

**RECORD OF CATEGORICAL EXCLUSION DETERMINATION
Rocky Mountain Region, Western Area Power Administration**

**Loveland Area Projects and
Western Area Colorado Missouri Balancing Authority—
Formula Rate Adjustment for Transmission and Ancillary Services for the Rocky
Mountain Region service area (Colorado, Kansas, Nebraska, and Wyoming).**

A. Brief Description of Proposed Action: The Western Area Power Administration (Western) is proposing to update its Loveland Area Projects (LAP) Transmission and Western Area Colorado Missouri (WACM) Balancing Authority Ancillary Services formula rates. The existing formula-based rates, under Rate Schedules L-FPT1, L-NFPT1, L-NT1, L-AS1, L-AS2, L-AS3, L-AS4, L-AS5, L-AS6 and L-AS7, were approved under Rate Order WAPA-106 and became effective on March 1, 2004, with an expiration date of February 28, 2009. The rate schedules, with the exception of Rate Schedule L-AS3, Regulation and Frequency Response, were extended through February 28, 2011, under Rate Order No. WAPA-141. Rate Schedule L-AS3 was revised and approved under Rate Order No. WAPA-118, which became effective June 1, 2006, with an expiration date of May 31, 2011. All Transmission and Ancillary Services rate schedules, including the Regulation and Frequency Response Service schedule, were extended through February 28, 2013, under Rate Order No. WAPA-154. The current rate schedules contain formula-based rates that are recalculated annually using updated financial and load information. The proposed rates continue this approach. Pursuant to Western's revised Open Access Transmission Tariff (OATT), which was effective December 1, 2009, Western is also proposing new formula rates for Generator Imbalance Service and Unreserved Use Penalties. If adopted, the proposed formula rates, under Rate Schedules L-FPT1, L-NFPT1, L-NT1, L-AS1, L-AS2, L-AS3, L-AS4, L-AS5, L-AS6, L-AS7, L-AS9 and L-AS10, would be in effect from October 1, 2011, through September 30, 2016, or until superseded. Following is a comparison of the proposed rates and the existing rates:

Class of Service	Proposed Rate Schedule and Estimated Rate Effective October 1, 2011 ¹ (FY 2012)	Existing Rate Schedule and Rate Effective October 1, 2010 (FY 2011)
Network Transmission Service	L-NT1 Load ratio share of 1/12 of the revenue requirement of \$56,146,133	L-NT1 Load ratio share of 1/12 of the revenue requirement of \$48,000,660
Class of Service	Proposed Rate Schedule and Estimated Rate Effective October 1, 2011 ¹ (FY 2012)	Existing Rate Schedule and Rate Effective October 1, 2010 (FY 2011)

Transmission Losses Service	<p>L-AS7 Transmission losses may be settled either financially or with energy. Insufficient losses supplied will be settled financially by default.</p> <p>All customers will have the option to return the loss obligation for both prescheduled and real-time transactions 7 days later, same profile.</p> <p>Pricing used is WACM weighted average hourly purchase price.</p>	<p>L-AS7 Transmission losses may be settled either financially or with energy. Insufficient losses supplied will be settled financially by default.</p> <p>All customers will have the option to return the loss obligation for both prescheduled and real-time transactions 7 days later, same profile.</p> <p>Pricing used is LAP weighted average hourly purchase price.</p>
Generator Imbalance Service	<p>L-AS9</p> <ul style="list-style-type: none"> -Imbalances less than or equal to 1.5% (minimum 4 MW) of metered generation settled using WACM hourly pricing with no penalty. -Imbalances 1.5% to 7.5% (minimum 4 MW to 10 MW) of metered generation settled using WACM hourly pricing with a 10% penalty. -Imbalances greater than 7.5% (minimum 10 MW) of metered generation settled using WACM hourly pricing with a 25% penalty. -Intermittent Resources not subject to 3rd band penalties. -Administrative fee charged on every settlement. 	<p>Provided Under Rate Schedule L-AS4.</p>
Penalty Rate for Unreserved Use of Transmission Service	<p>L-AS10 Penalized 200% of demand charge, with a maximum of monthly service.</p>	<p>Provided Under Rate Schedules L-FPT1 and L-NFPT1.</p>

¹Rates effective October 1, 2011, are preliminary and are subject to change upon publication of final formula rates.

The proposed rate adjustments are scheduled to become effective on an interim basis on the first day of the October 2011 billing period.

A full description of this project/action can be found in the following document(s):
 Notice of Proposed Rate Order No. WAPA-155 and the Customer Brochure for the Proposed Formula Rates for Loveland Area Projects Transmission and WACM Ancillary Services.

B. Number and Title of the Categorical Exclusion Being Applied: (See text in 10 CFR 1021, Subpart D.) B.4.3. Rate changes for electric power, power transmission, and other products or services provided by a Power Marketing Administration that are based on a change in the revenue requirements, if the operations of generation projects would remain within normal

D. Determination: Based on my review of information provided to me and in my possession concerning the proposed action, I determined that the proposed action fits within the specified class of actions, the other regulatory requirements set forth above are met, and the proposed action is categorically excluded from the requirements for an EI or an EIS.

C. Shane Collins Date: 5/19/11

C. Shane Collins
NEPA Compliance Officer
Western Area Power Administration

[*Note: This approval applies only to the project/action described in the documents provided by Western Area Power Administration. These project descriptions provide the basis for review of potential impacts on other environmental resources. This approval may not extend to a project/action that differs from the one described.]

<ul style="list-style-type: none"> Federally-listed threatened or endangered species or their habitat (including critical habitat), federally-proposed or candidate species or their habitat, or state-listed endangered or threatened species or their habitat; 	x		
<ul style="list-style-type: none"> Wetlands regulated under the Clean Water Act and Floodplains; 	x		
<ul style="list-style-type: none"> Areas having a special designation such as Federally- and state-designated wilderness areas, national parks, national natural landmarks, wild and scenic rivers, state and Federal wildlife refuges and marine sanctuaries; 	x		
<ul style="list-style-type: none"> Prime agricultural lands; 	x		
<ul style="list-style-type: none"> Special sources of water (such as sole-source aquifers, wellhead protection areas, and other water sources that are vital in a region); and 	x		
<ul style="list-style-type: none"> Tundra, coral reefs, or rain forests. 			

¹Applicable statutory, regulatory, or permit requirements for environment, safety and health, including requirements of DOE and/or Executive Orders (in addition to those listed above)
N/A – Project involves administrative coordination only.