Customer Brochure

Proposed Rates for:
SLCA/IP Firm Power
CRSP Transmission
Ancillary Services
and
Sales of Surplus Products
Rate Order No. WAPA-190

Western Area
Power Administration

Colorado River Storage Project
Management Center

MARCH 2020 UPDATE

Summary of Changes from January 21, 2020 Version

- Added language to reflect that the FY 2022 work plans need to be reviewed in accordance with the 1992 Agreement between WAPA, Reclamation, and the Colorado River Energy Distributors Association (CREDA) that implemented procedures for a customer review of work program data relating to SLCA/IP power rates before we can use it in the Final Rate

- Updated data tables to include FY 2019 Audited Financial Data and the FY 2022 Work Plans for Reclamation and WAPA. Note: Assumes timely completion of work plan review

- Updated purchase power projections

- Updated Cost Recovery Charge (CRC) Prior Year Adjustment (PYA) numbers to tie PYA example to the CRC example

- Included data sources for actual amount of energy purchased and the cost of the purchased power

- Identified Argus as the SLCA/IP source for energy market prices

- Updated Energy, Capacity, and Composite rates. Note: These are not Final Rates.

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Materials Posted on web site

https://www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx

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I. Introduction

Western Area Power Administration's (WAPA) Colorado River Storage Project Management Center (CRSP MC) is proposing rate adjustments for firm power sales of the Salt Lake City Area Integrated Projects (SLCA/IP) and CRSP Transmission.

The current rates expire September 30, 2020. The proposed rates will provide sufficient revenue to pay all annual operation and maintenance (O&M) costs, interest expenses, and repayment on capital investment and irrigation assistance obligations, as applicable, within the allowable time period. The proposed rates are scheduled to go into effect on October 1, 2020.

This rate action was announced in a *Federal Register* notice (FRN), published January 21, 2020 (see appendix for the FRN). The proposed rates are explained in greater detail in this rate brochure. Supporting Documentation for the FRN and this brochure is posted at the rate action web site: *https://www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx* .
References to this Supporting Documentation are found throughout this rate brochure.

NOTE: ALL RATES PROPOSED IN THIS DOCUMENT ARE SUBJECT TO CHANGE AS MORE CURRENT DATA BECOMES AVAILABLE. WAPA WILL POST REVISIONS TO THE BROCHURE AND SUPPORTING DATA ON THE RATE ACTION WEB SITE.

Rate Adjustment Schedule

Table 1 displays the anticipated schedule for processing the proposed SLCA/IP Firm Power rate, Transmission rates, and Ancillary Services rates adjustments.

Table 1 - CRSP MC's Anticipated Rate Adjustment Schedule

Procedure	Schedule
Federal Register Notice of Proposed Rate	January 21, 2020
Public Information Forum	March 12, 2020
Public Comment Forum	March 12, 2020
End of Comment Period	April 20, 2020
Publication of Interim Rate	September 1, 2020
Rate Effective	October 1, 2020

Summary of Proposed Changes

<u>CRSP Firm Power Rate</u>: WAPA is projecting a rate decrease, based on the fiscal year (FY) 2019 Preliminary Power Repayment Study (PRS) using the FY 2021 WAPA and Bureau of Reclamation (Reclamation) work plans. WAPA is planning to use the FY 2022 Work Plans if available for the final rate.

<u>CRSP Transmission Rate</u>: The formula for the Transmission rate will remain the same, with one exception. The O&M data will now be based on the projected current year's costs instead of the prior year's actual costs. WAPA started projecting the current year capital investment costs in the last rate action, WAPA-169, on October 1, 2016.

<u>Purchased Power Projections</u>: WAPA will use Reclamation's August, 24-month study projections for the current year and the Colorado River Simulation System (CRSS) traces for the remaining years. WAPA currently uses Argus services for market price information.

Rate Schedule Updates

- *All References to Western changed to WAPA where applicable*
- *Effective dates changed to October 1, 2020, through September 30, 2025*

Rate Schedule SLIP-F10 Schedule of Rates for Firm Power Service

- *Superseded by Rate Schedule SLIP F11*
- *Firm Energy and Capacity Rates will be updated before submission to FERC*
- *Purchased Power*
    - *Add additional year(s) of projections to ensure they are in place through the next rate action*
- *Cost Recovery Charge*
    - *Updated formulas to address lost revenue when Waiver Level is accepted*
    - *Added Net Rate to CRC Calculations to identify difference between the purchased power price and the SLCA/IP Firm Energy sales rate*
    - *Changing from a fiscal year to calendar year process*
    - *Proportional capacity reduction to align with SHP energy reduction under CRC waiver.*
- *Removal of $4M in operational costs for the Energy Marketing and Management Office in Montrose, CO, that had been added to the purchased power out years in the PRS*

Rate Schedule SP-NW4 Network Integration Transmission Service

- *Schedule H to Tariff*
- *Superseded by Rate Schedule SP-NW5*

Rate Schedule SP-NFT7 Non-Firm Point-to-Point Transmission Service

- Schedule 8 to Tariff
- Superseded by Rate Schedule SP-NFT8

Rate Schedule SP-SD4 Scheduling, System Control and Dispatch Service

- *Schedule 1 to Tariff*
- *Superseded by Rate Schedule L-AS1 under WAPA Rate Order No. WAPA 174 for the Rocky Mountain Region https://www.wapa.gov/regions/RM/rates/Pages/Transmission-ancillary.aspx*

Rate Schedule SP-RS4 Reactive Supply and Voltage Control from Generation and Other Sources Service

- *Schedule 2 to Tariff*
- *Superseded by Rate Schedule L-AS2 under WAPA Rate Order No. WAPA 174 for the Rocky Mountain Region https://www.wapa.gov/regions/RM/rates/Pages/Transmission-ancillary.aspx*

Rate Schedule SP-FR4 Regulation and Frequency Response Service

- *Schedule 3 to Tariff*
- *Superseded by Rate Schedule L-AS3 under WAPA Rate Order No. WAPA 174 for the Rocky Mountain Region https://www.wapa.gov/regions/RM/rates/Pages/Transmission-ancillary.aspx*

Rate Schedule SP-EI4 Energy Imbalance Service

- *Schedule 4 to Tariff*
- *Superseded by Rate Schedule SP-EI15*
- *Added Generator Imbalance (Schedule 9 to Tariff) to this rate schedule*
- *Added reference that Generator Imbalance is provided by Western Area Colorado Missouri (WACM) Balancing Authority under Rate Schedule L-AS9 https://www.wapa.gov/regions/RM/rates/Pages/Transmission-ancillary.aspx*

Rate Schedule SP-SSR4 Operating Reserves – Spinning and Supplemental Reserve Services

- *Schedules 5 & 6 to Tariff*
- *Superseded by Rate Schedule SP-SSR5*

Rate Schedule SP-SS1 Sale of Surplus Products

- *This is a new rate schedule*
- *Applicable to the sale of the following SLCA/IP surplus energy and capacity products: reserves, regulation, and frequency response*

Rate Schedule SP-PTP8 Firm Point-To-Point Transmission Service

- *Schedule 7 to Tariff*
- *Superseded by Rate Schedule SP-PTP9*

Rate Schedule SP-NFT7 Non-Firm Point-To-Point Transmission Service

- *Schedule 8 to Tariff*
- *Superseded by Rate Schedule SP-NFT8*

Rate Schedule SP-UU1 Unreserved Use Penalties

- *Schedule 10 to Tariff*
- *Superseded by Rate Schedule SP-UU2*

II. Proposed SLCA/IP Firm Power Rates

Background

The SLCA/IP consists of the CRSP, Collbran, and Rio Grande projects, which were integrated for marketing and ratemaking purposes on October 1, 1987, and two participating projects of the CRSP that have power facilities – the Dolores and Seedskadee projects. Each of the SLCA/IP power facilities are described in the Supporting Documentation.

The PRS is used to determine if projected power revenues will be sufficient to pay project costs assigned to power within the prescribed repayment period. Annual revenue requirements and hydropower resources from the integrated and participating projects are added to the CRSP PRS to create the SLIP PRS. Because CRSP produces approximately 97 percent of total SLCA/IP hydropower generation; the hydrological information discussed in this brochure relates only to CRSP, unless otherwise stated.

The firm power rate must return an annual amount of revenue to meet the repayment of power investment, payment of interest, purchased power, operation, maintenance and replacement expenses, and the repayment of irrigation assistance costs, as required by law. An executive summary of the proposed ratesetting PRS is provided in the supporting documentation. A preliminary FY 2019 SLCA/IP PRS was used for the proposed ratesetting PRS, which contains FY 2018 audited financial data and FY 2021 work program data and the proposed changes to the rates process. The FY 2019 historical data and FY 2022 Work Plans, have been incorporated into the proposed ratesetting PRS. This assumes the work plan reviews will be completed in accordance with the 92 Agreement between WAPA, Reclamation, and the Colorado River Energy Distributors Association (CREDA) that implemented procedures for a customer review of work program data relating to SLCA/IP power rates.

The current SLCA/IP firm power rates, outlined in Rate Schedule SLIP-F10, became effective on an interim basis on October 1, 2015, and were approved by the Federal Energy Regulatory Commission (FERC) on April 21, 2016. This rate consists of an energy charge of 12.19 mills/kilowatthour (kWh) and a capacity charge of $5.18/kilowattmonth (kWmonth). The composite rate, which is for comparison only and not billable, is 29.42 mills/kWh.

WAPA's firm annual contract commitment to its Firm Electric Service Customers for SLCA/IP energy is 4,952 gigawatthours (GWh).The average peak seasonal Contract Rate of Delivery (CROD) is 1,361 megawatts (MW). The CRSP MC's firm power commitments also include Reclamation's project use loads for totals of 5,224 GWh and 1,424 MW.

The proposed firm power rate will consist of the rate as determined by the PRS. In order to adequately recover and maintain a sufficient balance in the Basin Fund, WAPA proposes to continue the cost recovery mechanism, called a Cost Recovery Charge (CRC).

The CRC is a charge, as determined by Table 10 and Table 11, on sustainable hydropower (SHP) energy that may be implemented when the Basin Fund's balance is at risk due to circumstances such as low hydropower generation, high prices for firming power, and funding for capitalized investments.

WAPA will establish the energy waiver level (WL) per the formulas of the CRC. The WL provides Customers the ability to help reduce WAPA's purchased power expenses by scheduling less energy than their contractual amounts.

For those Customers who elect to schedule no more energy than their proportionate share of the WL, WAPA will waive the CRC for that year. The conditions that would trigger the CRC, as well as a more detailed formula methodology of how and when the CRC would apply, are discussed in detail under the "Cost Recovery Charge" section of this rate brochure.

WAPA uses tiers, based on current and projected cash balances of the Basin Fund, to quantify the need for a CRC. The CRC will be implemented at the discretion of WAPA when the Basin Fund's balance meets the criteria in the tiers per Table 10. The Basin Fund Beginning Balance (BFBB) determines the applicable tier criteria. The minimum Basin Fund target balance is $40 million. In addition to changing the current process of an annual review and customer notification in October, WAPA will conduct additional reviews as specified in Table 10. WAPA will provide its Customers with information concerning the anticipated CRC for the upcoming FY in October of each year (see Table 13). The established CRC will be in effect for 12 months. Table 2 below indicates the components of a firm power Customer's monthly bill.

Table 2 - Firm Power Components

Capacity	Seasonal CROD x ($/kWmonth charge)	= Total monthly capacity charge
Energy	Monthly kWh x (mills/kWh charge)	= Total monthly energy charge
CRC	Monthly kWh x (mills/kWh charge)	= Total monthly CRC charge (when applicable)
		= Total Monthly Charge

Proposed Rate

The proposed ratesetting PRS used in this rate proposal contains audited FY 2018 financial data and projections from WAPA's and Reclamation's FY 2021 Work Plans as well as the proposed changes to the rate. As the audited FY 2019 historical data and FY 2022 work plans reviews are complete, they will be incorporated into the final ratesetting PRS. The repayment period extends beyond the cost-evaluation period (budget years) to ensure that required repayment of the power investment and assistance to irrigation is met. WAPA develops the lowest possible rates consistent with sound business principles in accordance with existing laws and regulations.

The present composite rate of 29.42 mills/kWh is sufficient to pay all costs assigned to power. The composite rate is used for comparison purposes only and is expressed in mills/kWh, which is determined by dividing the annual net revenue requirements by the energy delivered. The proposed composite rate is 28.88 mills/kWh. It is comprised of an energy charge of 12.06 mills/kWh and a capacity charge of $5.12/kWmonth as shown in Table 3.

