

WESTERN AREA POWER ADMINISTRATION

**Welcome to the
Public Information Forum
for the proposed SLCA/IP Firm Power Rate and
CRSP Transmission and Ancillary Services Rates
(Rate action WAPA-169)**

**January 15, 2015
11:30 am – 2:00 pm**

The meeting will begin at 11:30 am MST

Handout Materials:

<http://www.wapa.gov/crsp/ratescrsp/WAPA-169.htm>

WESTERN AREA POWER ADMINISTRATION

Please...



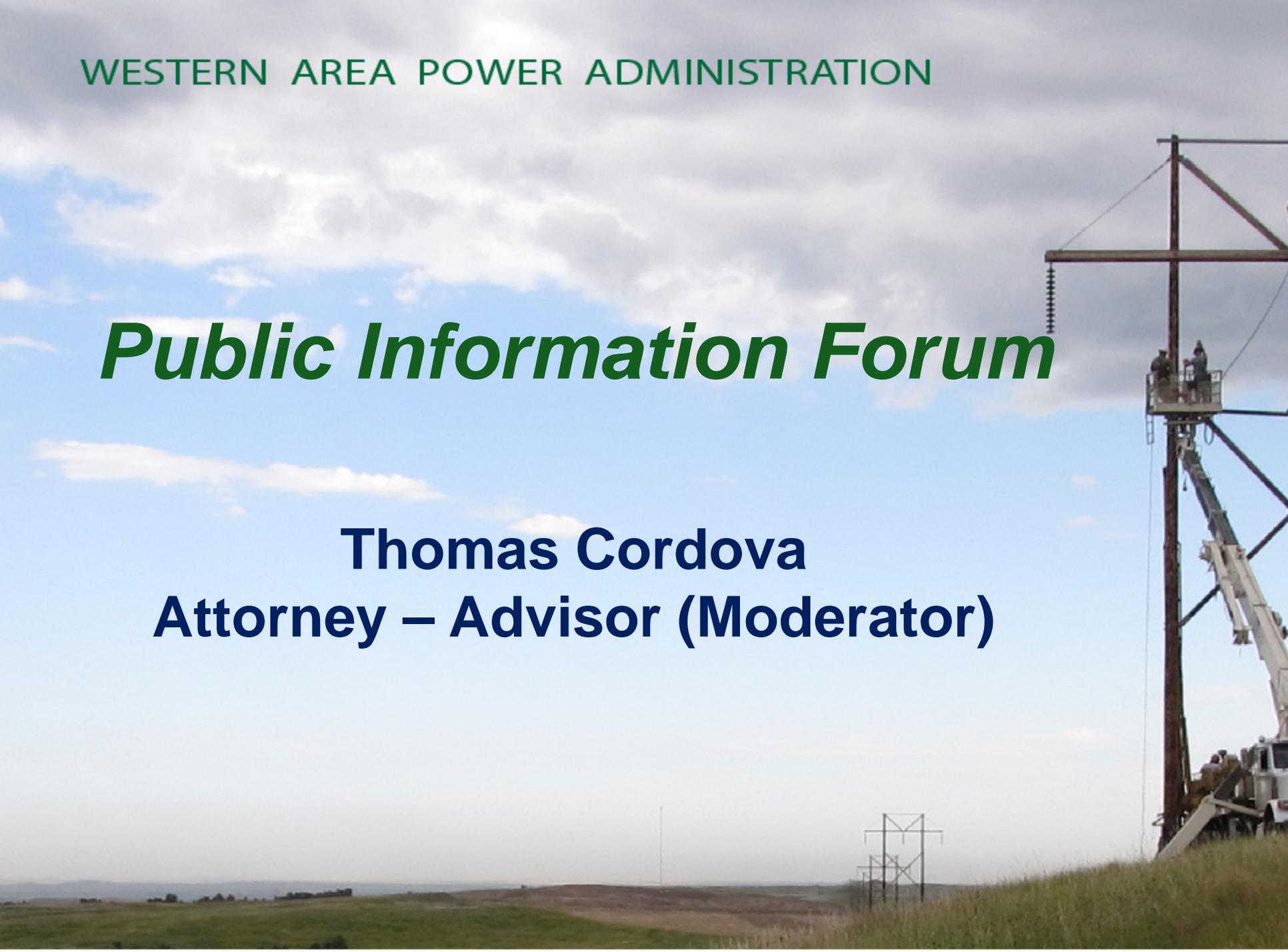
**Be Sure
Your Cell
Phone Is
On Quiet
Or Vibrate**



