

# Public Information Forum

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## Loveland Area Projects

### Proposed 2006 Firm Power Rate Adjustment

Ron W. Steinbach

July 2005



# Proposed Rate Adjustment

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- 2 Step Adjustment:
- Composite Rate (mills/kWh)
  - Current 23.90
  - January 1, 2006: 26.12
  - January 1, 2007: 27.36
- Two Components
  - Pick-Sloan
  - Fryingpan-Arkansas



# Summary

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- Final FY 2004 Fry-Ark PRS
- 2006 Rate Setting Fry-Ark PRS
- Fry-Ark Revenue Requirement History
- Preliminary LAP Rate Adjustment
- LAP Rate History
- Proposed Schedule



# Fry-Ark

## Final FY 2004 PRS Results

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Comparison of existing rate to solution:  
\$12,856k to \$13,503k

- FY 2004 expenses exceeded revenues
- Modified Revenue and Expense Projections
  - Adjusted miscellaneous revenues
  - Increased O&M and Net Purchased Power



# Fry-Ark

## FY 2004 Expenditures

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- O&M \$ 4.9 million
- Purchased Power  
and Transmission \$ 5.9 million
- Interest on Investment \$ 4.4 million
- Deficit Taken \$ 579 thousand



# Fry-Ark

## 2006 Rate Setting PRS

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Comparison of existing rate to solution

\$12,856k to \$13,869k

- Repay FY 2004 deficit
- Add Western and Bureau of Reclamation FY 2007 work-plans
- Add additional year of purchased power expense and economy sales revenue