Table 3 - Comparison of Current and Proposed Firm Power Rates Comparison of Current and Proposed Firm Power Rates

	Current Rate October 1, 2015 – September 30, 2020	**Jan 2020 – Proposal FRN Rate** October 1, 2020 – September 30, 2025	**Mar 2020 – Customer Forum Proposed Rate** October 1, 2020 – September 30, 2025
Rate Schedule	SLIP-F10	SLIP-F11	SLIP-F11
Energy (mills/kWh)	12.19	11.79	12.06
Capacity ($/kWmonth)	5.18	5.01	5.12
Composite (mills/kWh)	29.42	28.17	28.88
Work Plan	FY 2017	FY 2021	FY 2022

Table 4 provides a summary comparison of revenue requirements and firm power rates between the current and proposed PRSs. Following Table 4 is a detailed discussion of the changes in annual revenue requirements.

Table 4 - SLCA/IP Annual Revenue Requirements and Firm Power Rates Comparison

Item	Unit	WAPA-169 PRS 2017 Work Plan	WAPA-190 PRS 2022 Work Plan	*Change* Amount	Percent
Ratesetting Period:					
Beginning year	**FY**	2010	2021		
Pinchpoint year	**FY**	2025	2029		
Number of ratesetting years	**Years**	10	9		
Annual Revenue Requirements:					
Expenses					
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/	$1,000	$10,280	$2,237	($8,043)	-78%
Transmission	$1,000	$10,421	$8,740	($1,681)	-16%
Integrated Projects requirements	$1,000	$8,610	$7,029	($1,581)	-18%
Interest	$1,000	$4,706	$3,535	($1,171)	-25%
Other 2/	$1,000	$14,587	$12,142	($2,445)	-17%
Total Expenses	$1,000	$135,769	$136,153	$384	0%
Principal payments					
Deficits	$1,000	$0	$0	$0	0%
Replacements	$1,000	$30,037	$34,330	$4,293	14%
Original Project and Additions	$1,000	$3,397	$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%**

1/ FY 2021-25 are projected costs using the August 2019, CRSS traces.
$4 million in purchased power projected annually for the merchant function activities was removed.

2/ Includes the cost of salinity, federal benefits costs, CME interest, reimbursable environmental costs, and 2011 MOA costs.

3/ Aid to Irrigation plus Aid to Participating Projects

4/ Includes transaction fees and resale energy.

5/ Other revenues include ancillary services, auxiliary services, spinning reserves, admin charges for WRP and CDP transactions, facility use, energy imbalance, and other misc. revenues.

6/ March 2020 project use estimates from Reclamation. (Average MWh Annual Sales for 2021-2029 minus Other Energy Sales)

Changes in Annual Revenue Requirements

Table 5 - Net Annual Revenue Requirements

		Current PRS	Proposed PRS	*Change*	
Total Expenses	$1,000	$135,769	$136,153	$384	0%
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 *Total Offsetting Annual Revenues*	$1,000	$34,676	$32,147	($2,529)	-7%
Net Annual Revenue Requirements	$1,000	**$149,197**	**$150,850**	**$1,653**	1%
Energy Sales	**MWH**	**5,071,804**	**5,223,885**	**152.081**	3%
Composite Rate	**mills/kWh**	**29.42**	**28.88**	**-0.54**	-1.8%

(Further details and documentation regarding each of the following elements of revenue requirements are available in the Supporting Documentation.)

Ratesetting Period

The proposed rate includes a ratesetting period of 9 years as compared to a 10-year, ratesetting period for the current rate since the pinch point year, i.e., the year with the largest revenue requirements, moved from 2025 to 2029.

Annual Expenses

Operation and Maintenance Costs

Yearly projected O&M costs increased by approximately $9.24 million per year, which is an 18-percent increase. This increase is based on the average annual O&M amounts projected through the ratesetting period. The annual amounts are derived from both WAPA's and Reclamation's FY 2017 Work Plans for the current rate and the FY 2022 Work Plans for the proposed rate.

Summary tables of the Reclamation and WAPA work plans used in the rate are included in the supporting documentation.

Purchased Power

Currently, WAPA uses Reclamation's April, 24-month study and Reclamation's CRSS, a hydrologic forecasting model, results from August to forecast 5 years of firming-energy purchase requirements. WAPA proposes using the most probable reservoir water releases and end-of-month elevations reported in Reclamation's April, 24-Month Study to estimate the first year of firming-energy purchases. For projecting subsequent years, WAPA will use August CRSS forecasts for water releases and end-of-month elevations to estimate energy purchases using a rolling 5-year average. In addition, WAPA proposes projecting the required firming-energy purchases, for a period that overlaps the years in which a subsequent rate would be effective, in order to avoid gaps in the forecasts.

WAPA removed the $4 million per year in purchased power out years in the current rate schedule. These dollars were used as a broad-cost estimate of operational energy purchases for the Energy Marketing and Management Office in Montrose, Colorado.

Table 6 shows changes in purchased power costs and future estimates. The revenue requirement in Table 4 and Table 5 both reflect the removal of the $4 million per year and the proposed forecasting changes.

Table 6 - SLCA/IP Purchased Power Comparison in the Ratesetting Period

	WAPA 169	WAPA 190
	Expense	Expense
	Pinchpoint FY 2025	Pinchpoint FY 2029
FY	($1,000)	($1,000)
2016	$ 28,440	
2017	$ 18,000	
2018	$ 16,140	
2019	$ 16,210	
2020	$ 4,000	
2021	$ 4,000	$ 2,962
2022	$ 4,000	$ 3,668
2023	$ 4,000	$ 3,669
2024	$ 4,000	$ 4,072
2025	$ 4,000	$ 5,733
2026		$ -
2027		$ -
2028		$ -
2029		$ -
	$ 10,279	$ 2,237
	Average 2016-2025	Average 2021-2029

Transmission

Transmission costs decreased $1.7 million, or 16 percent, as shown in Table 4. The list of WAPA's transmission expense contracts is included in the supporting documentation.

Integrated Projects' Requirements

The smaller SLCA/IP projects' (Dolores, Seedskadee, Rio Grande, and Collbran) annual revenue requirements have decreased $1.6 million, or 18 percent. The decreased revenue requirements in these projects were driven by repayment of the original capital investment for the Dolores Project. The individual revenue requirements of these projects are provided in the supporting documentation.

Interest

Average annual interest expense projections have decreased $1.2 million, or nearly 25 percent, due to good hydrology reducing purchased power expenses; revenues were thus available for additional capital repayment and lead to subsequent reduction of interest expense.

The PRS calculates the projected interest. The interest rates WAPA uses are set and published annually by the Treasury, under Table 9 – Power Marketing Administration, currently located here: https://www.treasurydirect.gov/govt/rates/tcir/tcir_fy2020_opdirannual.htm#table9.

WAPA's interest rate history is provided in the supporting documentation. CRSP, Dolores, and Seedskadee use the Coupon rate and Collbran and Rio Grande use the Yield rate.

Other Annual Expenses

This category decreased by $2.4 million per year, due to the pinch point year changing from 2025 to 2029.

The components that make up the Other Annual Expenses include:

Salinity – In June 1974, Congress enacted the Colorado River Basin Salinity Control Act, Public Law 93-320, which directed the Secretary of the Interior to proceed with a program to enhance and protect the quality of water available in the Colorado River.

Public Law 104-20 of July 28, 1995, authorizes the Secretary of the Interior, acting through the Bureau of Reclamation, to implement a basin wide salinity control program. The Secretary may carry out the purposes of this legislation directly, make grants, enter into contracts, memoranda of agreement, commitments for grants, cooperative agreements, or advances of funds to non-Federal entities under such terms and conditions as the Secretary may require.

The Salinity table provided by Reclamation showing historic and projected costs is included in the supporting documentation.

MOA Revenue – This expense addresses the revenues to be collected at $11.5M per year through 2025 for implementation of the 2011 Memorandum of Agreement Concerning the Upper Colorado River Basin Fund.

Endangered Fish Recovery Implementation Program Loans – The repayment schedules for the two loans from the Colorado Water Conservation Board for $15.5 million are amortized at $866,000 per year through FY 2041. The amortization schedules for these loans are included in the supporting documentation.

Unfunded Benefits – WAPA uses a 5-year historical average to project expenses related to employee benefits for (1) the Civil Service Retirement System (CSRS), (2) the Federal Employees Retirement System (FERS), (3) the Federal Employees Health Benefits (FEHB) Program, and (4) the Federal Employees Group Life Insurance (FEGLI) Programs. The amounts remitted to the Office of Personnel Management (OPM) by and for covered employees do not generally cover the full cost of the benefits those employees will receive in retirement.

Therefore, agencies must recognize an "unfunded" cost equal to the difference between the true cost of providing future benefits to their employees and the employee and employer contributions they remit to OPM.

Statement of Federal Finance Accounting Concepts 5 (SFFAS No. 5) requires employing agencies to recognize an expense for the Government's cost of providing health benefits and life insurance to their employees after they retire, along with retirement benefits. These unfunded benefits have been determined to be a cost of producing and transmitting electricity. The unfunded costs are included in the power rates to offset the transfer of general funds from Treasury to the Retirement Fund administered by the OPM from which post-retirement costs are paid to retirees. Recovering these costs in power rates is consistent with Congressional objectives that the Power Marketing Administrations (PMAs) operate on a fiscally self-supporting basis. Guidance on recovering the full cost of operations includes The Economy Act and Department of Energy (DOE) Order R.A. 6120.2, "Power Marketing Administration Financial Reporting."

The 5-year average calculations used to project Unfunded Benefits are included in the supporting documentation.

Annual Principal Payments

Deficits

There are currently no deficits being projected at this time.

Replacements

Repayment requirements for replacements increased by 14 percent from the current rate primarily due to repayment of $158 million on Aid to Participating Projects. This was done to strategically manage a pinch point year, instead of using the revenues to repay replacements with higher interest rates. Additionally, the balance of unpaid replacements has grown since they were "paid off" using revenues generated by the Glen Canyon Cost Reallocation. This category includes PRS generated projected replacements that are overridden by work plan and 10-year plan forecasts in the 5-year budget window.

Original Project and Additions

Since the last rate action, WAPA repaid the last of its Original investments: Aspinall and Dolores. The revenue requirement for this category is based on unpaid Additions.

Irrigation

Table 4 indicates that payments to irrigation assistance decreased by approximately $5.2 million dollars per year, which results in an annual decrease of 37 percent. This change is due to repayment of the 2025 pinch point driver, the Duchesne Project, and the resulting pinch point shift to 2029.

The Status of Repayment summarizing capital investment and the unpaid balances for each project is provided in the supporting documentation.

Offsetting Revenues

Offsetting revenues have remained consistent. WAPA uses a 5-year historical average when determining these offsetting revenues which can account for the small changes in revenues. See Table 7 as shown below.

Firm Transmission

Based on average of firm transmission contract revenues in the PRS, from 2020 through the pinch point year.

Non-Firm Transmission

Non-firm transmission revenues are taken from the PO&M 60s.

Merchant Function

Resale

Resale revenue is largely composed of the difference between hourly sales and purchase of energy.

Transaction Fee

Transaction fees reflect the cost of real-time merchant services, management and energy accounting support, and information technology costs.

Other Revenues

Includes revenues from ancillary services, auxiliary services, spinning/non-spinning reserves, administrative charges for Western Replacement Power (WRP) and Customer Displacement Power (CDP) transactions, facility use, energy imbalance, black start, and other miscellaneous revenues.

Table 7 - Offsetting Revenues
(Unit: Millions)

	Current PRS	Proposed PRS	Change
Transmission	$19.6	$18.3	($1.3)
Merchant Function	$ 9.9	$ 9.2	($0.7)
Other Revenues	$ 5.1	$ 4.6	($0.5)
Total	$ 34.6	$ 32.1	($2.5)

Energy (GWh) Delivered for Project Use

Table 8 provides the project energy sales used in the proposed ratesetting PRS. The year-to-year changes are due to the estimated energy use by project.

Table 8 - 2019 SLIP PRS Sales Projections
(Assuming Project Use Loads Variable thru 2028, Constant Beyond 2029)

Energy

Year	*Project Use-Energy*	*LT Firm Com*	*Total*
	/1 (MWH)	*/2*	*(MWH)*
2020	202,920	4,951,786	5,154,706
2021	204,920	4,951,786	5,156,706
2022	204,920	4,951,786	5,156,706
2023	210,220	4,951,786	5,162,006
2024	285,290	4,951,786	5,237,076
2025	297,490	4,951,786	5,249,276
2026	308,490	4,951,786	5,260,276
2027	308,490	4,951,786	5,260,276
2028	313,590	4,951,786	5,265,376
2029	315,480	4,951,786	5,267,266
2030	316,070	4,951,786	5,267,856
2031	316,070	4,951,786	5,267,856
2032	316,170	4,951,786	5,267,956
2033	316,170	4,951,786	5,267,956
2034	316,170	4,951,786	5,267,956
Average 2020-34	282,164	4,951,786	5,233,950

/1. Preliminary 2020 Total Used MWh on Project Use Summary Table
/2. Total Energy from Post-2004 Marketing Plan Allocations. Values expected to remain constant in 2025 Marketing Plan.