WESTERN AREA POWER ADMINISTRATION

Public Information Forum

Thomas Cordova
Attorney – Advisor (Moderator)



WESTERN AREA POWER ADMINISTRATION

CRSP MC Contact Information

Lynn Jeka – CRSP Manager

801-524-6372

jeka@wapa.gov

Rodney Bailey – Power Marketing Manager

801-524-4007

rbailey@wapa.gov

Thomas Hackett

801-524-5503

hackett@wapa.gov

Jacob Streeper

801-524-3526

streeper@wapa.gov

Tony Henriquez

801-524-6388

thenriquez@wapa.gov

<http://www.wapa.gov/crsp/ratescrsp/WAPA-169.htm>

CRSPMC-rate-adj@wapa.gov

Time line

- Proposed Rate FRN Published December 9, 2014 ✓
- Public Information Forum January 15, 2015 ✓
- **Public Comment Forum February 5, 2015**
- **Comment period closes March 13, 2015**
- **Annual SLCA/IP customer meeting May 2015**
- **Final Rate FRN published August 2015**
- **New Rate effective October 1, 2015**

Highlights of proposed rate

- Purchase Power
- Cost Recover Charge
- Forward looking transmission rate
- Ancillary Services
 - Regulation
 - Unreserved Use



SLCA/IP Rate

1. History of the SLCA/IP Firm Power Rate
2. Proposed SLCA/IP Firm Power Rate
3. Cost Recovery Charge (CRC)
4. Transmission Rate / Ancillary Service Rates



SLCA/IP Firm Power Rate

(Tab 3)

	WAPA-137	WAPA-169
Effective:	October 1, 2009	October 1, 2015
Rate Schedule	SLIP-F9	SLIP-F10
Energy (mills/kWh):	12.19	12.38*
Capacity (kW/month):	\$5.18	5.26*
Composite Rate (mills/kWh):	29.62	29.93*
Expires:	September 30, 2015	October 1, 2020

*Proposed

History of SLIP Rates

<u>Effective Date (CY)</u>	<u>Capacity \$/kW</u>	<u>Energy mills/kWh</u>	<u>Composite mills/kWh</u>
1993	3.54	8.40	18.70
1995	3.83	8.90	20.17
1998	3.44	8.10	17.57
2002	4.04	9.50	20.72
2005	4.43	10.43	25.28
Step 1 2008	4.70	11.06	26.80
Step 2 2009	5.18	12.19	29.62
Proposed: 2015	5.26	12.38	29.93

Rate Comparison

Thomas Hackett



Preliminary PRS Composite Rate History

- SLIP-F9 Step 2 rate PRS – **29.62** mills/kWh
- FY2010 preliminary PRS – **31.41** mills/kWh
- FY2011 preliminary PRS – **29.70** mills/kWh
 - MOA concerning the Upper Colorado Basin Fund (Apportionment)
- FY2012 preliminary PRS – **29.79** mills/kWh
- FY2013 preliminary PRS – **32.21** mills/kWh
- FY2014 preliminary PRS – **28.75** mills/kWh
 - Glen Canyon Cost Reallocation

