

Western profile



Western markets and transmits about 10,000 megawatts of power from 55 hydropower plants. Western also markets the United States' 547-MW entitlement from the coal-fired Navajo Generating Station near Page, Ariz.

Western sells about 40 percent of regional hydroelectric generation in a service area that covers 1.3 million square miles in 15 states. Our customers include municipalities, cooperatives, public utility and irrigation districts, Federal and state agencies, investor-owned utilities (only one of which purchases firm power from Western), marketers, Native American tribes, and Reclamation customers that purchase project use power. They, in turn, provide retail electric service to millions of consumers in Arizona, California, Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, Nevada, New Mexico, North Dakota, South Dakota, Texas, Utah and Wyoming.

Transmission: Central to Western

Providing this diverse customer base with transmission system reliability is central to Western's mission. Using an integrated 17,000-plus circuit mile, high voltage Federal transmission system, Western delivers reliable electric power to most of the western half of the United States. Since Western's inception in 1977, Western has added more than 3,700 additional miles of lines to its system and has managed hundreds of requests for interconnection. Yet the endless stream of developments in the industry—regional transmission organization formations, changes in control areas and the emer-

gence of new regulations, business practices and policies—have further increased Western's challenge to maintain system reliability.

Rate components

Western's role in delivering power also includes managing 11 different rate-setting systems. These rate systems are made up of 14 multipurpose water resource projects and one transmission project, not including the Central Arizona Project's Navajo generation. The systems include Western's transmission facilities along with power generation facilities owned and operated by the U.S. Bureau of Reclamation, the U.S. Army Corps of Engineers and the International Boundary and Water Commission.

Employees' commitment

While Western's role in the industry has evolved over the years, the dedication of employees at Western's 52 duty stations has not wavered. Employees stationed throughout Western's vast territory work around the clock to provide power sales, transmission operations and maintenance and engineering services. These duty locations include Western's Corporate Services Office in Lakewood, Colo., and four Customer Service Regions with offices in Billings, Mont.; Loveland, Colo.; Phoenix, Ariz.; and Folsom, Calif. We also market power from our Colorado River Storage Project Management Center in Salt Lake City, Utah, and manage system operations and maintenance from offices in Bismarck, N.D.; Fort Peck, Mont.; Huron, S.D. and Watertown, S.D.

Legislative authority

Congress established Western on Dec. 21, 1977 under Section 302 of the Department of Energy Organization Act. Under this statute, power marketing responsibilities and the transmission system assets previously managed by Reclamation were transferred to Western.

Financing methods

Our program includes three principal activities: operation and maintenance; purchase power and wheeling; and construction and rehabilitation. Each year, Congress appropriates funds to finance the operation and maintenance and construction and rehabilitation activities for many of our power systems, including the Pick-Sloan Missouri Basin Program, Central Valley Project, Parker-Davis Project, Fryingpan-Arkansas Project and the Pacific Northwest-Pacific Southwest Intertie Project. Our appropriations also include an annual contribution to the Utah Reclamation Mitigation and Conservation Account as specified in the Reclamation Projects Authorization and Adjustment Act of 1992. Existing legislation allows for the Colorado River Storage, Central Arizona, Seedska-dee, Dolores and Fort Peck projects to operate with power receipts through a revolving fund. Boulder Canyon Project is financed through permanent appropriations of receipts from the Colorado River Dam Fund. In accordance with the Foreign Relations Authorization Act for FY 1994 and FY 1995, a separate appropriation is provided to operate and maintain Falcon and Amistad project facilities for the International Boundary and Water Commission.

Because legislation requires that the U.S. Treas-

ury be repaid by those who benefit from Federal investments in the projects, power sales must produce enough revenues to cover power users' share of annual operation and maintenance project costs. Therefore, we set power rates to recover all costs associated with our activities and the power-related activities of the generating agencies, as well as the Federal investment in the power and transmission facilities (with interest) and certain costs assigned to power for repayment, such as aid to irrigation development.

Power revenue is also used to fund portions of Western's purchase power and wheeling activities. Drought conditions—like those we experienced in FY 2003—and other factors sometimes require us to purchase power from other suppliers to meet long-term firm power contract commitments. In FY 2001, Western obtained authority to fund these activities from power receipts. The receipt funding authority, combined with alternative financing methods, such as net billing, bill crediting and customer advanced funding, eliminated the need for an annual appropriation to meet planned Purchase Power and Wheeling program needs. Western's continuing fund authorities also provide emergency funding under below normal generating conditions to finance unplanned purchase power expenses.

Customers also provide advance funding to finance other power system expenses and capital assets. We also do work for other Federal and non-Federal organizations. The authority for these activities is under the Economy Act, the Contributed Funds Acts and the Interior Department Appropriations Act of 1928. ▼