Summary of Firm Rate Impacts

Table 9 summarizes the rate impacts of forecast changes from the current rate to the proposed rate. The calculations for each factor is independent of the other factors.

Table 9 - Summary of Composite Rate Impacts
(Unit: mills/kWh)

Factor	Change	Approximate Rate Impact (mills/kWh)
O&M Expenses	Increase	2.72
Purchased Power	Decrease	-1.59
Transmission Expenses	Increase	-0.33
Integrated Projects	Increase	-0.31
Interest	Increase	0.06
Other	Increase	-0.49
Annual Principal Payments	Increase	-0.25
Total Revenue Requirements	Decrease	-0.18
Offsetting Revenue	Increase	0.50
Net Revenue Requirements	Increase	0.32
Projected Energy Sales	Increase	-0.86

Cost Recovery Charge

WAPA is proposing to continue the CRC calculation in the proposed rate schedule.

CRC Discussion

The lower than expected hydropower production due to extended drought conditions in the region can cause actual purchased power expenses to be significantly higher than previous forecasts and continues to create concerns about cash flow issues for the Basin Fund.
In the event that expenses exceed estimates and in order to adequately recover and maintain a sufficient balance in the Basin Fund, WAPA proposes to continue to maintain the CRC as a tool.

The CRC is a charge on **ALL** SHP energy delivered to the customers. In calculating the CRC, WAPA forecasts the amount of revenue available to deliver the yearly SHP energy commitment. In the current rate, WAPA estimates the availability of revenue in the Basin Fund at the beginning and end of the FY. Proposed changes for the CRC include adding a calculation, to identify difference between the purchased power price and the SLCA/IP Firm Energy sales rate, to the CRC calculations in order to recover the lost revenue tied to when a customer accepts the WL. Lost revenue is equal to the amount of the customer's allocation reduction multiplied by the SLCA/IP energy rate. WAPA is also proposing to 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 provided by the full SHP capacity and energy allocation. For example, if energy allocation is reduced by 10 percent, then capacity is also reduced by 10 percent. Minimums will not change. Additionally, WAPA is proposing to shift from an FY cycle to a calendar year (CY) cycle so that our projections are better aligned with water projections.

The BFBB determines the applicable CRC tier criteria. The proposed minimum Basin Fund targeted carryover balance is $40 million. Once WAPA determines the amount of revenue available in the Basin Fund for anticipated expenses, it will determine the additional revenue needed and will include the appropriate CRC charge in the customer's firm power bill, unless the customer chooses to waive and lower their receipt of power as per the CRC WL.

Table 10 - CRC Tiers

WAPA HAS THE DISCRETION TO IMPLEMENT A CRC BASED ON THE TIERS BELOW.

Tier	Criteria, If the BFBB is:	Review
i	Greater than $150 million, with an expected decrease to below $75 million	Annually
ii	Less than $150 million but greater than $120 million, with an expected 50-percent decrease in the next CY	
iii	Less than $120 million but greater than $90 million, with an expected 40-percent decrease in the next CY	
iv	Less than $90 million but greater than $60 million, with an expected 25-percent decrease in the next CY	Semi-Annual (August / February)
v	Less than $60 million but greater than $40 million with an expected decrease to below $40 million in the next CY	Monthly

Calculation of the CRC

WAPA will forecast the amount of purchased energy and the corresponding expense to deliver SHP energy and also forecast the funds available from the Basin Fund for firming purchases.

In determining the forecasted funds available, the impact on net revenue (projected annual revenue less projected annual expenses) and the Basin Fund net balance (FY BFBB plus net revenue) will be analyzed. For the CRC, all cash outflows from the Basin Fund including capital expenses, O&M, revenue transfers to Reclamation, and returns to Treasury will be included as annual expenses. In the event the impact on either of these is at acceptable levels, the CRC will not apply during that FY. If the impact on net revenue and/or the Basin Fund constrains the funds available to deliver SHP energy, the most constraining factor will be used to determine the additional revenue requirements. Please refer to Table 11 for a CRC example.

Table 11 - Sample CRC Calculation

		Description	Example	Formula
STEP ONE	**Determine the Net Balance available in the Basin Fund.**			
	BFBB	Basin Fund Beginning Balance ($)	$ 117,508,000	Financial forecast
	BFTB	Basin Fund Target Balance ($)	$ 70,504,800	BFBB – (Tier % *BFBB), or BFTB for Tier i and Tier v[1]
	PAR	Projected Annual Revenue ($) w/o CRC	$ 190,628,000	Financial forecast
	PAE	Projected Annual Expenses ($)	$ 249,187,000	Financial forecast
	NR	Net Revenue ($)	$ -58,559,000	PAR - PAE
	NB	Net Balance ($)	$ 58,949,000	BFBB + NR
STEP TWO	**Determine the Forecasted Energy Purchase Expenses.**			
	EA	SHP Energy Allocation (GWh)	5,135	Customer contracts
	HE	Forecasted Hydro Energy (GWh)	4,459	Hydrologic & generation forecast
	FE	Forecasted Energy Purchase (GWh)	676	EA – HE or anticipated
	FFC	Forecasted Average Energy Price per MWh ($)	$ 30.57	From commercially available price indices
	FX	Forecasted Energy Purchase Expense ($)	$ 20,665,320	FE * FFC *1000
STEP THREE	**Determine the amount of Funds Available for firming energy purchases, and then determine additional revenue to be recovered. The following two formulas will be used to determine FA; the lesser of the two will be used.**			
	FA1	Basin Fund Balance Factor ($)	$ 9,109,520	If (NB>BFBB,FX,FX -(BFTB - NB))
	FA2	Revenue Factor ($)	$ 9,109,520	If (NR>-(BFBB-BFTB), FX, FX+NR +(BFBB-BFTB))
	FA	Funds Available ($)	$ 9,109,520	Lesser of FA1 or FA2 (not less than $0)
	FARR	Additional Revenue to be Recovered ($)	$ 11,555,800	FX - FA
STEP FOUR	**Determine the difference between the market price and the SLCA/IP Energy Rate.**			
	SLIP	SLCA/IP Energy Rate	$ 12.19	From Rate Schedule SLIP-F10
	NRATE	Net Rate: Difference between Market Price and SLCA/IP Energy Rate	$ 18.38	FFC - SLIP
STEP FIVE	**Once the FA for purchases and the NRATE for cost have been determined, the CRC can be calculated, and the WL can be determined.**			
	CRC	**Cost Recovery Charge (mills/kWh)**	**2.25**	FARR/(EA*1,000)
	WL	Waiver Level (GWh)	4,506	EA – ((FARR/NRATE)/1000)
	WLP	Waiver Level Percentage of Full SHP	88%	WL/EA*100
	CRCE	CRC Energy (GWh)	629	EA - WL
	CRCEP	CRC Energy Percentage of Full SHP	12%	CRCE/EA*100
	RISC	Reduction in SHP Capacity	12%	Same as CRCEP percentage

Notes:

1. Use Table 10 to calculate applicable value.

Narrative CRC Example

STEP ONE: Determine the net balance available in the Basin Fund.

BFBB – WAPA will forecast the Basin Fund Beginning Balance for the next CY.

BFBB = $117,508,000

BFTB – The Basin Fund Target Balance is based on the applicable tiered percentage, or minimum value, of the Basin Fund Beginning Balance derived from the **CRC Tiers** table with a minimum BFTB set at $40 million.

BFTB = BFBB less 40 percent, see **Tier iii** (BFBB < 120 million, BFBB > 90 million)

= $117,508,000 – $47,003,200

= $70,504,800

PAR – Projected Annual Revenue is WAPA's estimate of revenue for the next CY.

PAR = $190,628,000

PAE – Projected Annual Expenses is WAPA's estimate of expenses for the next CY. The PAE includes all cash outflows from the Basin Fund including capital expenses, O&M, revenue transfers to Reclamation, and returns to Treasury.

PAE = $249,187,000

NR – Net Revenue equals revenues minus expenses.

NR = PAR-PAE

= $190,628,000 – 249,187,000

= $-58,559,000

NB – Net Balance is the Basin Fund Beginning Balance plus net revenue.

NB = BFBB+NR

= $117,508,000 + (-58,559,000)

= $58,949,000

<u>STEP TWO</u>: Determine the forecasted energy purchases expenses.

EA – The SHP Energy Allocation (from Customer contracts). This does not include Project Use customers.

EA = 5,135 (GWh)

HE – WAPA's forecast of Hydro Energy available during the next FY developed from Reclamation's August, 24-month study.

HE = 4,459 (GWh)

FE – Forecasted Energy purchases are the difference between the SHP allocation and the forecasted hydro energy available for the next CY or the anticipated firming purchases for the next year.

FE = EA-HE or anticipated purchases

= 676 (GWh, anticipated)

FFC - The forecasted energy price for the next CY per MWh. WAPA currently uses Argus for market prices for purchased power.

FFC = $30.57 per MWh

FX – Forecasted energy purchased power expenses based on the current year's August, 24-month study, representing an estimate of the total costs of firming purchases for the coming CY.

FX = FE*FFC*1000

= 676 * $30.57*1000

= $20,665,320

<u>STEP THREE</u>: Determine the amount of Funds Available (FA) to expend on firming energy purchases and then determine additional revenue to be recovered (FARR). The following two formulas will be used to determine FA; <u>the lesser of the two will be used</u>. Funds available shall not be less than zero.

A. <u>Basin Fund Balance Factor (FA1)</u>

If the Net Balance is greater than the Basin Fund Target Balance, use the value for forecasted energy purchased power expenses (FX). If the net balance is less than the Basin Fund Target Balance, reduce the value of the Forecasted Energy Purchased Power Expenses by the difference between the Basin Fund Target Balance and the Net Balance.

FA1 = If (NB > BFTB, FX, FX - (BFTB - NB))

If the Net Balance is greater than the Basin Fund Target Balance, then **FA1=FX**.

= $58,949,000 (NB) is greater than $70,504,800 (BFTB) then: $20,665,320 (FX)

If the Net Balance is less than the Basin Fund Target Balance (as it is in this example), **FA1=FX-(BFTB-NB).**

= $20,665,320 (FX) – ($70,504,800 (BFTB) - $58,949,000 (NB)))

= $9,109,520

B. <u>Basin Fund Revenue Factor (FA2)</u>

The second factor ensures that WAPA collects sufficient funds to meet the Basin Fund Target Balance so long as the amount needed does not exceed the forecasted purchase expense (FX):

In the situation when there is <u>no</u> projected revenue:

FA2 = If (NR>-(BFBB-BFTB), FX, FX+NR+ (BFBB-BFTB))

= -$58,559,000(NR) is greater than ($117,508,000 - $70,504,800) then:

= $20,665,320 (FX) else:

= $20,665,320 (FX) + (-58,559,000) (NR) + ($117,598,000 - $70,504,800)

=$9,109,520

If the Net Revenue (loss) value does not result in a loss that exceeds the allowable decrease value of the Basin Fund Beginning Balance (-(BFBB-BFTB)), then **FA2=FX.**

If the Net Revenue (loss) results in a loss that exceeds the allowable decrease value of the Basin Fund Beginning Balance (-(BFBB-BFTB)), then **FX + NR + (BFBB-BFTB).**

FA – Determine funds available for purchasing firming energy by using the lesser of FA1 and FA2.

FA1 and FA2 are equal, so:

FA = $9,109,520 (FX)

FARR – Calculate the additional revenue to be recovered by subtracting the Funds Available from the forecasted energy purchased power expenses.

FARR = FX-FA

= \$20,665,320 (FX) - \$9,109,520 (FA)

= \$ 11,555,800

<u>STEP FOUR</u>: Determine the difference between the Market Price and the SLCA/IP energy rate.

SLIP – SLCA/IP energy rate from Rate Schedule SLIP F10

SLIP = \$12.19 per MWh

NRATE- Difference between the Market Price and the SLCA/IP energy rate

NRATE = FFC – SLIP

= \$30.57 (FFC) - \$12.19 (SLIP)

= \$18.38 per MWh

<u>STEP FIVE</u>: Once the funds available for purchases have been determined, the CRC can be calculated and the WL can be determined.