# Fry-Ark

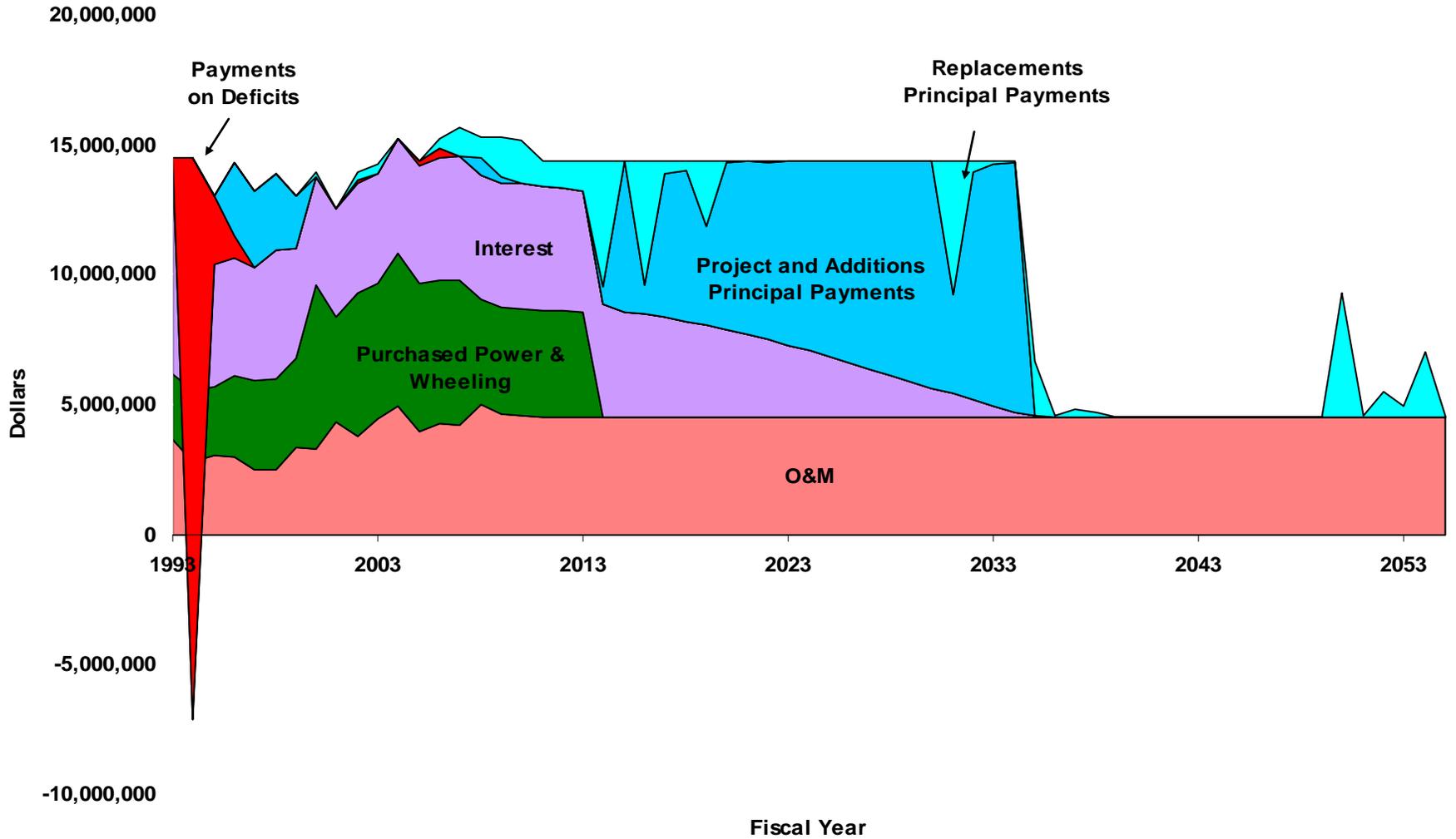
## Future O&M Expenditures

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	<u>Western</u>	<u>Bureau</u>
2005	\$685,428	\$3,278,808
2006	\$725,789	\$3,519,482
2007	\$686,777	\$3,500,756
2008	\$705,765	\$4,272,130
2009	\$724,753	\$3,891,604
2010	\$744,086	\$3,828,182



**REVENUE DISTRIBUTION**  
**Fryingpan-Arkansas**  
**Replacements and Additions Shown Separately**  
**2006 Rate Setting PRS**



# Fryingpan-Arkansas History

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<u>Year</u>	<u>Revenue Requirement</u>
• 1989	\$ 9,242,000
• 1991	\$11,747,800
• 1992	\$13,933,200
• 1994	\$12,855,560
• 2006	\$13,503k proposed 1 <sup>st</sup> step
• 2007	\$13,869k proposed 2 <sup>nd</sup> step



# Fryingpan-Arkansas

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PRESENT REVENUE REQUIREMENT: \$12,855,560

PROPOSED INCREASES:

Jan 06 -	\$ 647,840
Jan 07 -	<u>\$ 366,000</u>
Total Increase	\$ 1,013,840

Proposed Revenue Requirement \$13,869,400



# Pick-Sloan WD

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## PRESENT REVENUE REQUIREMENT:

18.06 mills/kWh x 1,988,000,000 kWh \$35,903,280

## PROPOSED INCREASES:

Jan 06 - 1.96 mills/kWh x 1,988,000,000 kWh \$ 3,896,480

Jan 07 - 1.07 mills/kWh x 1,988,000,000 kWh \$ 2,127,160

Total Increase \$ 6,023,640

Proposed Revenue Requirement \$41,926,920  
(21.09 mills/kWh x 1,988,000,000 kWh)



# Loveland Area Projects

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## PRESENT REVENUE REQUIREMENT:

23.90 mills/kWh x 2,040,000,000 kWh \$48,758,840

## PROPOSED INCREASES:

P-SMBP-WD Revenue Requirement \$ 6,023,640

Fry-Ark Revenue Requirement \$ 1,013,840

Total Increase \$ 7,037,480

Total LAP Revenue Requirement (2<sup>nd</sup> step)

27.36 mills/kWh x 2,040,000,000 kWh \$55,796,320



# Preliminary LAP Rate Adjustment

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Comparison of existing LAP rate to  
preliminary LAP solution

23.90 to 27.36 mills/kWh  
(3.46 mills/kWh increase)

