The Colorado River Storage Project (CRSP) Management Center (MC) of the Western Area Power Administration (WAPA) proposes a new Salt Lake City Area Integrated Projects (SLCA/IP) firm power rate and updated effective dates for existing CRSP transmission, joint dispatch transmission, ancillary services, and sale of surplus products formula rates. The current firm power rate expires December 31, 2023. The CRSP transmission services, ancillary services, and surplus products rates that expire September 30, 2025, and the CRSP joint dispatch transmission service rate that expires September 30, 2024, are included in Rate Order No. WAPA-206 to make all the rate schedules effective for the same timeframe. The firm power service rate is proposed to remain the same. No material changes are proposed to the other rate schedules aside from updating the effective dates.

DATES: A consultation and comment period will begin [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] and ends **September 1, 2023**.

CRSP MC will present a detailed explanation of the proposed rates and other modifications at public information forums on the following dates and times:

1. Public information forum July 19, 2023, 12:00 p.m. to 2:00 p.m. Mountain Daylight Time (MDT). This meeting will be conducted in Salt Lake City, UT, along with a WebEx option.

2. CRSP MC will accept oral and written comments at a public comment forum on the following date and time: August 15, 2023, 12:00 p.m. to no later than 2:00 p.m. MDT. This meeting will be conducted via WebEx.

ADDRESSES: Written comments and requests for information about Federal Energy Regulatory Commission (FERC) actions concerning the proposed rates submitted by WAPA to FERC for approval should be sent to: Rodney Bailey, CRSP Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 1800 South Rio Grande Avenue, Montrose, CO 81401, or e-mail: *CRSPMC-rate-adj-@wapa.gov*. CRSP MC will post information about the proposed rates and written comments received to its website at:

www.wapa.gov/regions/CRSP/rates/Pages/rate-order-206.aspx.

FOR FURTHER INFORMATION CONTACT: Tony Henriquez, Rates Specialist, Colorado River Storage Project Management Center, Western Area Power Administration, 970-240-6546, or e-mail: *CRSPMC-rate-adj@wapa.gov*.

SUPPLEMENTARY INFORMATION: On May 12, 2022, FERC approved and confirmed Rate Schedule SLIP-F12 for Firm Power Service under Rate Order No. WAPA-199 on a final basis through December 31, 2023.¹ On March 18, 2022, FERC approved and confirmed Rate Schedule SP-NFJDT for Joint Dispatch Transmission Service under Rate Order No. WAPA-195 on a final basis through September 30, 2024.² On December 17, 2020, FERC approved and confirmed the following rate schedules under Rate Order No. WAPA-190 on a final basis through September 30, 2025³. These rate schedules are: SLIP-F11 for Firm Power Service (later superseded by SLIP-F12), SP-NW5 for Network Integration Transmission Service, SP-

¹ Order Confirming and Approving Rate Schedule on a Final Basis, FERC Docket No. EF 22-1-000 (179 FERC ¶ 62,085 (2022)).

² Order Confirming and Approving Rate Schedule on a Final Basis, FERC Docket No. EF 21-7-000 (178 FERC ¶ 62,154 (2022)).

³ Order Confirming and Approving Rate Schedules on a Final Basis, FERC Docket No. EF 20-7-000 (173 FERC ¶ 61,230 (2020)).

PTP9 for Firm Point-to-Point Transmission Service, SP-NFT8 for Non-Firm Point-to-Point Transmission Service, SP-UU2 for Unreserved Use Penalties, SP-E15 for Energy and Generation Imbalance, SP-SSR5 for Operating Reserves – Spinning and Supplemental Reserve Services, and SP-SS1 for Sale of Surplus Products. The proposed firm power rate is a fixed rate. The proposed transmission, ancillary services, and surplus products rates continue the formula-based methodology that includes an annual update to the financial and load data in the applicable rate formulas. The inputs into the formulas and resulting charges under the rates will be annually updated on October 1 thereafter. CRSP MC intends the proposed rates to go into effect January 1, 2024, and remain in effect until December 31, 2028, or until WAPA supersedes or changes the rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

The proposed rates will provide sufficient revenue to recover annual operation, maintenance, and replacement expenses, interest expense, irrigation assistance, and capital repayment requirements while ensuring repayment of the project within the cost recovery criteria set forth in Department of Energy (DOE) Order RA 6120.2. For more information on the proposed rates, including the Cost Recovery Charge component, please see the customer rate brochure (brochure) located on CRSP MC's website at: www.wapa.gov/regions/CRSP/rates/Pages/rate-order-206.aspx.