A. <u>Cost Recovery Charge</u>: The CRC will be a charge to recover the additional revenue required as calculated in Step 3. The CRC will apply to all customers who choose not to request a waiver of the CRC, as discussed below. The CRC equals the additional revenue to be recovered divided by the total energy allocation to all customers for the CY.

CRC = FARR / (EA*1,000)

= \$11,555,800 (FARR) / 5,135 (EA) * 1,000)

= \$ 2.25 mills/kWh

B. <u>Waiver Level</u>: WAPA will establish a WL that provides WAPA the ability to reduce purchased power expenses by scheduling less energy than what is contractually required.

Therefore, for those customers who voluntarily schedule no more energy than their proportionate share of the WL, WAPA will not apply a CRC for that year. After the Funds Available have been determined, the WL will be set at the sum of the energy that can be provided through hydro generation and purchased with Funds Available. The WL will not be less than the forecasted Hydro Energy.

If SHP Energy Allocation (EA) is less than forecasted Hydro Energy (HE) available, then WL=EA. If SHP Energy Allocation (EA) is greater than the forecasted Hydro Energy (HE) available, then WL= (EA – ((FARR/NRATE)/1000)))

WL = If ((EA<HE), EA, (EA – ((FARR/NRATE)/1000)))

= If 5,135 (EA) is less than 4,459(HE), then:

= 5,135 (EA), else:

= 5,135 (EA) – (($11,555,800 (FARR) / $18.38 (NRATE))/1,000)

= 4,506 (GWh) is the Waiver Level

C. Waiver Level Percentage of Full SHP WLP:

WLP = WL /EA

= 4,506 / 5,135

= 88%

D. CRC Energy GWh (CRCE):

CRCE = EA – WL

= 5,135 – 4,459

= 629 GWh

E. CRC Level Percentage of Full SHP (CRCEP):

CRCEP = CRCE / EA

= 629 / 5,135

= 12%

F. Reduction in Capacity (RISC): SHP capacity reductions will be made, for those customers taking the CRC waiver, to maintain each customer's existing monthly load factor percentage at the same level provided by the full SHP capacity and energy allocation.

RISC = CRCEP

Trigger for Shortage Criteria

In the event that Reclamation's 24-month study projects that Glen Canyon Dam water releases will drop below 8.23 MAF in a water year (October through September), WAPA will recalculate the CRC to include those lower estimates of hydropower generation and the estimated costs for the additional purchase power necessary. WAPA, as in the yearly projection for the CRC, will give the customers a 45-day written notice to request a waiver of the CRC if they do not want to have the CRC charge added to their energy bill. This recalculation will remain in effect for the remainder of the current FY.

In the event that the annual water release volumes from Glen Canyon Dam for generation returns to 8.23 MAF or higher during the trigger implementation, a new CRC will be calculated for the next month, and the Customer will be notified.

Narrative PYA Discussion

Since the annual determination of the CRC is based upon estimates, an annual prior year adjustment (PYA) will be calculated. The CRC PYA for the next subsequent year will be determined by comparing the prior year's estimated firming energy cost to the prior year's actual firming energy cost for the energy provided above the WL. The PYA will result in an increase or decrease to a CRC Customer's firm energy costs over the course of the following year. See Table 12 below for an example of the PYA.

Table 12 - PYA Calculation

PYA CALCULATION				
		Description	**Example**	**Formula**
STEP ONE	**Determine actual expenses and purchases for previous year's firming. This data will be obtained from WAPA's financial statements at the end of the CY.**			
	PFX	Prior Year Actual Firming Expenses ($)	$11,020,808	Monthly Income Statements
	PFE	Prior Year Actual Firming Energy (GWh)	490	Settlements Worksheet
STEP TWO	**Determine the actual firming cost for the CRC portion.**			
	EAC	Sum of the energy allocations of customers subject to the PYA (GWh)	3,265	Prior Year Customers Subject to CRC
	FFC	Forecasted Firming Energy Cost – ($/MWh)	$30.57	From CRC Calculation
	AFC	Actual Firming Energy Cost – ($/MWh)	$22.49	PFX/PFE
	CRCEP	CRC Energy Percentage	12%	From CRC Calculation
	CRCE	Purchased Energy for the CRC (GWh)	400	EAC*CRCEP
STEP THREE	**Determine Revenue Adjustment (RA) and PYA.**			
	RA	Revenue Adjustment ($)	($3,229,470)	(AFC-FFC)*CRCE*1,000
	PYA	**Prior Year Adjustment (mills/kWh)**	**-.99 mills/kWh**	(RA/EAC)/1,000

Narrative PYA Example

Narrative PYA Example Only (assumes that a CRC was needed for the previous year)

STEP ONE: Determine actual expenses and purchases for previous year's firming. This data will be obtained from WAPA's financial statements at end of the FY.

PFX - Prior year actual firming expense

PFX = $11,020,808

PFE - Prior year actual firming energy

PFE = 490 GWh

STEP TWO: Determine the actual firming cost for the CRC portion.

EAC - Sum of the energy allocations of Customers who were assessed the CRC for the prior year.

EAC = 3,266 GWh

CRCE - The amount of CRC Energy needed

CRCE = EAC * CRCEP

= 3,266 * .1224

= 400 GWh

AFC - The Actual Firming Energy Cost is the PFX divided by the PFE.

AFC = ((PFX / PFE) /1,000)

= (($11,020,808/ 490) / 1,000)

= $22.49

STEP THREE: Determine Revenue Adjustment and PYA.

RA – The Revenue Adjustment is Actual Firming Energy Cost less Forecasted Firming Energy Cost times Purchased Energy for the CRC.

RA = (AFC - FFC) * CRCE * 1,000

= ($22.49 - $30.57) * 400 * 1,000

= ($3,229,470)

PYA - The PYA is the Revenue Adjustment divided by the SHP Energy Allocation for the CRC Customers in the prior calendar year only and will be applied to those same customers

PYA = (RA / EAC) / 1,000

= (-$3,229,470 / 3,266) / 1,000

= -.99 mills/kWh

The Customers' PYA will be based on their prior calendar year's energy multiplied by the PYA mills/kWh to determine the dollar value that will be assessed. The Customer will be charged or credited for this dollar amount equally in the remaining months of the next year's billing cycle. WAPA will complete this calculation by March 1 of each year. Therefore, if the PYA is calculated in March, the charge/credit will be spread over the remaining 9 months of the CY (April through December).

CRC Schedule for Customers

Consistent with the procedures at 10 CFR 903, WAPA will provide its Customers with information concerning the anticipated CRC for the upcoming CY by October 1. The established CRC will be in effect for the entire CY. Table 13 below displays the time frame for determining the amount of purchases needed, developing Customer's load schedules, and making purchases.

Table 13 - CRC Schedule

Task	Respective Dates Under Table CRC Tiers		
	i, ii, and iii	**iv[1]**	**v[2]**
24-Month Study (Forecast to Model Projections)	August 1	August 1 February 1	Monthly Study
CRC Notice to Customers	October 1	October 1 April 1	Monthly
Waiver Request Submitted by Customers	November 15	Within 45 days	Within 30 days
CRC Effective	January 1	January 1 July 1	Updated Monthly

Notes:

[1] Under a Shortage Criteria Trigger this schedule will change. Customers will be notified that a CRC will be implemented in 90 days. WAPA will provide its Customers with information concerning the anticipated CRC and give them 45 days to request a waiver or accept the CRC. The established CRC will be in effect for 12 months from the date implemented unless superseded by another CRC.

[2] If it is determined during the additional reviews, under tier **v**, that a CRC is necessary, customers will be notified that a CRC will be implemented in 60 days. WAPA will provide its customers with information concerning the anticipated CRC and give them 30 days to request a waiver or accept the CRC. The established CRC will be in effect for 12 months from the date implemented unless superseded by another CRC.

III. Proposed CRSP Transmission and Ancillary Services Rates

Summary

The proposed firm and non-firm transmission rates apply to all transmission-only sales. The present CRSP Firm Point-to-Point, Network, and Non-firm Point-to-Point transmission rates, outlined in Rate Schedules SP-PTP8, SP-NW4, and SP-NFT7, respectively, became effective on October 1, 2016. The transmission rates include the cost for scheduling, system control, and dispatch service. WAPA is proposing that these three schedules, re-named (SP-PTP9, SP-NW5, and SP-NFT8), remain in effect for this new ratesetting period. The cost of transmission service for WAPA's SLCA/IP firm electric service will continue to be included in the SLCA/IP firm power rate. Transmission services are outlined in WAPA's Tariff.

WAPA proposes to change the method it uses to calculate the annual transmission revenue requirement (ATRR) to recover transmission expenses on a forward looking rather than a historical basis. WAPA changed the capital investment portion of the ATRR to this method in the last rate action. The current annual fixed charge formula will continue to be used to determine the revenue requirement to be recovered from firm and non-firm transmission service. The ATRR requirement includes net capital transmission investment, O&M expenses, administrative and general expenses, interest expense, and depreciation expense. This revenue requirement is offset by CRSP transmission system revenue, such as non-firm transmission and phase shifter revenues.

The change WAPA proposes will allow it to more accurately match cost recovery with cost incurrence. WAPA will use projections to estimate transmission costs for the upcoming year in the annual rate calculation. Currently, the rate calculation for a year uses actual data from 2 years prior to that year. For example, FY 2018 actual financial data was used to calculate the FY 2020 Transmission rate. Had we used the forward looking rate, we would have used projected data through FY 2019 for the FY 2020 rate. When actual cost information for a year becomes available, WAPA will calculate the actual revenue requirement that will be included as a credit in the ATRR in the next subsequent year. Similarly, any under-collection of the revenue requirement will be recovered in the next subsequent year. This true-up procedure will ensure that WAPA recovers no more and no less than the actual transmission costs for the year. For example, as FY 2019 actual financial data becomes available during FY 2020, the under- or over-collection of revenue during FY 2019 can be determined. When the rates are calculated for FY 2021, the implemented rates will include an adjustment for revenue under- or over-collected in FY 2019.

The rate for non-firm CRSP transmission service is based upon the current CRSP firm Point-to-Point transmission rate and may be discounted. The current rate is expressed in dollars and is a maximum of $1.55 per kWmonth for FY 2020.

The provisional rate for Network transmission service is a formula calculation based on the annual transmission revenue requirement. There are no changes to the existing network integration transmission service formula under Rate Schedule SP-NW5.

Proposed Transmission Rates

Firm Point-to-Point

The CRSP MC is seeking the continued approval of the rate formula (as shown below) for calculation of the firm Point-to-Point transmission rate to be applied annually.

WAPA proposes the firm Point-to-Point transmission rate be based on projections on investment, using an annual fixed charge methodology. The ATRR will continue to be reduced by revenue credits such as non-firm transmission and phase shifter revenues. The resultant net ATRR will continue to be divided by the capacity reservation needed to meet firm power and transmission-only commitments in kW, including the total network integration loads at system peak. The formula will be updated each year by applying projections on investment and a true-up for any over collection or under collection from the previous FY rate. If needed, a revised rate will become effective October 1 of the new FY. The rate formula is proposed to be effective October 1, 2020, through September 30, 2025.

The cost/kWyear is calculated using the following rate formula:

(1) ATRR-TRC=NATRR

(2) $\frac{\text{NATRR}}{\text{TSTL}}$

Where:

ATRR = Annual Transmission Revenue Requirement. The costs associated with facilities that support the transfer capability of the CRSP transmission system, excluding generation facilities. These costs include investment costs, interest expenses, depreciation expense, administrative and general expenses, and O&M expense, including transmission purchases. Transmission purchases reflect those costs associated with CRSP contractual rights.

TRC = Transmission Revenue Credits. The revenues generated by the CRSP transmission system not related to the revenues from the sale of long-term firm transmission.

NATRR = Net Annual Transmission Revenue Requirement. The Annual Revenue Requirement minus Transmission Revenue Credits.

TSTL = CRSP Transmission System Total Load. The sum of the total CRSP transmission capacity under long-term reservation including the total network integration loads at system peak.

Non-Firm Point-to-Point Transmission

The proposed rate for non-firm Point-to-Point CRSP transmission service is a mills/kWh rate which is based upon the current firm Point-to-Point rate and may be discounted. This rate will remain in effect concurrently with the firm Point-to-Point rate and will also be reviewed annually. Transmission availability will be posted on WAPA's Open Access Same-Time Information System (OASIS).

Network Transmission

The proposed rate for network transmission is a formula calculation based upon the annual revenue requirement determined by the annual fixed charge methodology.

Unreserved Use Penalty

Schedule 10 to Tariff SP-UU2 supersedes SP-UU1.

