



# Western Area Power Administration

## **Rates Customer Meeting**

Colorado River Storage Project  
Management Center

**June 25, 2009**



# Introduction

- Welcome
- Staff Introductions
- Purpose of Meeting
- Handout Materials

# Meeting Topics

1. Status of Repayment and Project Milestones
2. Current SLCA/IP Firm Power Rate (SLIP-F9)
3. Revenue Requirements Comparison Table
4. June Update
  - FY 2008 Data
  - O&M (Security Costs)
  - Purchased Power Expenses
  - Transmission Expense
  - Interest Expense
  - Other Expenses (Salinity)
  - Power Repayment

# Meeting Topics (Cont'd)

4. June Update (Continued)
  - Irrigation Repayment
  - Offsetting Revenues
  - Project Use Requirements
5. Cost Recovery Charge
6. Step 2 Rate
7. Open Discussion, Comments & Next Steps

# Status of Repayment and Project Milestones (Tab 2)

SLCA/IP Status of Repayment  
Power Investment Only  
As of Sept 30, 2008

Project	Investment (\$million)	Repaid		Projected Payoff
		Amount (\$million)	Percent	
Collbran	18.172	18.172	100.0%	N/A
CRSP	1,140.287	753.572	66.09%	2017
Dolores	38.215	4.599	12.03%	2047
Rio Grande	16.300	15.289	93.8%	2010
Seedskadee	7.668	7.668	100.0%	N/A



# Current SLCA/IP Rate (SLIP-F9)

## (Tab 3 )

- **First Step: Effective October 1, 2008**
  - Energy: 11.06 mills/kWh
  - Capacity: \$4.70/kWmonth
  - Composite Rate: 26.80 mills/kWh
- **Second Step: Effective October 1, 2009**  
(Upper limit to Step 2)
  - Energy: 12.29 mills/kWh
  - Capacity: \$5.22/kWmonth
  - Composite Rate: 29.68 mills/kWh



# June Update

## Fiscal Year 08 Estimate to Actual

(Tab 6 )

- Revenues increased \$28.1 million
- Expenses increased \$24.2 million
- Net available increased \$3.9 million
- Investments booked to plant were \$14.8 million less than projected



# Annual Revenue Requirements and Firm Power Rates Comparison Table (Tab 7)

- See Handout

# June Update

## O&M Costs

(Tab 8 )

- Used same budgets for June Update as Rate Order Cap PRS (FY 2010)
- Change in O&M costs was for Reclamation security costs
  - Security costs increased (\$475k/year)



# June Update

## Purchased Power

(Tab 9 )

- Purchased power costs were down \$1.8 million/year
  - Long term median hydrology estimates indicate lower purchased power costs
    - FY 2009 update based mostly on actual data
    - FY 2010 update based on 24-month study
    - FY 2011-13 update based on Reclamation's long term median hydrology estimate

# June Update

## Transmission Expense

### (Tab 10 )

#### Transmission Expense (per year) Comparison

Item	Cap Rate	June 09 Update	Change
Deseret G&T 1/	\$ 3,354,732	\$ 3,739,320	\$ 384,588
Intertie (from DSW) 2/	\$ 1,608,000	\$ 2,042,160	\$ 434,160
All Other Contracts	\$ 4,719,005	\$ 4,743,876	\$ 24,871
<b>Total</b>	<b>\$ 9,681,737</b>	<b>\$ 10,525,356</b>	<b>\$ 843,619</b>

1/ Increase due to increased projection in amount of purchases from 121,634 to 141,558/kWyear.

2/ Rate increased from \$1.00 to \$1.27/kWmonth.



# June Update

## Interest Expense

- Interest expense changes when other revenue requirements change
  - Lower interest expense because of reduced investment repayment obligations
  - FY 2008 investments dropped by about \$14.8 million



# June Update

## Other Expenses (Salinity)

(Tab 11)

- Decreased an average of \$257k/year due to salinity
  - See salinity handout
- Upfront cost sharing down \$2k/year
- Repayment changed from straight-line to balloon
- This change made salinity due after FY 2025
  - Caused \$255k/year decrease



# June Update

## Power Repayment

- Payments to replacements and additions decreased \$870k/year
  - Some CWIP and budgeted amounts were not completed
  - Future budget years unchanged



# June Update

## Irrigation Repayment (Tabs 12 & 13 )

- Main-stem irrigation obligations are unchanged
- Aid to participating projects irrigation obligations increased \$24.7 million
  - \$5.6 million due to construction costs of Central Utah Project
  - \$19.1 million due to apportionment obligations

# June Update

## Offsetting Revenues

(Tabs 14 & 15)

Unit: \$1,000

Revenue	Step 2 Cap Rate PRS	June 2009 Update	Difference
Firm Transmission	\$ 19,804	\$ 16,718	\$ (3,086)
Non-Firm Transmission	\$ 1,247	\$ 1,327	\$ 80
Resale Energy 1/	\$ 6,304	\$ 6,896	\$ 592
Transaction Fees 1/	\$ 1,315	\$ 1,412	\$ 97
Other 2/	\$ 5,442	\$ 7,687	\$ 2,245
<b>Total</b>	<b>\$ 34,112</b>	<b>\$ 34,040</b>	<b>\$ (72)</b>

1/ Merchant function.

2/ Includes revenues from ancillary services, auxiliary services, spinning reserves, administrative charges for WRP and CDP transactions, facility use, energy imbalance, and other miscellaneous revenues.



# June Update

## Project Use Requirements (Tab 16)

- Project use revisions caused energy sales to decrease
  - Decrease primarily due to Animas-La Plata



# Cost Recovery Charge

## FY 2010

### (Tab 18)

- Refer to handout
  - FY 2011 estimate to be \$0
  - Since inception in FY 2006, CRC has been \$0

# June Update

## Step 2 Rate

- Current Firm Power Rate (SLIP-F9)
  - **Step 2: Effective October 1, 2009**
    - Energy: 12.19 mills/kWh
    - Capacity: \$5.18 kW/month
    - Composite Rate: 29.62 mills/kWh



# Open Discussion, Comments & Next Steps

- Comments by Friday, July 24
- Customer notification on or before  
September 1

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