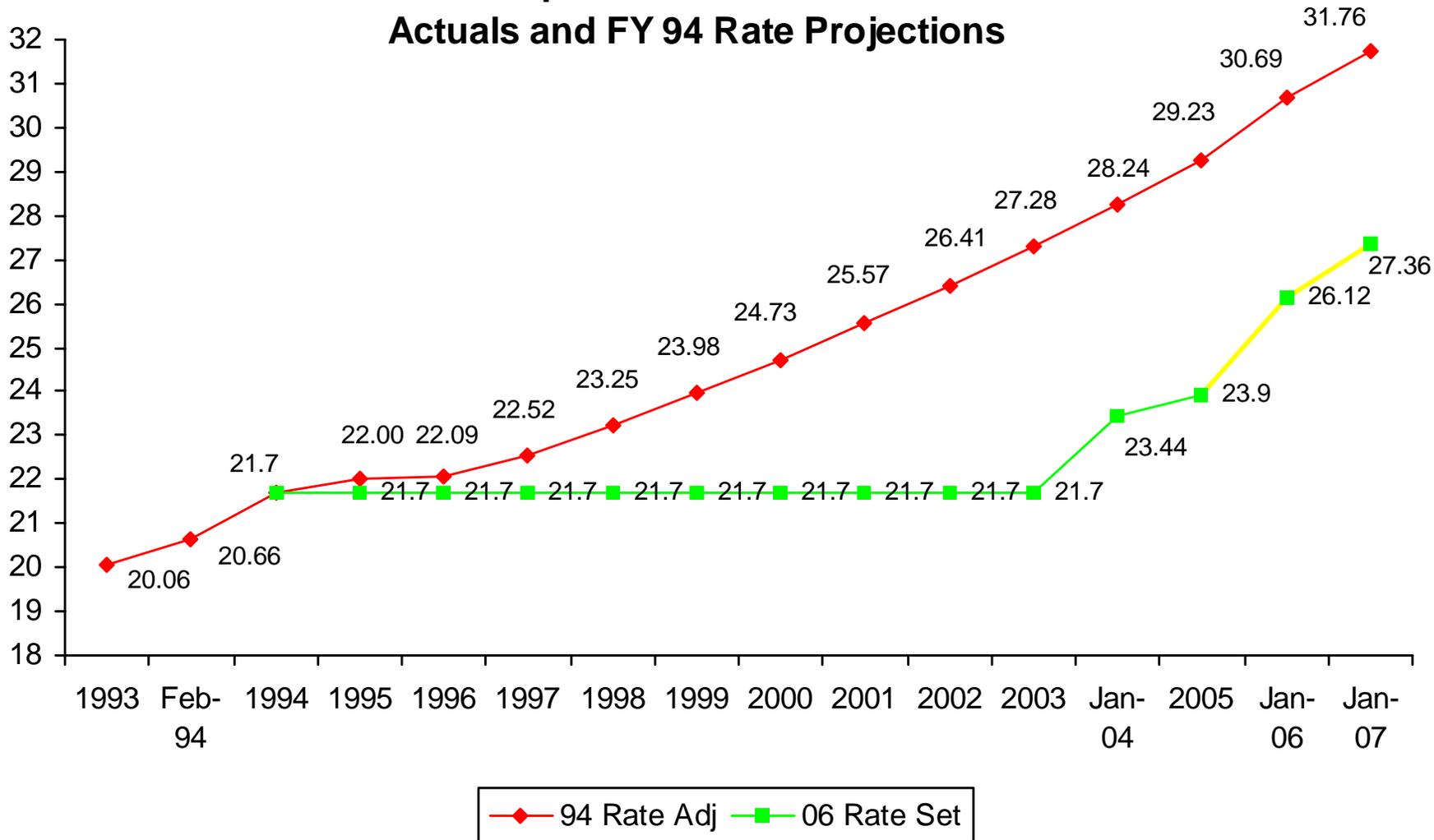


# Loveland Area Projects Rate Setting Proposal

	Composite Rate (mills/kWh)	Percent Change	Implementation Date	Western Division Rev. Req. (millions)	Fry-Ark Rev. Req. (millions)	Capacity Charge (\$/kW-month)	Energy Charge (mills/kWh)
Current Rates	23.90		Oct 2004	\$35.9	\$12.9	\$3.14	11.95
2 Step	26.12	9.3%	Jan 2006	\$39.8	\$13.5	\$3.43	13.06
	27.36	<u>5.2%</u> 14.5%	Jan 2007	\$41.9	\$13.9	\$3.59	13.68



# Loveland Area Projects Proposed 2006 Rates vs. Actuals and FY 94 Rate Projections



# Loveland Area Projects Rate History

Year	Composite Rate			
• 1989	14.30			
• 1990	Step 1	16.78	Step 2	<del>17.20</del>
• 1991	Step 1	19.18	Step 2	20.06
• 1994	Step 1	20.66	Step 2	21.70
• 2004	Step 1	23.44	Step 2	23.90
• 2006	Step 1	26.12	Step 2	27.36

# Proposed Schedule

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- Informal Meetings  
*Public Process (90 days)* May 10<sup>th</sup> *Denver*
- Federal Register Announcement June 16<sup>th</sup>
  - Information Forums July 19-20<sup>th</sup> *Denver & Lincoln*
  - Comment Forums August 16<sup>th</sup> *Denver*
- Close of Comment period September 14<sup>th</sup>
- Implementation of New Rates January 1, 2006



# Other Information

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- Materials for formal process will be posted on Website <http://www.wapa.gov/rm/rm.htm>
- To Contact Us
  - Ron Steinbach [steinbach@wapa.gov](mailto:steinbach@wapa.gov) (970) 461-7322
  - Dan Payton [dpayton@wapa.gov](mailto:dpayton@wapa.gov) (970) 461-7442
  - Sheila Cook [scook@wapa.gov](mailto:scook@wapa.gov) (970) 461-7211

## Mailing Address

Western Area Power Administration  
Rocky Mountain Region  
PO Box 3700  
Loveland, CO 80539

## E-Mail Address for Official Comments

LAPFirmAdj@wapa.gov

