



Western
Area Power
Administration

Public Information Forum for the proposed SLCA/IP Firm Power Rate and CRSP Transmission and Ancillary Services Rates (Rate action WAPA-190)

March 12, 2020

The meeting will begin at
11:00 am MDT

Handout Materials:

[https://www.wapa.gov/regions/CRSP/rates/
Pages/rate-order-190.aspx](https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-190.aspx)



Public Information Forum

Rachel Bryant
Attorney – Advisor (Moderator)





Agenda

- Proposed Changes:
 - Purchased Power
 - Cost Recovery Charge (CRC)
 - Transmission Rate
- Additions:
 - Generator Imbalance Ancillary Service Rate Schedule
 - Surplus Sales Rate Schedule
- Proposed SLCA/IP Firm Power Rate
- Timelines
- Questions and Comments



Purchased Power

Thomas Hackett



Purchased Power

- Extended number of Years with Purchased Power in the Power Repayment Study through the effective window of the next Rate Action
 - FY 2020
 - FY 2021– FY2025
- Projections
 - Current Year: April 24-Month Study
 - Out years: August CRSS Traces
 - Net **Average (different than FRN)**
 - Out years: Removed \$4M



Purchased Power Projections

WAPA 169		WAPA 190	
FY	(\$1,000)	FY	(\$1,000)
2016	\$28,440	2021	\$2,962
2017	\$18,000	2022	\$3,668
2018	\$16,140	2023	\$3,699
2019	\$16,210	2024	\$4,072
2020	\$4,000	2025	\$5,733
2021	\$4,000	2026	\$0
2022	\$4,000	2027	\$0
2023	\$4,000	2028	\$0
2024	\$4,000	2029	\$0
2025	\$4,000		
Average	\$10,279	Average	\$2,237

- WAPA currently uses Argus for future energy prices.



Cost Recovery Charge (CRC)

Thomas Hackett



Cost Recovery Charge (CRC)

- WAPA will continue to use the CRC, if necessary, as a mechanism to maintain a sufficient balance in the Basin Fund in the event projected expenses significantly exceed projected revenue estimates.
- The CRC is an additional surcharge on all Sustainable Hydro Power (SHP) energy deliveries without waiver.
- The CRC may be implemented when, among other things, the Basin Fund's cash balance is at risk due to low hydropower generation, high prices for firming power, and funding for capitalized investments.



Cost Recovery Charge (CRC)

WAPA 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 (August / February)
v	Less than \$60 million but greater than \$40 million with an expected decrease below \$40 million	Monthly



Cost Recovery Charge (CRC) Proposals

- Changing from a Fiscal Year cycle to a Calendar Year cycle to use Reclamation's *August 24-month Study* to calculate purchase power projections.
- Changing CRC formula to account for lost revenue associated with the decreased energy deliveries that occur when a customer requests the Waiver Level instead of the CRC.
- Add Net Rate (NRate) The difference between the Market rate WAPA purchases power and the Firm Energy rate that WAPA sells power.



Cost Recovery Charge (CRC) Proposals

Reduce SHP Capacity for those customers opting for the Waiver Level to maintain each customer's existing monthly load factor percentage at the same level.

- In other words, if you lose 10% of Energy, you'll lose 10% of Capacity.
- Minimums won't change.



CRSP Transmission Rate

Thomas Hackett



Proposed CRSP Transmission Service Rate Schedules

SP-PTP9 – Firm Point-to-Point

(Supersedes Rate Schedule SP-PTP8)

Forward Looking Capital Investments (WAPA 169)

Forward Looking O&M (WAPA 190) (NEW)

SP-NFT8 – Non-Firm Point-to-Point (No Change)

(Supersedes Rate Schedule SP-NFT7)

SP-NW5 – Network Integration (No Change)

(Supersedes Rate Schedule SP-NW4)



Forward Looking Yearly Transmission Recalculation

Current & Future

- Project Capital Investments
- Data Source – Asset Manager



Forward Looking Yearly Transmission Recalculation

Proposed Changes

- Project Operations & Maintenance Costs In Current Year instead of using Prior Year Actual Data
- 8 – 9 Months of Actuals
- Extrapolate for Fiscal Year



