



6450-01-1

DEPARTMENT OF ENERGY

Western Area Power Administration

Provo River Project - Rate Order No. WAPA-221

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of rate order concerning Provo River Project's electric service formula rate.

SUMMARY: The formula rate for the Colorado River Storage Project Management Center's (CRSP MC) Provo River Project electric service has been confirmed, approved, and placed into effect on an interim basis (Provisional Formula Rate). The new formula rate under Rate Schedule PR-3 replaces the existing formula rate for these services, under Rate Schedule PR-2, which expires on March 31, 2025, and makes no changes to the existing formula rate other than updating associated contract references.

DATES: The Provisional Formula Rate under Rate Schedule PR-3 is effective on the first day of the first full billing period beginning on or after April 1, 2025, and will remain in effect through March 31, 2030, pending confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis, or until superseded.

FOR FURTHER INFORMATION CONTACT: Rodney Bailey, Regional Manager, CRSP MC, Western Area Power Administration, 1800 South Rio Grande Avenue, Montrose, CO 81401, or Tamala D. Gheller, Rates Manager, CRSP MC, Western Area Power Administration, 970-240-6545, or email: gheller@wapa.gov.

SUPPLEMENTARY INFORMATION: On June 10, 2020, FERC confirmed and approved Rate Schedule PR-2 under Rate Order No. WAPA-189 on a final basis through March 31, 2025.¹ This schedule applies to Provo River Project electric service. Western

¹ Order Confirming and Approving Rate Schedule on a Final Basis, FERC Docket No. EF20-1-000, 85 FERC ¶ 27,220 (2020).

Area Power Administration (WAPA) published a *Federal Register* notice (Proposed FRN) on October 15, 2024 (89 FR 83008), proposing no changes to the existing formula rate under Rate Order No. WAPA-189. The Proposed FRN also initiated a 30-day public consultation and comment period. The rate continues the formula-based methodology that includes an annual update to the data in the rate formula. The charges under the rates will be annually updated on or before the first day of September thereafter.

Legal Authority

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-S3-2024, effective August 30, 2024, 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 Redelegation Order No. S3-DEL-WAPA1-2023, effective April 10, 2023, the Under Secretary for Infrastructure further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator. This rate action is issued under Redelegation Order No. S3-DEL-WAPA1-2023 and Department of Energy procedures for public participation in rate adjustments set forth in 10 CFR part 903.²

Following review of CRSP MC's proposal, Rate Order No. WAPA-221, which provides the formula rate for electric service, is hereby confirmed, approved, and placed into effect on an interim basis. WAPA will submit Rate Order No. WAPA-221 to FERC for confirmation and approval on a final basis.

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

**DEPARTMENT OF ENERGY
ADMINISTRATOR, WESTERN AREA POWER ADMINISTRATION**

In the Matter of:)
Western Area Power Administration)
Colorado River Storage Project Management Center))
Rate Adjustment for the) Rate Order No. WAPA-221
Provo River Project's)
Power Formula Rate)

**ORDER CONFIRMING, APPROVING, AND PLACING THE FORMULA RATE FOR
THE PROVO RIVER PROJECT ELECTRIC SERVICE INTO EFFECT ON AN
INTERIM BASIS**

The formula rate in Rate Order No. WAPA-221 is established following section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152).³

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 Western Area Power Administration (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 the Federal Energy Regulatory Commission (FERC). By Delegation Order No. S1-DEL-S3-2024, effective August 30, 2024, 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 Redelegation Order No. S3-DEL-WAPA1-2023, effective April 10, 2023, the Under Secretary for Infrastructure further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator. This rate action is issued under Redelegation Order No. S3-DEL-WAPA1-2023 and DOE procedures for public participation in rate adjustments set forth in 10 CFR part 903.⁴

³ 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))

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

Acronyms, Terms, and Definitions

As used in this Rate Order, the following acronyms, terms, and definitions apply:

<u>Capacity:</u>	The electric capability of a generator, transformer, transmission circuit, or other equipment. It is expressed in kilowatts (kW) or megawatts (MW).
<u>Customer:</u>	An entity with a contract that is receiving firm electric service from WAPA.
<u>Deficit:</u>	Annual OM&R and/or capital repayment expenses that exceed available revenues.
<u>Energy:</u>	Measured in terms of the work it is capable of doing over a period of time. Electric energy is expressed in kilowatt-hours or megawatt-hours.
<u>FY:</u>	WAPA's Fiscal year; October 1 to September 30.
<u>NEPA:</u>	National Environmental Policy Act of 1969, as amended.
<u>O&M:</u>	Operation and maintenance expenses.
<u>OM&R:</u>	Operations, maintenance, and replacement expenses.
<u>Order RA 6120.2:</u>	DOE Order outlining the power marketing administration financial reporting and rate-making procedures.
<u>Power:</u>	Capacity and energy.
<u>Power Repayment Study (PRS):</u>	Defined in Order RA 6120.2 as a study portraying the annual repayment of power production and transmission costs of a power system through the application of revenues over the repayment period of the power system. The study shows, among other items, estimated revenues and expenses, year by year, over the remainder of the power system's repayment period (based upon conditions prevailing over the cost evaluation period), the estimated amount of federal investment amortized during each year, and the total estimated amount of federal investment remaining to be amortized.
<u>Preference:</u>	The provisions of Reclamation Law that require WAPA to first make federal power available to certain entities. For example, section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) states that preference in the sale of federal

power “shall be given to municipalities and other public corporations or agencies; and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made pursuant to the Rural Electrification Act of 1936 and any amendments thereof.”

Provisional Formula Rate:

A formula rate confirmed, approved, and placed into effect on an interim basis by the Secretary or his/her designee.

Revenue Requirement:

The revenue required by the PRS to recover annual expenses sufficient to recover operations and maintenance and repay federal investments and other assigned costs.

Surplus:

Annual OM&R and/or capital repayment expenses that are less than available revenues.

Surplus Marketable Energy:

The amount of energy, without power, produced by the Deer Creek Power Plant of the Provo River Project, which is made available after subtracting for station service use and replacement energy deliveries to PacifiCorp.

Effective Date

The Provisional Formula Rate Schedule PR-3 will take effect on the first day of the first full billing period beginning on or after April 1, 2025, and will remain in effect through March 31, 2030, pending approval by FERC on a final basis or until superseded.

Public Notice and Comment

CRSP MC followed the Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR part 903, in developing this formula rate. CRSP MC took the following steps to involve interested parties in the rate process:

1. On October 15, 2024, a *Federal Register* notice (89 FR 83008) (Proposed FRN) announced the proposed formula rate and launched a 30-day public consultation and comment period.

2. On October 15, 2024, CRSP MC notified Customers and interested parties of the proposed rate and provided a copy of the published Proposed FRN.
3. CRSP MC established a public website to post information about the rate process. The website is located at: *www.wapa.gov/about-wapa/regions/crsp/power-marketing/rate-order-221*.
4. During the 30-day consultation and comment period, which ended on November 14, 2024, CRSP MC received no oral comment submissions or written comment letters.

Power Repayment Study - Electric Service Rate

CRSP MC prepares a PRS each FY to determine if revenues will be sufficient to repay, within the required time, all costs assigned to the Provo River Project. Repayment criteria are based on applicable laws and legislation, as well as policies including Order RA 6120.2. To meet the Cost Recovery Criteria outlined in Order RA 6120.2, CRSP MC developed a formula rate to demonstrate that sufficient revenues will be collected under the Provisional Formula Rates to meet future obligations. The Revenue Requirement is calculated every FY and is payable in 12 monthly installments. CRSP MC will forecast Provo River Project FY expenses by preparing a PRS, which will include estimates of future OM&R, associated interest expenses, and other assigned costs. This repayment schedule does not depend on the energy made available for sale or the year's generation amount. The amount of each monthly installment is established in advance and submitted to the Customers on or before August 31, before the new FY. Customers are to pay reimbursable investment and the OM&R of the Provo River Project and, in return, will receive all Surplus Marketable Energy produced.