The Comment and Consultation period is shorter than 90 days and will end on September 1, 2023. In accordance with 10 CFR 903.14(a), WAPA has shortened the comment period to less than 90 days for good cause. This timeframe is necessary to implement a new rate effective January 1, 2024. There also was a delay in processing this *Federal Register* Notice resulting from the unexpected loss of key rates personnel.

SLCA/IP FIRM POWER RATE:

Under the current Rate Schedule SLIP-12, the energy rate is 12.36 mills per kilowatt hour (mills/kWh) and the capacity rate is \$5.25 per kilowatt month (\$/kWmonth). The

composite rate of all charges, used for reference only as a comparison against other wholesale power rates, is 30.51 mills/kWh.

Currently, CRSP MC uses the Bureau of Reclamation’s (Reclamation) most probable monthly water releases and end-of-month elevations as reported in Reclamation’s *August 24-Month Study*, provided by Reclamation – Upper Colorado Basin, to determine the first year of firming-energy-sales/generation projections. For energy-sales/generation projections in subsequent years, CRSP MC will use data provided by Reclamation’s Colorado River Mid-term Modeling System (CRMMS). Under Rate Schedule SLIP-F13, CRSP MC proposes no changes to the customers 30 days’ notice before reducing the Deliverable Sales Amount (DSA) if Lake Powell’s water level drops below the level at which its turbines can no longer generate power, as established in Rate Schedule SLIP-F12. CRSP MC will update the customer rate brochure throughout the rate process as data and processes are updated or added.

The revenue requirement for the proposed firm power rate is based on fiscal year (FY) 2022 historical financial data and estimated FY 2025 work plans for WAPA and Reclamation. The Reclamation FY 2023 *April 24-Month Study* is the source for the generation data for this proposal FRN. Table 1 shows a comparison of costs of the existing rate structures, without the additional purchased power expenses.

Table 1 – COMPARISON OF EXISTING AND PROPOSED FIRM POWER RATES

Rate Schedule	Existing Rate Under Rate Schedule SLIP-F12 Effective December 1, 2021	Proposed Rate Under Rate Schedule SLIP-F13 Effective January 1, 2024	Change
Base Rate:			
Firm Energy: (mills/kWh)	12.36	12.36	0.0%
Firm Capacity: (\$kW/month)	5.25	5.25	0.0%
Composite Rate ^{1/} (mills/kWh)	30.51	31.14	+2.0%

^{1/} The composite rate is used for reference only as a comparison against other wholesale power rates.

Deliverable Sales Amount

CRSP MC will continue to use the DSA methodology established in Rate Order No. WAPA-199 to address drought conditions in the southwestern United States and volatile purchased power costs. Under DSA, sales are limited to projected generation, and CRSP MC will make firming purchases up to the forecasted DSA level. WAPA will include projected costs for operational expenses necessary to meet DSA, and these costs will be included in the rate based on expenses incurred in FY2022 and FY2023. CRSP MC will continue to offer the Western Replacement Firming (WRF) product. WRF is optional purchased power to firm to customers' Sustainable Hydropower (SHP) allocation levels, the cost of which is passed through to firm power customers under a separate charge for those customers electing WRF. Both DSA and WRF will continue to be updated quarterly using the applicable 24-month study from Reclamation. WRF will continue to be billed as it is requested to match cost collection with cost occurrence.

Any customer electing not to receive its share of the purchased power costs through WRF will not be charged for WRF. These customers will receive a proportionate amount of capacity and energy from CRSP MC each month under the DSA, charged at the proposed firm power rate, reflecting projected hydropower generation levels.

Cost Recovery Charge

CRSP MC will continue to use a Cost Recovery Charge (CRC), if necessary. The CRC is a mechanism to adequately recover and maintain a sufficient balance in the Upper Colorado River Basin Fund (Basin Fund) in the event projected expenses significantly exceed projected revenue estimates. The Basin Fund is a revolving fund and operates without annual appropriations. The CRC is an additional surcharge on all SHP energy deliveries, which are long-term energy sales provided under WAPA's SLCA/IP firm electric service contracts. The CRC may be implemented when, among other things, the Basin Fund's cash balance is at risk due to low hydropower generation, high prices for firming power, or emergency capitalized investment funding. The CRC is based only on

Basin Fund cash analysis and is independent of the SLCA/IP Power Repayment Study calculations.