Forward Looking Yearly Transmission Recalculation

ROOs Data Sources for True-up

Schedule 1 – Plant in Service

Schedule 4 – Allowance for Depreciation

Schedule 5 – Interest on Investment

Schedule 10 – Operating Income

Schedule 11 – Operating Expenses



Forward Looking Yearly Transmission Recalculation

- True-up to Recalculate Transmission Rate using Actual Financial Data
- Adjust net revenue requirement in subsequent rate
- Timing:
 - June 2020 – Project FY2021 Rate
 - NLT May 2022 – Calculate true-up
 - July 2022 – Project FY2023 Rate including FY2021 true-up



Transmission Rate Comparison

FY 2020 With Current Methodology
\$1.55 kW-month

Expiration of PacifiCorp/APS Contract
Removes 250,000 kW from Transmission Rate Load
Removed approximately \$5,000,000 from Offsetting
Transmission Revenues

FY 2021 With Current Methodology
\$1.65 kW-month

**Note: Only data changed was removal of load from
FY 2020 calculation**



Ancillary Services and Other Rate Schedules

Thomas Hackett



Proposed CRSP Ancillary Services Rate Schedules

Services Provided by WACM Balancing Authority:

- **SP-SD4 – Scheduling & Dispatch
(Superseded by Rate Schedule L-AS1)**
- **SP-RS4 – Reactive Supply & Voltage Control
(Superseded by Rate Schedule L-AS2)**
- **SP-FR4 – Regulation and Frequency Response
(Superseded by Rate Schedule L-AS3)**



Proposed CRSP Ancillary Services Rate Schedules

- **SP-E15 – Energy Imbalance**
(Provided through WACM Rate Schedule L-AS4)
- **SP-E15 – Generator Imbalance (NEW)**
(Provided through WACM Rate Schedule L-AS9)



Proposed CRSP Ancillary Services Rate Schedules

- **SP-SSR5 – Operational Reserves – Spinning & Supplemental Reserve Services (No Change)**
(Supersedes Rate Schedule SP-SSR4)
- **SP-UU2 – Unreserved Use Penalty (No Change)**
(Supersedes Rate Schedule L-UU1)
- **SP-SS1 – Sale of Surplus Products (NEW)**
Ministerial change to the sale of the following SLCA/IP surplus energy and capacity products: reserves, regulation, and frequency response.



Rate Comparison

Tony Henriquez



Salt Lake City Area Integrated Projects
Annual Revenue Requirements and Firm Power Rates Comparison Table

Item	Unit	WAPA 169	WAPA 190	Change	
		2017 Workplan	2022 Workplan	Amount	Percent
Rate Setting Period:					
Beginning year	FY	2016	2021		
Pinchpoint year	FY	2025	2029		
Number of rate setting years	Years	10	9		
Annual Revenue Requirements:					
<u>Expenses</u>					
Operation and Maintenance:					
WAPA	1,000	\$52,630	\$61,871	\$9,241	18%
Reclamation	1,000	\$34,535	\$39,100	\$4,565	13%
Total O&M	1,000	\$87,165	\$100,971	\$13,806	16%
Purchased Power 1/ Transmission	1,000	\$10,280	\$2,237	(\$8,043)	-78%
Integrated Projects requirements	1,000	\$10,421	\$8,740	(\$1,681)	-16%
Interest	1,000	\$8,610	\$7,029	(\$1,581)	-18%
Other 2/	1,000	\$4,706	\$3,535	(\$1,171)	-25%
Total Expenses	1,000	\$14,587	\$12,142	(\$2,445)	-17%
		\$135,769	\$136,153	\$384	0%
<u>Principal payments</u>					
Deficits	1,000	\$0	\$0	\$0	0%
Replacements	1,000	\$30,037	\$34,330	\$4,293	14%
Original Project and Additions	1,000	\$3,937	\$3,572	(\$365)	-9%
Irrigation 3/	1,000	\$14,130	\$8,941	(\$5,189)	-37%
Total principal payments	1,000	\$48,104	\$46,843	(\$1,261)	-3%
Total Annual Revenue Requirements	1,000	\$183,873	\$182,996	(\$877)	0%
(Less Offsetting Annual Revenue:)					
Transmission (firm and non-firm)	1,000	\$19,640	\$18,338	(\$1,302)	-7%
Merchant Function 4/	1,000	\$9,918	\$9,199	(\$719)	-7%
Other 5/	1,000	\$5,118	\$4,610	(\$508)	-10%
Total Offsetting Annual Revenue	1,000	\$34,676	\$32,147	(\$2,529)	-7%
Net Annual Revenue Requirements	1,000	\$149,197	\$150,850	\$1,653	1%
Energy Sales 6/	MWH	5,071,804	5,223,885	152,081	3%
Capacity Sales	kW	1,407,920	1,423,900	15,980	1%
Composite Rate	mills/kWh	29.42	28.88	-0.54	-1.8%