CRSP MC will calculate the revenue requirement based on two years of data. The calculation also includes an adjustment. The adjustment is the surplus or deficit in the last historic year when actual costs and repayment obligations are subtracted from revenues. This surplus or deficit is combined with the projected revenue requirement

year costs to arrive at the annual revenue requirement. Each Customer's annual installment pays the annual amortized portion of the United States' investment in the Provo River Project with interest and the associated OM&R.

To date, all investments not currently in progress (or in progress and not yet complete) are accounted for as construction-in-progress costs and have not been transferred to plant accounts for capitalization. Once transferred, an amortization schedule will be calculated for repayment. Current annual revenue requirement projections are based on the FY 2025 Reclamation and WAPA work plans received in February 2023, as indicated in Table 1. CRSP MC will update these projections on its website as data becomes available.

Table 1 - Actual & Projected Investment and O&M, and Capital Repayment

FY	2025	2026	2027	2028	2029	2030
Capital Repayment	\$52,041	\$56,367	\$56,367	\$56,367	\$62,147	\$251,636
USBR O&M	\$421,000	\$361,000	\$361,000	\$361,000	\$361,000	\$361,000
WAPA O&M	\$14,916	\$15,617	\$16,351	\$17,119	\$17,924	\$18,766
Estimated Adj. for Prior Year Balances	(\$65,000)	(\$10,000)	(\$10,000)	(\$10,000)	(\$15,000)	(\$185,000)
FY Totals	\$422,956	\$422,984	\$423,718	\$424,486	\$426,070	\$446,402

The FY 2025 annual revenue requirement includes all projected FY 2025 OM&R requiring repayment through FY 2025. Annual installments are established in advance by CRSP MC and submitted to the Customers on August 31, before the new FY. The FY 2026 annual installment will include all actual OM&R requiring repayment from the FY 2024 final financial data, the projected FY 2026 OM&R work plan, and amortized payments on capital investments plus interest. Subsequent annual installment updates will use updated financial data from appropriate conforming years.

Comments

CRSP MC received no oral or written comments during the public consultation and comment period.

Certification of Rates

I have certified that the Provisional Formula Rate for Provo River Project Electric Service under Rate Schedule PR-3 is the lowest possible rate, consistent with sound business principles. The Provisional Formula Rate was developed following administrative policies and applicable laws.

Availability of Information

Information used by CRSP MC to develop the Provisional Formula Rate is available for inspection and copying at the CRSP Management Center, 1800 South Rio Grande Avenue, Montrose, CO 81401. Many of these documents are also available on CRSP

MC's website at: www.wapa.gov/about-wapa/regions/crsp/power-marketing/rate-order-221.

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

WAPA has determined that this action fits within the following categorical exclusion listed in appendix B to subpart D of 10 CFR part 1021: B4.3 (Electric power marketing rate changes).⁵ Categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment. A copy of the categorical exclusion determination is available on WAPA's website at:

www.wapa.gov/about-wapa/regions/crsp/power-marketing/rate-order-221.

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.

Submission to the Federal Energy Regulatory Commission

The Provisional Formula Rate herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to FERC for confirmation and final approval.

ORDER

In view of the above, and under the authority delegated to me, I hereby confirm, approve, and place into effect, on an interim basis, Rate Order No. WAPA-221. The rate will remain in effect on an interim basis until: (1) FERC confirms and approves it on a final basis; (2) a subsequent rate is confirmed and approved; or (3) such rate is superseded.

⁵ The determination was done in compliance with NEPA (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 January 31, 2025, 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 February 11, 2025.

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

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

**COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
Provo River Project**

ELECTRIC SERVICE FORMULA RATE

Effective:

The first day of the first full billing period beginning on or after April 1, 2025, through March 31, 2030, or until superseded by another formula, whichever occurs earlier.

Available:

Customers of the Provo River Project.

Applicable:

To preference customers under contract (Contractor) with Western Area Power Administration.

Electric Service Formula Rate:

Rate Formula Provisions are contained in the service agreements. Service agreements are Contract Nos. 24-SLC-1294, 24-SLC-1295, 24-SLC-1296, 24-SLC-1297, and 24-SLC-1298, as supplemented.

Billing:

Billing will be as specified in the service agreements.

Adjustment for Losses:

Not Applicable