The rate for Unreserved Use Penalty is 200 percent of the approved CRSP rate for Point-to-Point Transmission service as follows:

(i) The Unreserved Use penalty for a single hour of unreserved use will be based upon the rate for daily firm Point-to-Point service.

(ii) The Unreserved Use penalty for more than one assessment for a given duration (e.g., daily) will increase to the next longest duration (e.g., weekly).

(iii)The Unreserved Use penalty charge for multiple instances of unreserved use (e.g., more than 1 hour) within a day will be based on the rate for daily firm Point-to-Point service. Multiple instances of unreserved use isolated to 1 calendar week will result in a penalty based on the charge for weekly firm Point-to-Point service. The penalty charge for multiple instances of unreserved use during more than 1 week during a calendar month will be based on the rate for monthly firm Point-to-Point service.

A transmission customer that exceeds its firm reserved capacity at any point of receipt or point of delivery, or an eligible customer that uses transmission service at a point of receipt or point of delivery that it has not reserved will be required to pay, in addition to the Unreserved Use penalties, for all ancillary services identified in WAPA's Open Access Transmission Tariff (OATT) based on the amount of transmission service it used and did not reserve.

Proposed Ancillary Services

In accordance with WAPA's OATT, ancillary services are needed with transmission service to maintain reliability. The CRSP transmission system lies in the Western Area Colorado Missouri (WACM) balancing authority operated by WAPA's Rocky Mountain Region (RMR). The provisional rates for ancillary services are designed to recover only the costs associated with providing the service(s). Loveland Area Projects (LAP) and CRSP, as WAPA Transmission Service Providers in WACM, currently provide seven ancillary services under the OATT. Seven ancillary services will continue to be offered by CRSP MC, two of which are required – these are (1) scheduling, system control, and dispatch service and (2) reactive supply, and voltage control service. The remaining five ancillary services, (3) regulation and frequency response service, (4) energy imbalance service, (5) spinning reserve service, (6) supplemental reserve service, and (7) generator imbalance will also be offered either from WACM or from the CRSP Merchant Function. Sales of regulation and frequency response, energy imbalance, spinning reserve, and supplement reserve services from SLCA/IP power resources are limited since WAPA has allocated the SLCA/IP power resources to preference entities under long-term commitments. The availability and type of ancillary service will be determined based on excess resources available at the time the services are requested, except for the two ancillary services required to be provided in conjunction with the sale of CRSP transmission services.

Scheduling, System Control, and Dispatch Service

Provided through the WACM Balancing Authority under Rate Schedule L-AS1, which superseded CRSP's Rate Schedule SP-SD4.

Per Schedule 1 of WAPA's OATT, this service is required to schedule the movement of power through, out of, within, or into a Control Area and can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. The LAP and CRSP Transmission Service Providers directly provide this service as the Control Area operator (WACM). In cases where the Transmission Service Providers on the schedules are not the Control Area operator, WACM indirectly performs this service for those Transmission Service Providers' transmission systems.

Reactive Supply and Voltage Control Service from Generation or Other Sources Service (VAR Support Service)

Provided through the WACM Balancing Authority under Rate Schedule L-AS2, which superseded CRSP's Rate Schedule SP-RS4.

Per Schedule 2 of WAPA's OATT, Volts-Ampere Reactive VAR Support Service is required to maintain transmission voltages on the Transmission Service Provider's transmission facilities within acceptable limits, using available generation facilities and non-generation resources. This service must be provided for each transaction on the transmission facilities within the Control Area either directly by the Transmission Service Provider if the Transmission Service Provider is the Control Area operator or indirectly by the Transmission Service Provider making arrangements with the Control Area operator. Transmission Customers are required to purchase this service from the Transmission Service Provider. If the Transmission Service Provider acquires the service from the Control Area, the charges are to reflect only a pass-through of the costs charged to the Transmission Service Provider by the Control Area operator.

Regulation and Frequency Response Service

Rate Schedule SP-FR4 was superseded by L-AS.3

Per Schedule 3 of WAPA's OATT, Regulation Service is necessary to provide for the continuous balancing of resources, generation and interchange, with load, as well as, for maintaining scheduled interconnection frequency at sixty cycles per second (60 Hz). Regulation Service is accomplished by committing on-line generation whose output is raised or lowered as necessary, predominantly through the use of Automatic Generating Control (AGC) equipment as necessary to follow the moment-by-moment changes in load. The obligation to maintain this balance between resources and load lies with the Transmission Service Provider (or the Control Area operator who performs this function for the Transmission Service Provider). All loads inside the Control Area consume regulation; therefore, WACM, by default, provides Regulation Service to all loads inside the Control Area. The Transmission Service Provider must offer this service when transmission service is used to serve load within its Control Area.

Regulation Service corrects for instantaneous variations between the customers' resources and load, even if the variations net to zero over the course of an hour. Imbalance Service, outlined below, captures hourly energy provided in correcting for these variations.

Imbalance Services

Energy Imbalance

Rate Schedule SP-E15 reflects that energy imbalance is provided through the WACM Balancing Authority under Rate Schedule L-AS4, or as superseded.

Per Schedule 4 of WAPA's OATT, Energy Imbalance Service is provided when a difference occurs between the scheduled and the actual delivery of energy to a load located within the Control Area over a single hour. The Transmission Service Provider must offer this service when the transmission service is used to serve load within its Control Area. The Transmission Customer must either obtain this service from the Transmission Service Provider or make alternative comparable arrangements to satisfy its Imbalance Service obligations. To the extent WACM performs this service for the Transmission Service Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Service Provider by WACM.

Generator Imbalance

Rate Schedule SP-E15 reflects that generator imbalance is provided through the WACM Balancing Authority under Rate Schedule L-AS9, or as superseded.

Per Schedule 9 of WAPA's OATT, Generator Imbalance Service is provided when a difference occurs between the output of a generator located in the Control Area and a delivery schedule from that generator to another Control Area or to a load within the Control Area over a single hour. The Transmission Provider must offer this service, to the extent it is physically feasible to do so from its resources or from resources available to it, when transmission service is used to deliver energy from a generator located within its Control Area. The Transmission Customer must either obtain this service from the Transmission Service Provider or make alternative comparable arrangements to satisfy its Imbalance Service obligations. To the extent WACM performs this service for the Transmission Service Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Service Provider by WACM.

Operating Reserves – Spinning & Supplemental Reserve Services

Rate Schedule SP-SSR5 supersedes Rate Schedule SP-SSR4.

Per Schedules 5 and 6 of WAPA's OATT, Reserve Services are needed to serve load in the event of a system contingency. Spinning Reserves are used to serve load immediately in the event of a system contingency by units on-line and loaded at less than maximum output; whereas, Supplemental Reserves are not immediately available but are available in a short period of time from units that are on-line but unloaded. The Transmission Service Provider must offer this service when the transmission service is used to serve load in the Control Area. The Transmission Customer must either purchase this service from the Transmission Service Provider or make alternative comparable arrangements with WACM to satisfy its Reserve obligations. To the extent WACM performs this service for the Transmission Service Provider, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to the Transmission Service Provider by WACM.

IV. Rate Adjustment Procedure

Background

A Public Information Forum and a Public Comment Forum will be held during the consultation and comment period. At these forums, WAPA will discuss information contained in these documents and receive comments from interested parties. After the consultation and comment period and a review of oral and written comments, WAPA's Administrator may develop a provisional firm power rate, and transmission and ancillary services rates. With the concurrence of the Assistant Secretary, Office of Electricity, the provisional rates may be confirmed, approved, and placed into effect on an interim basis. The provisional rates will be announced to the public along with an explanation of the principal factors leading to the decision. The provisional rates will then be submitted to FERC for final approval.

Public Process

Procedures adopted by DOE give interested parties an opportunity to participate in the development of power and transmission rates. The published procedures for rate adjustments, as amended, are available upon request from the CRSP MC.

A Federal Register notice (FRN) announcing the proposed rate and the consultation and comment period was published on January 21, 2020. The published FRN is enclosed in the appendix of this brochure.

The formal public consultation and comment period began with the publication of the FRN and will end 90 days after the publication of the FRN, April 20, 2020. During this time, interested parties may consult with, and obtain information from WAPA representatives about the rate proposals. In addition to the supporting document on the rate action web page, interested parties also may examine data in the rate proposal PRS and the smaller projects' PRSs. Copies of the PRS data and other supporting materials are available for public review. Requests for review material can be made by phone, mail, or email at:

CRSP Management Center
Western Area Power Administration
299 South Main Street, Suite 200
Salt Lake City, UT 84111
Telephone: (801) 524-5493
CRSPMC-RATE-ADJ@wapa.gov

Public Information & Comment Forums

The Public Information Forum will be held:

March 12, 2020, 11 a.m. MDT to 1 p.m. MDT
299 South Main Street
23rd Floor Conference Room
Salt Lake City, UT 84111

During the Public Information Forum, WAPA representatives will explain the need for the proposed rate adjustment and answer questions. Questions not answered at the Public Information Forum will be answered in writing at least 15 days before the end of the consultation and comment period. The Public Information Forum will be recorded and transcribed. You may download a copy of the transcript that will be posted via the web page located at: https://www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx.

The Public Comment Forum will be held:

March 12, 2020, 1:30 p.m. MDT to 3 p.m. MDT
299 South Main Street
23rd Floor Conference Room
Salt Lake City, UT 84111

Interested persons may submit written or oral comments at the Public Comment Forum. As with the Public Information Forum, the Public Comment Forum will be recorded and transcribed. You may download a copy of the transcript that will be posted via the web page located at: https://www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx.

Written Comments

All interested parties may submit written comments to WAPA any time during the consultation and comment period. WAPA must receive comments by the end of the consultation and comment period (April 20, 2020) to ensure consideration. Comments should be sent to Mr. Steven Johnson, CRSP Manager, at the address above, or by email to CRSPMC-RATE-ADJ@wapa.gov.

Revision of Proposed Rates

During and after the consultation and comment period and the review of oral and written comments, WAPA may revise the proposed rate(s). If WAPA's Administrator decides that further public comment on the revised proposed rate(s) should be invited, a second consultation and comment period may be initiated. In that event, one or more additional public meeting(s) may be held. All questions and answers in reference to this rate action will also be posted at the web page located at: https://www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx.

Decision on Proposed or Revised Proposed Rates

Following the end of the consultation and comment period(s), WAPA's Administrator will develop proposed rates. The Assistant Secretary, Office of Electricity may confirm, approve, and place these rates in effect on an interim basis. The decision and an explanation of the principal factors leading to the determined rates will be announced in the FRN. WAPA proposes to place the rates in effect on October 1, 2020.

Final Decision on the Rate Adjustment

The Assistant Secretary, Office of Electricity will submit all information concerning the provisional rate to FERC and request approval of the Firm Power rates, Transmission rates, and Ancillary Services rates, for the period October 1, 2020, through September 30, 2025. FERC may then confirm and approve the rates permanently, remand them to WAPA, or disapprove them.

V. Legal and Environmental Requirements

Environmental Compliance

In compliance with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321, et seq.; the Council on Environmental Quality Regulations for implementing NEPA (40 CFR Part 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR Part 1021), WAPA has determined that this action is categorically excluded from the preparation of an environmental assessment or an environmental impact statement.

VI. Appendices

Glossary of Terms

AFC:	Actual Firming energy Cost.
ATRR:	Annual Transmission Revenue Requirement.
Basin Fund:	Upper Colorado River Basin Fund.
BFBB:	Basin Fund Beginning Balance.
BFTB:	Basin Fund Target Balance.
Capacity:	The electric capability of a generator, transformer, transmission circuit, or other equipment. It is expressed in kW.
Capacity Rate:	The rate which sets forth the charges for capacity. It is expressed in $/kWmonth and applied to each kW delivered to each Customer.
CDP:	Customer Displacement Power.
CME:	Capitalized Movable Equipment.
CRC:	Cost Recovery Charge.
CROD:	Contract Rate of Delivery. The maximum amount of capacity made available to a preference Customer for a period specified under a contract.
CRCE:	CRC Energy (GWh).
CRCEP:	CRC energy percentage of full SHP.
CRSP:	Colorado River Storage Project.
CRSP MC:	Colorado River Storage Project Management Center.
Customer:	Firm electric service customer(s) contractually receiving SLCA/IP power and energy.
DOE:	Department of Energy.