Expenses

WAPA-190 Proposed

Item	Unit	WAPA 169	WAPA 190	Change	
		2017 Workplan	2022 Workplan	Amount	Percent
Annual Revenue Requirements:					
<u>Expenses</u>					
Operation and Maintenance:					
WAPA	1,000	\$52,630	\$61,871	\$9,241	18%
Reclamation	<u>1,000</u>	<u>\$34,535</u>	<u>\$39,100</u>	<u>\$4,565</u>	<u>13%</u>
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Other 2/	1,000	<u>\$14,587</u>	<u>\$12,142</u>	<u>(\$2,445)</u>	<u>-17%</u>
Total Expenses	1,000	\$135,769	\$136,153	\$384	0%



Power Repayment

WAPA-190 - Proposed

Item	Unit	2017 Workplan	2022 Workplan	Amount	Percent
<i>Principal payments</i>					
Deficits	1,000	\$0	\$0	\$0	0%
Replacements	1,000	\$30,037	\$34,330	\$4,293	14%
Original Project and Additions	1,000	\$3,937	\$3,572	(\$365)	-9%
Irrigation 3/	1,000	\$14,130	\$8,941	(\$5,189)	-37%
<i>Total principal payments</i>	1,000	\$48,104	\$46,843	(\$1,261)	-3%



Offsetting Revenues

WAPA-190 - Proposed

Item	Unit	2017 Workplan	2022 Workplan	Amount	Percent
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Total Offsetting Annual Revenue	1,000	\$34,676	\$32,147	(\$2,529)	-7%



Revenue Requirements

WAPA-190 - Proposed

Item	Unit	WAPA 169	WAPA 190	Change	
		2017 Workplan	2022 Workplan	Amount	Percent
<i>Total Expenses</i>	1,000	\$135,769	\$136,153	\$384	0%
<i>Total principal payments</i>	1,000	\$48,104	\$46,843	(\$1,261)	-3%
Total Annual Revenue Requirements	1,000	\$183,873	\$182,996	(\$877)	0%
Less -					
<i>Total Offsetting Annual Revenue</i>	1,000	\$34,676	\$32,147	(\$2,529)	-7%
Net Annual Revenue Requirements	1,000	\$149,197	\$150,850	\$1,653	1%
Energy Sales 6/	MWH	5,071,804	5,223,885	152,081	3%
Capacity Sales	kW	1,407,920	1,423,900	15,980	1%
Composite Rate	mills/kWh	29.42	28.88	-0.54	-1.8%



SLCA/IP Firm Power Rate

(Tab 3)

	WAPA-169	WAPA-190	WAPA-190
Effective:	October 1, 2015	October 1, 2020	March 9, 2020
	Final FRN	Proposal FRN	Customer Forum
Work Plan (FY)	2017	2021	2022
Rate Schedule	SLIP-F10	SLIP-F11	SLIP-F11
Energy (mills/kWh):	12.19	11.79*	12.06*
Capacity (kW/month):	5.18	5.01*	5.12*
Composite Rate (mills/kWh):	29.42	28.17*	28.88*
Expires:	October 1, 2020	October 1, 2025	October 1, 2025

*Proposed



Timelines

Thomas Hackett



What's Next

- **April 2020 – Conduct FY2022 Work Plan review in accordance with the 92 Agreement between WAPA, Reclamation, and the Colorado River Energy Distributors Association (CREDA)**
- **June 2020 – Calculate the FY2021 Transmission Rate**
- **June 30, 2020 – Annual SLCA/IP customer meeting**



WAPA-190 FRN Timeline

- Proposed Rate FRN Published January 21, 2020 ✓
- Public Information Forum March 12, 2020 ✓
- **Public Comment Forum March 12, 2020**
- **Comment period closes April 20, 2020**
- **Final Rate FRN published August 2020**
- **New Rate effective October 1, 2020**



Questions?

Rachel Bryant



Public Information Forum

**If you have questions or comments,
please state the following:**

**Your Name
(Please spell out your name)**

Party You Represent



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