Proposed: ▪ **SLIP-F10 rate-setting PRS – 29.93 mills/kWh**

Salt Lake City Area Integrated Projects

Annual Revenue Requirements and Firm Power Rates Comparison Table

Item	Unit	WAPA 137 Step 2 Rate PRS - Current	WAPA 169 PRS Proposed	Change	
		2010 Workplan	2016 Workplan	Amount	Percent
Rate Setting Period:					
Beginning year	FY	2010	2016		
Pinchpoint year	FY	2025	2025		
Number of rate setting years	Years	16	10		
Annual Revenue Requirements:					
<u>Expenses</u>					
Operation and Maintenance:					
Western	1,000	\$40,514	\$52,422	\$11,908	29%
Reclamation	<u>1,000</u>	<u>\$30,092</u>	<u>\$34,964</u>	<u>\$4,872</u>	<u>16%</u>
Total O&M	1,000	\$70,606	\$87,386	\$16,780	24%
Purchased Power 1/					
Transmission	1,000	\$5,163	\$12,105	\$6,942	134%
Integrated Projects requirements	1,000	\$10,525	\$10,213	(\$312)	-3%
Interest	1,000	\$7,286	\$8,417	\$1,131	16%
Other 2/	1,000	\$3,693	\$1,895	(\$1,798)	-49%
Total Expenses:	1,000	\$100,257	\$135,477	\$35,220	35%
<u>Principal payments</u>					
Deficits	1,000	\$0	\$0	\$0	0%
Replacements	1,000	\$28,652	\$27,608	(\$1,044)	-4%
Original Project and Additions	1,000	\$17,936	\$6,015	(\$11,921)	-66%
Irrigation 3/	1,000	<u>\$38,744</u>	<u>\$16,259</u>	<u>(\$22,485)</u>	<u>-58%</u>
Total principal payments:	1,000	\$85,332	\$49,882	(\$35,450)	-42%
Total Annual Revenue Requirements	1,000	\$185,589	\$185,359	(\$230)	0%
(Less Offsetting Annual Revenue:)					
Transmission (firm and non-firm)	1,000	\$18,045	\$18,500	\$455	3%
Merchant Function 4/	1,000	\$8,309	\$9,598	\$1,289	16%
Other 5/	1,000	<u>\$7,687</u>	<u>\$4,934</u>	<u>(\$2,753)</u>	<u>-36%</u>
Total Offsetting Annual Revenue	1,000	\$34,041	\$33,032	(\$1,009)	-3%
Net Annual Revenue Requirements	1,000	\$151,548	\$152,327	\$779	1%
Energy Sales 6/	MWH	5,116,346	5,089,920	(25,807)	-1%
Capacity Sales	kW	1,434,946	1,417,830	(17,116)	-1%
Composite Rate	mills/kWh	29.62	29.93	0.31	1.0%

Expenses

WAPA-169 Proposed

		WAPA 137 Step 2 Rate PRS	WAPA 169 PRS Proposed	Change	
Annual Revenue Requirements:	Unit	2010 Workplan	2016 Workplan	Amount	Percent
<u>Expenses</u>					
Operation and Maintenance:					
Western	1,000	\$40,514	\$52,422	\$11,908	29%
Reclamation	<u>1,000</u>	<u>\$30,092</u>	<u>\$34,964</u>	<u>\$4,872</u>	<u>16%</u>
Total O&M (Tab 7)	1,000	\$70,606	\$87,386	\$16,780	24%
Purchased Power (Tab 8)	1,000	\$5,163	\$12,105	\$6,942	134%
Transmission	1,000	\$10,525	\$10,213	(\$312)	-3%
Integrated Projects Reqs. (Tab 11)	1,000	\$7,286	\$8,417	\$1,131	16%
Interest (See ES – Tab 4)	1,000	\$3,693	\$1,895	(\$1,798)	-49%
Other (Tab 12 & ES – Tab 4)	1,000	<u>\$2,984</u>	<u>\$15,461</u>	<u>\$12,477</u>	<u>418%</u>
Total Expenses	1,000	\$100,257	\$135,477	\$35,220	35%

WESTERN AREA POWER ADMINISTRATION

Purchased Power Actual vs Projections

	2009 RATESETTING PRS			
	Projection	Actual Firming	Non - Reimbursable	Difference
2008	23435	29,231	3,830	-1,966
2009	21,227	24,033	480	-2,326
2010	0	15,024	510	-14,514
2011	16,730	11,176	0	5,554
2012	11,190	20,556	622	-8,744
5 yr Total	72,582	100,020	5,442	-21,996



Power Repayment

WAPA-169 - Proposed

	Unit	WAPA 137 Step 2 Rate PRS	WAPA 169 PRS Proposed	Change	
		2010 Workplan	2016 Workplan	Amount	Percent
<u>Principal Payments</u>					
Deficits	1,000	\$0	\$0	\$0	0%
Replacements	1,000	\$28,652	\$27,608	(\$1,044)	-4%
Original Project and Additions	1,000	\$17,936	\$6,015	(\$11,921)	-66%
Irrigation	1,000	<u>\$38,744</u>	<u>\$16,259</u>	<u>(\$22,485)</u>	<u>-58%</u>
Total Principal Payments (ES)	1,000	\$85,332	\$49,882	(\$35,450)	-42%