DSW:	Desert Southwest Region.
EA:	SHP Energy Allocation + Project Use (GWh).
EMMO:	Energy Management and Marketing Office.
Energy Rate:	The rate which sets forth the charges for energy. It is expressed in mills/kWh and applied to each kWh delivered to each Customer.
FA:	Funds Available.
FA1:	Basin Fund Balance Factor.
FA2:	Revenue Factor.
FARR:	Additional Revenue to be recovered.
FE:	Forecasted Purchase Energy.
FERC:	Federal Energy Regulatory Commission.
FFC:	Forecasted Firming Energy Cost.
Firm:	A type of product or service available at the time requested by the Customer.
FRN:	Federal Register Notice.
FX:	Forecasted Energy Purchase Expense.
FY:	Fiscal Year, October 1 to September 30.
GWh:	Gigawatthour – the electrical unit of energy that equals 1 billion watthours or 1 million kWh.
HE:	Forecasted Hydro Energy.
Integrated Projects:	The resources and revenue requirements of the Collbran, Dolores, Rio Grande, and Seedskadee projects blended together with the CRSP to create the SLCA/IP resources and rate.
kW:	Kilowatt – the electrical unit of capacity that equals 1,000 watts.
kWh:	Kilowatthour – the electrical unit of energy that equals 1,000 watts in 1 hour.

kWmonth:	Kilowattmonth – the electrical unit of the monthly amount of capacity.
Load:	The amount of electric power or energy delivered or required at any specified point(s) on a system.
Load Factor:	The actual amount of kWh delivered on a system in a designated period of time, as opposed to the total possible kWh that could be delivered on a system in a designated period time.
Load-Ratio Share:	Network Customer's hourly load (including its designated network load not physically interconnected with WAPA) coincident with WAPA's monthly CRSP transmission system peak.
Mill:	A monetary denomination of the United States that equals one tenth of a cent or one thousandth of a dollar.
MAF:	Million Acre-Feet. The number of gallons of water required to cover 1 million acres, 1 foot in depth.
Mills/kWh:	Mills per kilowatthour – the unit of charge for energy.
MOA:	Memorandum of Agreement concerning the Upper Colorado River Basin Fund for Upper Division States to share their apportionment with each other through FY 2025. This agreement reduces the impact on the CRSP Firm Power rate by eliminating the collection of power revenue beyond that amount needed to repay the costs for participating irrigation projects.
MW:	Megawatt – the electrical unit of capacity that equals 1 million watts or 1,000 kilowatts.
MWh:	One million watt-hours of electric energy. A unit of electrical energy which equals 1 megawatt of power used for 1 hour.
NATRR:	Net Annual Transmission Revenue Requirement.
NB:	Net Balance.
NEPA:	National Environmental Policy Act of 1969 (42 U.S.C 4321, et seq.).

NR: Net Revenue. Revenue remaining after paying all annual expenses.

NRate: Net Rate. The difference between the Market rate WAPA purchases power at and the Firm Energy rate that WAPA sells power at.

OASIS: Open Access Same-Time Information System.

O&M: Operation & Maintenance.

OM&R: Operation, Maintenance, and Replacement.

PAR: Projected Annual Revenue ($) w/o CRC.

Participating Projects: The Dolores and Seedskadee projects participating with CRSP according to the CRSP Act 1956.

PFE: Prior year actual Firming Energy.

PFX: Prior year actual Firming expenses.

Pinch Point: The year in the PRS that requires the greatest amount of revenue.

Power: Capacity and energy.

Price: Average price per GWh for purchased power.

Project Use: Power used to operate SLCA/IP and CRSP facilities under Reclamation Law.

Proposed Rate: A rate that has been recommended by WAPA to the Assistant Secretary, Office of Electricity for approval.

Proposed Ratesetting PRS: PRS used for the rate adjustment proposal.

Provisional Rate: A rate which has been confirmed, approved, and placed into effect on an interim basis by the Assistant Secretary, Office of Electricity.

PRS: Power Repayment Study.

PYA: Prior Year Adjustment.

RA: Revenue Adjustment.

Reclamation: Bureau of Reclamation.

Reclamation Law: A series of Federal laws. Viewed as a whole, these laws create the originating framework under which WAPA markets power.

RISC: Reduction in SHP Capacity, for those customers taking the CRC waiver, to maintain each customer's existing monthly load factor percentage at the same level provided by the full SHP capacity and energy allocation.

RMR: Rocky Mountain Region.

Revenue Requirement: The revenue required to recover O&M expenses, purchased power and transmission service expenses, interest, deferred expenses, and repayment of Federal investments, or other assigned costs.

SHP: Sustainable Hydro Power (long-term SLCA/IP hydro capacity with energy).

SLCA/IP: Salt Lake City Area Integrated Projects.

SLIP PRS: CRSP PRS that includes the Collbran, Dolores, Rio Grande, and Seedskadee revenue requirements.

Supporting Documentation: A book of data that supports this brochure.

TRC: Transmission Revenue Credits.

TSTL: Transmission System Total Load.

WACM: Western Area Colorado Missouri.

WALC: Western Area Lower Colorado.

WAPA: Western Area Power Administration.

WL: Waiver Level.

WLP: Waiver Level Percentage of full SHP.

Work Plan: An estimate of costs that are expected to become the Congressional Budget for WAPA and Reclamation. Also known as a Work Program.

WRP: Western Replacement Power.

Federal Register Notice

Filed Date: 1/10/20.
Accession Number: 20200110–5225.
Comments Due: 5 p.m. ET 1/21/20.
Docket Numbers: ER20–695–001.
Applicants: Tri-State Generation and Transmission Association, Inc.
Description: Tariff Amendment: Amendment to Rate Schedule Nos. 121 and 129 to be effective 3/23/2020.
Filed Date: 1/10/20.
Accession Number: 20200110–5234.
Comments Due: 5 p.m. ET 1/21/20.
Docket Numbers: ER20–772–000.
Applicants: Tri-State Generation and Transmission Association, Inc.
Description: Tariff Cancellation: Notice of Cancellation of Rate Schedule Nos. 172 and 173 to be effective 3/23/2020.
Filed Date: 1/10/20.
Accession Number: 20200110–5237.
Comments Due: 5 p.m. ET 1/31/20.
Docket Numbers: ER20–773–000.
Applicants: Duke Energy Progress, LLC.
Description: Notice of Cancellation of Service Agreements (Nos. 75, et al.) of Duke Energy Progress, LLC.
Filed Date: 1/10/20.
Accession Number: 20200110–5256.
Comments Due: 5 p.m. ET 1/31/20.
Docket Numbers: ER20–774–000.
Applicants: Tucson Electric Power Company.
Description: 205(d) Rate Filing: Concurrence to CAISO RS No. 6046 to be effective 1/14/2020.
Filed Date: 1/13/20.
Accession Number: 20200113–5050.
Comments Due: 5 p.m. ET 2/3/20.
Docket Numbers: ER20–775–000.
Applicants: Southwest Power Pool, Inc.
Description: 205(d) Rate Filing: 3618 Little Blue Wind, LLC GIA to be effective 12/19/2019.
Filed Date: 1/13/20.
Accession Number: 20200113–5063.
Comments Due: 5 p.m. ET 2/3/20.
Docket Numbers: ER20–776–000.
Applicants: Appalachian Power Company, PJM Interconnection, L.L.C.
Description: 205(d) Rate Filing: PJM Transmission Owners submit revisions to OATT, Sch. 12 re: Economic Projects to be effective 3/13/2020.
Filed Date: 1/13/20.
Accession Number: 20200113–5140.
Comments Due: 5 p.m. ET 2/3/20.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern Time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: January 13, 2020.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2020–00792 Filed 1–17–20; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission has received the following Natural Gas Pipeline Rate and Refund Report filings:

Docket Numbers: RP20–432–000.
Applicants: Rockies Express Pipeline LLC.
Description: § 4(d) Rate Filing: REX 2020–01–13 Negotiated Rate Agreements to be effective 1/14/2020.
Filed Date: 1/13/20.
Accession Number: 20200113–5170.
Comments Due: 5 p.m. ET 1/27/20.
Docket Numbers: RP20–433–000.
Applicants: Adelphia Gateway, LLC.
Description: § 4(d) Rate Filing: Adelphia NAESB update Filing 1–13–20 to be effective 1/13/2020.
Filed Date: 1/13/20.
Accession Number: 20200113–5175.
Comments Due: 5 p.m. ET 1/27/20.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified date(s). Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: January 14, 2020.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2020–00870 Filed 1–17–20; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Western Area Power Administration

Proposed Salt Lake City Area Integrated Projects Firm Power Rate and Colorado River Storage Project Transmission and Ancillary Services Rates—Rate Order No. WAPA–190

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of proposed firm power rate and transmission and ancillary services formula rates.

SUMMARY: Western Area Power Administration (WAPA) proposes a new Salt Lake City Area Integrated Projects (SLCA/IP) firm power rate and revised Colorado River Storage Project (CRSP) transmission and ancillary services formula rates. The existing rates for these services expire on September 30, 2020. Currently, there is a 4.25 percent projected decrease to the firm power composite rate. WAPA also proposes modifications to the Cost Recovery Charge (CRC) formula. WAPA proposes changes to the annual transmission revenue requirement. WAPA also proposes to add generator imbalance service to the energy imbalance rate schedule and implement a new rate schedule for the sale of surplus products.

DATES: A consultation and comment period will begin January 21, 2020 and end April 20, 2020. WAPA will present a detailed explanation of the proposed rates and modifications at a public information forum on the following date and time: March 12, 2020, 11 a.m. MDT to 1 p.m. MDT. WAPA will accept oral and written comments at a public comment forum on the following date and time: March 12, 2020, 1:30 p.m. to no later than 3 p.m. MDT. WAPA will accept written comments any time during the consultation and comment period.

ADDRESSES: Written comments and requests to be informed about Federal Energy Regulatory Commission (FERC) actions concerning the proposed rates submitted by WAPA to FERC for approval should be sent to: Mr. Steven Johnson, CRSP Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 299 South Main Street, Suite 200, Salt Lake City, UT 84111, (801) 524–6372, or email: *johnsons@wapa.gov* or *CRSPMC-RATE-ADJ@WAPA.GOV*. WAPA will post information about the proposed rates and written comments received to its website at: *https://www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx*.

The public information and comment forum location is 299 South Main Street, 23rd Floor Conference Room, Salt Lake City, Utah.

FOR FURTHER INFORMATION CONTACT: Mr. Thomas Hackett, Rates Manager, Colorado River Storage Project Management Center, Western Area Power Administration, (801) 524–5503, or email: *CRSPMC-rate-adj@wapa.gov*.

SUPPLEMENTARY INFORMATION: On December 29, 2016, FERC approved and confirmed, under Rate Order No. WAPA–169 on a final basis through September 30, 2020,[1] the following Rate Schedules: SLIP–F10 for SLCA/IP Firm Power, SP–PTP8 for Firm Point-To-Point Transmission Service, SP–NW4 for Network Integration Transmission Service, SP–NFT7 for Non-Firm Point-To-Point Transmission Service, SP–SD4 for Scheduling, System Control, and Dispatch Service, SP–RS4 for Reactive Supply and Voltage Control from Generation and Other Sources Service, SP–EI4 for Energy Imbalance Service, SP–FR4 for Regulation and Frequency Response Service, SP–SSR4 for Operating Reserves—Spinning and Supplemental Reserve Services, and SP–UU1 for Unreserved Use Penalties. FERC subsequently approved and confirmed, under Rate Order No. WAPA–174[2] on a final basis through September 30, 2021, the following Rate Schedules: L–AS1 for Scheduling, System Control, and Dispatch Service, L–AS2 for Reactive Supply and Voltage Control from Generation or Other Sources Service, and L–AS3 for Regulation and Frequency Response Service, which superseded Rate Schedules SP–SD4, SP–RS4, and SP–FR4, respectively.

The proposed firm power rate is a fixed rate, and WAPA will continue to use the formula-based methodology for the proposed transmission and ancillary services rates, which include an annual update to the applicable financial and load data. WAPA intends the proposed rates to be effective October 1, 2020. The charges under the formula rates will be annually updated each October 1 thereafter. The proposed rates will remain in effect until September 30, 2025, or until WAPA supersedes or changes the rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

The proposed rates will provide WAPA with sufficient revenue to recover annual Operation, Maintenance and Replacement (OM&R) expenses, interest expense, irrigation assistance, and capital repayment requirements while ensuring repayment of the project within the cost recovery criteria set forth in Department of Energy (DOE) Order Resource Application 6120.2.

SLCA/IP Firm Power Rate

Under the current Rate Schedule SLIP–10, the energy rate is 12.19 mills per kilowatthour (mills/kWh), and the capacity rate is $5.18 per kilowattmonth ($/kWmonth). The composite rate of all charges, used for reference only as a comparison against other wholesale power rates, is 29.42 mills/kWh.

