CRSP Update
UMPA Annual Member Conference

April 6, 2018

Steve Johnson
Senior VP and CRSP MC Manager
What is WAPA?
WAPA’s history

- Reclamation Act of 1902
- Economy Act
- Flood Control Act of 1944
- DOE Act
Power Marketing Administrations
Three lines of business

Federal Hydropower
- Market 10,503 MW of power from 56 dams
- Buy and sell power to provide firm electric service

Transmission System & Service
- 17,000+ miles of transmission lines
- Operate 3 balancing areas
- 15-state operating region

Transmission Infrastructure Program
- Separate $3.25 B borrowing authority
- Projects must facilitate renewables
- Projects must have a terminus in WAPA’s footprint
In the West

- Balancing distributed and broad system
- 4 regions
- 1 Management Center
- 15-state footprint
- Top 10 largest transmission utility in country
Strategic Roadmap 2024

Mission
Market and deliver clean, renewable, reliable, cost-based Federal hydroelectric power and related services
Our power comes from...

- Hydroelectric energy produced at federal generating agencies
- Multipurpose projects
- Variable water availability
CRSP Act of 1956

Water Storage and Development
Colorado, New Mexico, Utah and Wyoming
Glen Canyon, Aspinall, Navajo, Flaming Gorge and Participating Projects

Development of Related Power Production and Transmission System
Development of Related Water Delivery Facilities

Envisioned at the time of the Colorado River Compact (1922) (upper and lower basins).
Salt Lake City Area Integrated Projects
CRSP Management Center – Integrated Projects

• 11 power plants
• 24 generating units
• 1,816 MW total installed capacity (73% from Glen Canyon)
• 2,325 circuit miles (Arizona, Colorado, New Mexico, Utah, Wyoming)
CRSP Power Generating Facilities

- **Glen Canyon** - Glen Canyon – 1,320 MW (1964 - Colorado River)
- **Flaming Gorge** - Flaming Gorge – 152 MW (1963 - Green River)
Salt Lake City Area Integrated Projects (SLCA/IP)

- **Dolores Project (southwest Colorado)**
  - McPhee: 1 MW
  - Towaoc: 11 MW

- **Seedskadee Project**
  - Fontenelle (WY): 13 MW (Green River)

- **Colbran Project (Plateau Creek near Grand Junction)**
  - Upper Molina: 9 MW
  - Lower Molina: 5 MW

- **Rio Grande Project (our oldest facility)**
  - Elephant Butte (NM): 28 MW (Rio Grande River)

**Participating Project:** Basin Fund

** Appropriated Funds**
Rate-Setting Responsibility

• Rates are set using forecasts for set of future years
• Annual rate calculation
• Reimbursable expenses/costs -- items the power customers are legally required to pay
  • Operations and maintenance
  • Required principal and interest payments
  • Amortized capital replacements (WAPA and BOR)
  • Purchase power to “firm” contractual commitments
  • Irrigation assistance for participating projects
  • Salinity Control Program – reduce salt in Colorado River
Annual Rate Calculation

• Revenue requirement = the sum of all reimbursable expenses
• Rate = revenue requirement/projected energy sales
• Example:
  - $200 required revenue to cover reimbursable costs
  - Contracts = 200 KWh of energy delivery
  - Rate = $1.00/KWh
• Rate change is done only if projected revenue is insufficient to meet future projected expenses.
• Basin Fund cash balance is not a component of the rate.
Basin Fund

• **Section 5** of the 1956 CRSP Act authorized a separate fund in the Treasury of the United States to be known as the **Upper Colorado River Basin Fund (Basin Fund)** ... for carrying out provisions of this Act.

• The Basin Fund is a revolving fund replenished by revenue receipts.

• No federal appropriations for annual operating expenses.

• Rarely receive appropriations for specific replacement projects.
Basin Fund cash flow

Revenue comes in over time

**CRSP Basin Fund**

- **Power Rates**
- **Power Revenues**
- **Constructive Return**
- **Principal & interest return of Investment to the U.S. Treasury**
- **Non-reimbursable activities**
- **Purchase Power for Firm Contracts**
- **BOR & WAPA O&M Funding**

Cash outlays are immediate
SLCA/IP and Olmsted Updates

• 2025 Salt Lake City Area Integrated Projects Power Marketing Plan
  • 138 contracts have been prepared and sent out.
  • First contract executed March 13.
  • Maintained customer base and allocations from previous marketing plan.

• Olmsted Marketing Plan
  • Final marketing plan was issued on Oct. 11.
  • Call for applications closed on Dec. 11.
  • Rate action in process to establish initial formula rate.
Questions?

Steve Johnson
CRSP MC Manager
johnsons@wapa.gov
970.252.3000