TRANSMISSION SERVICES:

Annual Transmission Revenue Requirement (ATTR)

CRSP MC does not propose any material changes to the existing formula rate for calculating the ATTR, applicable to the rates for Network Integration Transmission Service and other transmission services. The ATTR is the annual cost of the CRSP Transmission System adjusted for Non-Firm Point-to-Point revenue credits, other miscellaneous charges or credits, and the prior year true-up.

Network Integration Transmission Service

Formula Rate (SP-NW5):

$$\text{Monthly Charge} = \frac{\text{Annual Transmission Revenue Requirement for Network Integration Transmission Service}}{12} \times \text{Transmission Customer's Load-Ratio Share}$$

CRSP MC proposes no material changes to the rate schedules for network integration transmission service under proposed Rate Schedule SP-NW6.

Firm and Non-Firm Point-to-Point Transmission Services

Formula Rate (SP-PTP9):

$$\text{Firm Point-To-Point Transmission Rate} = \frac{\text{Annual Transmission Revenue Requirement (\$)}}{\text{Firm Transmission Capacity Reservations + Network Integration Transmission Service Capacity (kW)}}$$

Formula Rate (SP-NFT8):

$$\text{Maximum Non-Firm Point-To-Point Transmission Rate} = \text{Firm Point-To-Point Transmission Rate}$$

CRSP MC proposes no material changes to the rate schedules for point-to-point service under proposed Rate Schedules SP-PTP10 and SP-NFT9.

Joint Dispatch Transmission Service

Formula Rate (SP-NFJDT):

Hourly Delivery:

On-Peak Hours: \$0.00/MWh

Off Peak Hours: \$0.00/MWh

CRSP MC proposes no material changes to the rate schedule for joint dispatch transmission service under Rate Schedule SP-NFJDT.

Unreserved Use Penalties

CRSP MC proposes no material changes to the rate schedule for unreserved use penalties under proposed Rate Schedule SP-UU3.

ANCILLARY SERVICES:

Energy Imbalance and Generator Imbalance Services

CRSP MC proposes no material changes to the rate schedule for energy imbalance and generator imbalance under proposed Rate Schedule SP-EI6.

Spinning and Supplemental Reserves Services

CRSP MC proposes no material changes to the rate schedule for operating reserves – spinning and supplemental reserves services under proposed Rate Schedule SP-SSR6.

SALE OF SURPLUS PRODUCTS:

CRSP MC proposes no material changes to the rate schedule for the sale of surplus products under proposed Rate Schedule SP-SS2.

Legal Authority

Existing DOE procedures for public participation in power and transmission rate adjustments (10 CFR part 903) were published on September 18, 1985, and February 21, 2019.⁴ The proposed action is a major rate adjustment, as defined by 10 CFR 903.2(d). In accordance with 10 CFR 903.15(a) and 10 CFR 903.16(a), CRSP MC will hold public information and public comment forums for this rate adjustment. CRSP MC will review and consider all timely public comments at the conclusion of the consultation and comment period and adjust the proposal as appropriate. The rates will then be approved on an interim basis.

WAPA is establishing the SLCA/IP firm power rate, CRSP transmission and ancillary services formula rates, and sale of surplus products formula rate in accordance with section 302 of the DOE Organization Act (42 U.S.C. 7152).⁵

By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the WAPA Administrator; (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, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1-DEL-S3-2023, effective April 10, 2023, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By Redefinition Order No. S3-DEL-WAPA1-2023, effective April 10, 2023, the Under Secretary for Infrastructure further redelegate the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator.

⁴ 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

⁵ 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 (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)) and other acts that specifically apply to the projects involved.

Availability of Information

All brochures, studies, comments, letters, memoranda, or other documents that CRSP MC initiates or uses to develop the proposed rates are available for inspection and copying at the Colorado River Storage Project Management Center, located at 1800 South Rio Grande Avenue, Montrose, Colorado. Many of these documents and supporting information are also available on WAPA's website at:

www.wapa.gov/regions/CRSP/rates/Pages/rate-order-206.aspx

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

WAPA is determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.⁶

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

⁶ In compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, 42 U.S.C. 4321-4347; the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021).

Signing Authority

This document of the Department of Energy was signed on June 2, 2023, by Tracey A. LeBeau, Administrator, Western Area Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on June 16, 2023.

Treena V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

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