The revenue requirement for the proposed rate is based upon the most current data available, specifically the fiscal year (FY) 2018 historical financial data and the FY 2021 work plans for WAPA and the Bureau of Reclamation (Reclamation). WAPA plans to use the FY 2019 historical financial data and FY 2022 work plans, if available, in the final rate setting study and rate order submission.

TABLE 1—COMPARISON OF EXISTING AND PROPOSED FIRM POWER RATES

Rate schedule	Existing rate under rate schedule SLIP–F10 effective October 1, 2015	Proposed rate under rate schedule SLIP–F11 effective October 1, 2020	Change (%)
Base Rate:			
Firm Energy: (mills/kWh)	12.19	11.79	−3.28
Firm Capacity: ($kW/month)	5.18	5.01	−3.28
Composite Rate[3]: (mills/kWh)	29.42	28.17	−4.25

Currently, WAPA uses Reclamation's April, 24-month, long-term, average hydrological study in combination with Reclamation's August Colorado River Simulation System (CRSS) model traces to forecast 5 years of firming-energy purchase requirements. WAPA proposes using the most-probable water releases reported in Reclamation's *August 24-Month Study* to determine the first year of firming-energy-purchase projections. For subsequent years, WAPA will continue to use Reclamation's August CRSS model traces to estimate energy purchase projections while using a rolling median value to minimize fluctuations. In addition, WAPA proposes projecting the required firming-energy purchases, for a period that overlaps the years in which a subsequent rate would become effective, in order to avoid gaps in the forecasts.

Finally, WAPA plans to remove the $4 million per year in purchase power out years in the current rate schedule, which was previously used as a broad-cost estimate of operational energy purchases for the Energy Marketing and Management Office in Montrose, Colorado. Improved modeling tools that incorporate outages and scheduled maintenance produce more accurate estimates of purchase power expenses have rendered this requirement obsolete.

Cost Recovery Charge

WAPA would continue to use the CRC, if necessary, as a mechanism to adequately recover and maintain a sufficient balance in the Upper Colorado River Basin Fund (Basin Fund)[4] in the event projected expenses significantly exceed projected revenue estimates. The CRC is an additional surcharge on all

[1] Order Confirming and Approving Rate Schedules on a Final Basis, FERC Docket Nos. EF15–10–000, 155 FERC ¶ 61,042 (2016).

[2] WAPA–174 was approved by the Deputy Secretary of Energy on August 12, 2016 (81 FR 56632). FERC Order Confirming and Approving Rate Schedules on a Final Basis, FERC Docket No. EF16–5–000, 158 FERC ¶ 62,181 (2017).

[3] The composite rate is used for reference only as a comparison against other wholesale power rates.

[4] Upper Colorado River Basin Fund was established through the CRSP Act of 1956, to receive revenues collected in connection with the projects, to be made available for defraying the project's costs of operation, maintenance, and emergency expenditures.

Sustainable Hydro Power (SHP)[5] energy deliveries. 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. The volatility of hydropower generation and power prices continues to be a concern for cost-recovery issues for the SLCA/IP. The CRC is based only on Basin Fund cash analysis and is independent of the Power Repayment Study calculations.

WAPA proposes to move the CRC from a FY timeline to a calendar year (CY) timeline and to use Reclamation's *August 24-month Study* to calculate projected purchase power expenses. This aligns the purchase power projections for the CRC with those in the firm power rate. This proposal would change the annual notification date from May 1 to October 1. WAPA would provide its customers with information concerning the anticipated CRC and allow them 45 days to request a waiver or accept the CRC. The established CRC would be in effect for 12 months from the date implemented. If circumstances dictate the need to reassess an enacted CRC, the updated CRC would supersede the previous CRC and remain in effect for 12 months.

The CRC is implemented at WAPA's discretion based on the balance of the Basin Fund and WAPA's ability to meet contractual requirements.[6] The minimum Basin Fund carryover balance is $40 million.

TABLE 3—CRC IMPLEMENTATION TIERS

Tier	Criteria, if the Basin Fund beginning balance is:	Review
I	Greater than $150 million with an expected decrease to below $75 million	Annually.
II	Less than $150 million but greater than $120 million with an expected 50 percent decrease in the next CY.	
III	Less than $120 million but greater than $90 million with an expected 40 percent decrease in the next CY.	
IV	Less than $90 million but greater than $60 million with an expected 25 percent decrease in the next CY.	Semi-Annual (May/November).
V	Less than $60 million but greater than $40 million with an expected decrease to below $40 million in the next CY.	Monthly.

WAPA also reserves the right to consider a CRC if annual water releases from Glen Canyon Dam fall below 8.23 million acre-feet regardless of the Basin Fund balance.

Customers can accept either the CRC or WL, not a combination of the two. For these customers, WAPA will establish an energy waiver level (WL) using the CRC formula. The WL provides WAPA the ability to reduce purchase power expenses by scheduling less energy than its contractual obligations. For those customers who agree to schedule no more energy than their proportionate share of the WL, WAPA will waive the CRC for that year.

WAPA also proposes modifications in SLIP–F11 to account for lost revenue associated with the decreased energy deliveries that occur when a customer requests the WL. The details of the calculations will be provided in the customer brochure prior to the public information forum. WAPA also proposes to decrease a customer's monthly SHP capacity allocation proportionally under the WL to match the monthly energy reduction.

Transmission Services

Annual Transmission Revenue Requirement (ATRR)

Under this proposal, WAPA would not change the existing formula rate for calculating the Annual Transmission Revenue Requirement (ATRR), which is applicable to both Network Integration and Point-to-Point transmission services. The ATRR is the annual cost of the CRSP Transmission System, adjusted for Non-Firm Point-to-Point revenue credits, other miscellaneous charges or credits, and the prior year true-up. WAPA is, however, proposing to change the projection period for calculating the ATRR in order to recover transmission O&M costs on a current basis rather than on a historical basis. Using the current-basis methodology would more accurately align cost recovery with cost incurrence. WAPA proposes to estimate transmission costs and loads for the current year in the annual rate calculation, thus changing how the inputs are developed rather than the formula rate itself. WAPA would then true-up cost estimates to actual costs and any revenue collected in excess of WAPA's actual net revenue requirement would be returned to customers through a credit against the transmission rates in a subsequent year. Actual revenues that collect less than the net revenue requirement would, likewise, need to be recovered through an increased revenue requirement in a subsequent year. The true-up procedure would help ensure WAPA recovers no more and no less than the actual transmission costs for the year.

Unreserved Use Penalties

WAPA proposes no changes to the Unreserved Use penalty rate.

Ancillary Services

Energy Imbalance and Generator Imbalance Services

WAPA proposes adding Generator Imbalance Service (GIS), Schedule 9 to WAPA's Open Access Transmission Tariff to the Energy Imbalance Service Rate Schedule. GIS is provided to CRSP, as a Transmission Service Provider, by the Western Area Colorado Missouri Balancing Authority under Rate Schedule L–AS9.

Spinning and Supplemental Reserves

WAPA proposes no changes to the Operating Reserves—Spinning and Supplemental Reserves Services formula rate.

Sale of Surplus Products (SP–SS1)

WAPA proposes implementing a new rate schedule applicable to the sale of the following surplus energy and capacity products: Energy, regulation, reserves, and frequency response. WAPA would determine the charge for each product at the time of the sale based on market rates, plus applicable administrative costs, and would use separate agreement(s) to specify the terms of sale(s). The customer would be responsible for acquiring transmission

[5] SHP Energy—Sustainable Hydro Power energy is the minimum quantity of firm energy, expressed in kWh, that each Salt Lake City Area Integrated Projects firm electric service customer/contractor is entitled to receive each Winter Season and each Summer Season as set forth in the respective firm electric service contract with each customer/contractor.

[6] See Table 3.

service necessary to deliver the product(s), for which a separate charge may be incurred.

Legal Authority

Existing DOE procedures for public participation in power and transmission rate adjustments (10 CFR part 903) were published on September 18, 1985, and February 21, 2019.[7]

The proposed action is a major rate adjustment, as defined by 10 CFR 903.2(e). In accordance with 10 CFR 903.15(a) and 10 CFR 903.16(a), WAPA will hold public information and public comment forums for this rate adjustment. WAPA will review and consider all timely public comments at the conclusion of the consultation and comment period and make amendments or adjustments to the proposal as appropriate. Proposed rates will be forwarded to the Assistant Secretary for Electricity for approval on an interim basis.

WAPA is proposing the SLCA/IP firm power rate and revised CRSP transmission and ancillary services formula rates in accordance with section 302 of the DOE Organization Act (42 U.S.C. 7152). This Act transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the projects involved.

By Delegation Order No. 00–037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to WAPA's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates to FERC. By Delegation Order No. 00–002.00Q, effective November 1, 2018, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary of Energy. By Redelegation Order No. 00–002.10D, effective June 4, 2019, the Under Secretary of Energy further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity.

Availability of Information

All brochures, studies, comments, letters, memoranda, or other documents that WAPA initiates or uses to develop the proposed rates are available for inspection and copying at the Colorado River Storage Project Management Center, 299 South Main Street, Suite 200, Salt Lake City, Utah. Many of these documents and supporting information are also available on WAPA's website at *https://www.wapa.gov/regions/CRSP/rates/Pages/rates.aspx*.

Ratemaking Procedure Requirements

Environmental Compliance

WAPA is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.[8]

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Dated: January 10, 2020.

Mark A. Gabriel,

Administrator.

[FR Doc. 2020–00890 Filed 1–17–20; 8:45 am]

BILLING CODE 6450–01–P

ENVIRONMENTAL PROTECTION AGENCY

[FRL–10004–35–ORD]

Human Studies Review Board; Notification of Public Meetings

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency (EPA), Office of the Science Advisor, Policy, and Engagement announces two separate public meetings of the Human Studies Review Board (HSRB) to advise the Agency on the ethical and scientific review of research involving human subjects.

DATES: A virtual public meeting will be held on Thursday, January 30, 2020 from 1 p.m. to approximately 5:30 p.m. Eastern Time. A separate, subsequent teleconference meeting is planned for Tuesday, March 17, 2020, from 2 p.m. to approximately 3:30 p.m. Eastern Time for the HSRB to finalize its Report of the January 30, 2020 meeting and review other possible topics.

ADDRESSES: All of these meetings will be conducted entirely by telephone and on the internet. For detailed access information visit the HSRB website: *http://www2.epa.gov/osa/human-studies-review-board*.

FOR FURTHER INFORMATION CONTACT: Any member of the public who wishes to receive further information should contact the HSRB Designated Federal Official (DFO), Thomas O'Farrell on telephone number (202) 564–8451; fax number: (202) 564–2070; email address: *ofarrell.thomas@epa.gov*; or mailing address: Environmental Protection Agency, Office of the Science Advisor, Mail code 8105R, 1200 Pennsylvania Avenue NW, Washington, DC 20460.

SUPPLEMENTARY INFORMATION:

Meeting access: These meetings will be open to the public. The full agenda with access information and meeting materials will be available at the HSRB website: *http://www2.epa.gov/osa/human-studies-review-board*. For questions on document availability, or if you do not have access to the internet, consult with the DFO, Thomas O'Farrell, listed under **FOR FURTHER INFORMATION CONTACT**.

Special accommodations. For information on access or services for individuals with disabilities, or to request accommodation of a disability, please contact the DFO listed under **FOR FURTHER INFORMATION CONTACT** at least 10 days prior to the meeting to give EPA as much time as possible to process your request.

How may I participate in this meeting?

The HSRB encourages the public's input. You may participate in these meetings by following the instructions in this section.

1. *Oral comments.* To pre-register to make oral comments, please contact the DFO, Thomas O'Farrell, listed under **FOR FURTHER INFORMATION CONTACT**. Requests to present oral comments during the meeting will be accepted up to Noon Eastern Time on Thursday, January 23, 2020, for the January 30, 2020 meeting and up to Noon Eastern Time on Tuesday, March 10, 2020 for the March 17, 2020 meeting. To the extent that time permits, interested persons who have not pre-registered may be permitted by the HSRB Chair to present oral comments during either meeting at the designated time on the

[7] 50 FR 37835 (September 18, 1985) and 84 FR 5347 (February 21, 2019).

[8] In compliance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321–4347); the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500–1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021).

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Proposed WAPA-190 Rate Schedules

Rate Schedule SLIP-F11
(Supersedes Schedule SLIP-F10)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
SALT LAKE CITY AREA INTEGRATED PROJECTS

SCHEDULE OF RATES FOR FIRM POWER SERVICE
(Approved Under Rate Order No. WAPA-190)

Effective:

Rate Schedule SLIP-F11 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2020, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2025, or until the rate schedules are superseded.