Offsetting Revenues

WAPA-169 - Proposed

	Unit	WAPA 137 Step 2 Rate PRS	WAPA 169 PRS Proposed	Change	
		2010 Workplan	2016 Workplan	Amount	Percent
<i>(Less Offsetting Annual Revenue)</i>					
Transmission (firm/non-firm) (Tab 14)	1,000	\$18,045	\$18,500	\$455	3%
Merchant Function (Tab 15)	1,000	\$8,309	\$9,598	\$1,289	16%
Other (Tab 15)	1,000	\$7,687	\$4,934	(\$2,753)	-36%
Total Offsetting Annual Revenue	1,000	\$34,041	\$33,032	(\$1,009)	-3%

Revenue Requirements

WAPA-169 - Proposed

Item	Unit	WAPA 137 Step 2 Rate PRS	WAPA-169 PRS Proposed	Change	
		2010 Workplan	2016 Workplan	Amount	Percent
Total Expenses	1,000	\$100,257	\$135,477	\$35,220	35%
Total Principal Payments	1,000	\$85,332	\$49,882	(\$35,450)	-42%
Total Offsetting Annual Revenue	1,000	\$34,041	\$33,032	(\$1,009)	-3%
Net Annual Revenue Requirement	1,000	\$151,548	\$152,327	\$779	1%
Energy Sales (Tab 16)	MWH	5,116,346	5,089,920	(26,426)	-1%
Capacity Sales (Tab 16)	kW	1,434,946	1,417,830	(17,116)	-1%
Composite Rate	mills/kWh	29.62	29.93	0.31	1%

Cost Recovery Charge (CRC)

Tony Henriquez



Cost Recovery Charge (CRC)

Introduction:

- The CRC is a component of the SLCA/IP Firm Power Rate.
- Designed to maintain a sufficient cash balance in the basin fund to sustain operations.
- Only applied if it is determined there will be a financial hardship on the fund.
- CRC 101 after this meeting

Cost Recovery Charge (CRC)

The current CRC criteria:

- The fund depleting by over 25% in a single FY.
- Basin fund minimum balance of \$20 Million
- No flexibility in implementing the CRC

Cost Recovery Charge (CRC)

- The proposed CRC criteria:
 - Tiered approach on the triggers
 - Basin fund minimum balance of \$40 Million
 - Discretion in implementation

Cost Recovery Charge (CRC)

Western has the discretion to implement a CRC based on the tiers below.

Tier	Criteria, If the Basin Fund Beginning Balance (BFBB) is:	Review
i	Greater than \$150 million with an expected decrease below \$75 million	Annually
ii	Less than \$150 million but greater than \$120 million with an expected <u>50-percent decrease</u>	
iii	Less than \$120 million but greater than \$90 million with an expected <u>40-percent decrease</u>	
iv	Less than \$90 million but greater than \$60 million with an expected <u>25-percent decrease</u>	Semi-Annual (May / November)
v	Less than \$60 million but greater than \$40 million with an expected decrease below \$40 million	Monthly

Cost Recovery Charge (CRC)

No Change to the Reduced Flow Criteria:

Western will continue to include a mechanism that allows for recalculation of the CRC if the annual water release from Glen Canyon Dam falls below 8.23 million acre-feet.

WESTERN AREA POWER ADMINISTRATION

CRSP Transmission & Ancillary Services

Jacob Streeper



Proposed CRSP Transmission Service Rate Schedules

SP-PTP8 – Firm Point-to-Point

SP-NW4 – Network Integration

SP-NFT7 – Non-Firm Point-to-Point

Forward-Looking Yearly Transmission Recalculation

- Current
- Proposed
- Data Sources

Forward-Looking Yearly Transmission Recalculation

- True up
- Adjust net revenue requirement

Transmission Rate Comparison

- FY 2015 With Current Methodology
 - \$1.11 kW-month
- FY 2015 With Proposed Methodology
 - \$1.14 kW-month

Proposed CRSP Ancillary Services Rate Schedules

No Change:

SP-SD4 – Scheduling & Dispatch

SP-RS4 – Reactive Supply & Voltage Control

SP-EI4 – Energy Imbalance

SP-SSR4 – Spinning & Supplemental Reserve

Proposed CRSP Ancillary Services Rate Schedules

SP-FR4 – Regulation & Frequency Response

- Current
- Proposed

Proposed CRSP Ancillary Services Rate

Added:

SP-UU1 – Unreserved Use Penalty

- 200 percent penalty

WESTERN AREA POWER ADMINISTRATION

Questions?

Thomas Cordova