Available:

In the area served by the Salt Lake City Area Integrated Projects.

Applicable:

To the wholesale power customer for firm power service supplied through one meter at one point of delivery or as otherwise established by contract.

Character:

Alternating current, 60 hertz, three-phase, delivered and metered at the voltages and points established by contract.

Monthly Rate:

DEMAND CHARGE: $5.12 per kilowatt of billing demand.

ENERGY CHARGE: $12.06 mills per kilowatthour of use.

COST RECOVERY CHARGE:

To adequately recover and maintain a sufficient balance in the Basin Fund, WAPA uses a cost recovery mechanism, called a Cost Recovery Charge (CRC). The CRC is a charge on all SHP energy.

This charge will be recalculated before October 1 of each year, and WAPA will provide notification to the Customers. The charge, if needed, will be placed into effect on the first day of the first full-billing period beginning on or after October 1, 2021, through September 30, 2025. Under a Shortage Criteria Trigger, the CRC will be re-calculated at that time. (See Shortage Criteria Trigger explanation below.) The CRC will be calculated as follows:

WAPA HAS THE DISCRETION TO IMPLEMENT A CRC BASED ON THE TIERS BELOW.

TABLE: CRC Tiers

Tier	Criteria, If the BFBB is:	Review
i	Greater than $150 million, with an expected decrease to below $75 million	Annually
ii	Less than $150 million but greater than $120 million, with an expected 50-percent decrease in the next CY	
iii	Less than $120 million but greater than $90 million, with an expected 40-percent decrease in the next CY	
iv	Less than $90 million but greater than $60 million, with an expected 25-percent decrease in the next CY	Semi-Annual (August / February)
v	Less than $60 million but greater than $40 million with an expected decrease to below $40 million in the next CY	Monthly

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Table 11 - Sample CRC Calculation

		Description	Example	Formula
STEP ONE	**Determine the Net Balance available in the Basin Fund.**			
	BFBB	Basin Fund Beginning Balance ($)	$ 117,508,000	Financial forecast
	BFTB	Basin Fund Target Balance ($)	$ 70,504,800	BFBB – (Tier % *BFBB), or BFTB for Tier i and Tier v[1]
	PAR	Projected Annual Revenue ($) w/o CRC	$ 190,628,000	Financial forecast
	PAE	Projected Annual Expenses ($)	$ 249,187,000	Financial forecast
	NR	Net Revenue ($)	$ -58,559,000	PAR - PAE
	NB	Net Balance ($)	$ 58,949,000	BFBB + NR
STEP TWO	**Determine the Forecasted Energy Purchase Expenses.**			
	EA	SHP Energy Allocation (GWh)	5,135	Customer contracts
	HE	Forecasted Hydro Energy (GWh)	4,459	Hydrologic & generation forecast
	FE	Forecasted Energy Purchase (GWh)	676	EA – HE or anticipated
	FFC	Forecasted Average Energy Price per MWh ($)	$ 30.57	From commercially available price indices
	FX	Forecasted Energy Purchase Expense ($)	$ 20,665,320	FE * FFC *1000
STEP THREE	**Determine the amount of Funds Available for firming energy purchases, and then determine additional revenue to be recovered. The following two formulas will be used to determine FA; the lesser of the two will be used.**			
	FA1	Basin Fund Balance Factor ($)	$ 9,109,520	If (NB>BFBB,FX,FX -(BFTB - NB))
	FA2	Revenue Factor ($)	$ 9,109,520	If (NR>-(BFBB-BFTB), FX, FX+NR +(BFBB-BFTB))
	FA	Funds Available ($)	$ 9,109,520	Lesser of FA1 or FA2 (not less than $0)
	FARR	Additional Revenue to be Recovered ($)	$ 11,555,800	FX - FA
STEP FOUR	**Determine the difference between the market price and the SLCA/IP Energy Rate.**			
	SLIP	SLCA/IP Energy Rate	$ 12.19	From Rate Schedule SLIP-F10
	NRATE	Net Rate: Difference between Market Price and SLCA/IP Energy Rate	$ 18.38	FFC - SLIP
STEP FIVE	**Once the FA for purchases and the NRATE for cost have been determined, the CRC can be calculated, and the WL can be determined.**			
	CRC	**Cost Recovery Charge (mills/kWh)**	**2.25**	FARR/(EA*1,000)
	WL	Waiver Level (GWh)	4,506	EA – ((FARR/NRATE)/1000)
	WLP	Waiver Level Percentage of Full SHP	88%	WL/EA*100
	CRCE	CRC Energy (GWh)	629	EA - WL
	CRCEP	CRC Energy Percentage of Full SHP	12%	CRCE/EA*100
	RISC	Reduction in SHP Capacity	12%	Same as CRCEP percentage

Notes:

2. Use Table 10 to calculate applicable value.

Narrative CRC Example

STEP ONE: Determine the net balance available in the Basin Fund.

BFBB – WAPA will forecast the Basin Fund Beginning Balance for the next CY.

BFBB = $117,508,000

BFTB – The Basin Fund Target Balance is based on the applicable tiered percentage, or minimum value, of the Basin Fund Beginning Balance derived from the **CRC Tiers** table with a minimum BFTB set at $40 million.

BFTB = BFBB less 40 percent, see **Tier iii** (BFBB < 120 million, BFBB > 90 million)

= $117,508,000 – $47,003,200

= $70,504,800

PAR – Projected Annual Revenue is WAPA's estimate of revenue for the next CY.

PAR = $190,628,000

PAE – Projected Annual Expenses is WAPA's estimate of expenses for the next CY. The PAE includes all cash outflows from the Basin Fund including capital expenses, O&M, revenue transfers to Reclamation, and returns to Treasury.

PAE = $249,187,000

NR – Net Revenue equals revenues minus expenses.

NR = PAR-PAE

= $190,628,000 – 249,187,000

= $-58,559,000

NB – Net Balance is the Basin Fund Beginning Balance plus net revenue.

NB = BFBB+NR

= $117,508,000 + (-58,559,000)

= $58,949,000

<u>STEP TWO</u>: Determine the forecasted energy purchases expenses.

EA – The Sustainable Hydro Power Energy Allocation (from Customer contracts). This does not include Project Use customers.

EA = 5,135 (GWh)

HE – WAPA's forecast of Hydro Energy available during the next FY developed from Reclamation's August, 24-month study.

HE = 4,459 (GWh)

FE – Forecasted Energy purchases are the difference between the Sustainable Hydro Power allocation and the forecasted hydro energy available for the next CY or the anticipated firming purchases for the next year.

FE = EA-HE or anticipated purchases

= 676 (GWh, anticipated)

FFC - The forecasted energy price for the next CY per MWh. WAPA currently uses Argus for market prices for purchase power.

FFC = $30.57 per MWh

FX – Forecasted energy purchase power expenses based on the current year's August, 24-month study, representing an estimate of the total costs of firming purchases for the coming CY.

FX = FE*FFC*1000

= 676 * $30.57*1000

= $20,665,320

<u>STEP THREE</u>: Determine the amount of Funds Available (FA) to expend on firming energy purchases and then determine additional revenue to be recovered (FARR). The following two formulas will be used to determine FA; <u>the lesser of the two will be used</u>. Funds available shall not be less than zero.

A. <u>Basin Fund Balance Factor (FA1)</u>

If the Net Balance is greater than the Basin Fund Target Balance, use the value for forecasted energy purchased power expenses (FX). If the net balance is less than the Basin Fund Target Balance, reduce the value of the Forecasted Energy Purchased Power Expenses by the difference between the Basin Fund Target Balance and the Net Balance.

FA1 = If (NB > BFTB, FX, FX - (BFTB - NB))

If the Net Balance is greater than the Basin Fund Target Balance, then **FA1=FX**.

= $58,949,000 (NB) is greater than $70,504,800 (BFTB) then:

=$20,665,320 (FX)

If the Net Balance is less than the Basin Fund Target Balance (as it is in this example), **FA1=FX-(BFTB-NB).**

= $20,665,320 (FX) – ($70,504,800 (BFTB) - $58,949,000 (NB)))

= $9,109,520

B. <u>Basin Fund Revenue Factor (FA2)</u>

The second factor ensures that WAPA collects sufficient funds to meet the Basin Fund Target Balance so long as the amount needed does not exceed the forecasted purchase expense (FX):

In the situation when there is <u>no</u> projected revenue:

FA2 = If (NR>-(BFBB-BFTB), FX, FX+NR+ (BFBB-BFTB))

= -$58,559,000(NR) is greater than ($117,508,000 - $70,504,800) then:

= $20,665,320 (FX) else:

= $20,665,320 (FX) + (-58,559,000) (NR) + ($117,598,000 - $70,504,800)

=$9,109,520

If the Net Revenue (loss) value does not result in a loss that exceeds the allowable decrease value of the Basin Fund Beginning Balance (-(BFBB-BFTB)), then **FA2=FX.**

If the Net Revenue (loss) results in a loss that exceeds the allowable decrease value of the Basin Fund Beginning Balance (-(BFBB-BFTB)), then **FX + NR + (BFBB-BFTB).**

FA – Determine funds available for purchasing firming energy by using the lesser of FA1 and FA2.

FA1 and FA2 are equal, so:

FA = $9,109,520 (FX)

FARR – Calculate the additional revenue to be recovered by subtracting the Funds Available from the forecasted energy purchased power expenses.

FARR = FX-FA

= $20,665,320 (FX) - $9,109,520 (FA)

= $ 11,555,800

<u>STEP FOUR</u>: Determine the difference between the Market Price and the SLCA/IP energy rate.

SLIP – SLCA/IP energy rate from Rate Schedule SLIP F10

SLIP = $12.19 per MWh

NRATE- Difference between the Market Price and the SLCA/IP energy rate

NRATE = FFC – SLIP

= $30.57 (FFC) - $12.19 (SLIP)

= $18.38 per MWh

<u>STEP FIVE</u>: Once the funds available for purchases have been determined, the CRC can be calculated and the Waiver Level (WL) can be determined.

C. <u>Cost Recovery Charge</u>: The CRC will be a charge to recover the additional revenue required as calculated in Step 3. The CRC will apply to all customers who choose not to request a waiver of the CRC, as discussed below. The CRC equals the additional revenue to be recovered divided by the total energy allocation to all customers for the CY.

CRC = FARR / (EA*1,000)

= $11,555,800 (FARR) / 5,135 (EA) * 1,000)

= $ 2.25 mills/kWh

D. <u>Waiver Level (WL)</u>: WAPA will establish a WL that provides WAPA the ability to reduce purchased power expenses by scheduling less energy than what is contractually required. Therefore, for those customers who voluntarily schedule no more energy than their proportionate share of the WL, WAPA will waive the CRC for that year. After the Funds Available have been determined, the WL will be set at the sum of the energy that can be provided through hydro generation and purchased with Funds Available. The WL will not be less than the forecasted Hydro Energy.

If SHP Energy Allocation (EA) is less than forecasted Hydro Energy (HE) available, then WL=EA. If SHP Energy Allocation (EA) is greater than the forecasted Hydro Energy (HE) available, then WL= (EA – ((FARR/NRATE)/1000)))

WL = If ((EA<HE), EA, (EA – ((FARR/NRATE)/1000)))

= If 5,135 (EA) is less than 4,459 (HE), then:

= 5,135 (EA), else:

= 5,135 (EA) – (($11,555,800 (FARR) / $18.38 (NRATE))/1,000)

= 4,506 (GWh) is the Waiver Level

C. Waiver Level Percentage of Full SHP WLP:

WLP = WL /EA

= 4,506 / 5,135

= 88%

D. CRC Energy GWh (CRCE):

CRCE = EA – WL

= 5,135 – 4,506

= 629 GWh

E. CRC Level Percentage of Full SHP (CRCEP):

CRCEP = CRCE / EA

= 629 / 5,135

= 12%

F. Reduction in Capacity (RISC): SHP capacity reductions will be made, for those customers taking the CRC waiver, to maintain each customer's existing monthly load factor percentage at the same level provided by the full SHP capacity and energy allocation.

RISC = CRCEP

Trigger for Shortage Criteria

In the event that Reclamation's 24-month study projects that Glen Canyon Dam water releases will drop below 8.23 MAF in a water year (October through September), WAPA will recalculate the CRC to include those lower estimates of hydropower generation and the estimated costs for the additional purchase power necessary. WAPA, as in the yearly projection for the CRC, will give the Customers a 45-day notice to request a waiver of the CRC if they do not want to have the CRC charge added to their energy bill. This recalculation will remain in effect for the remainder of the current FY.

In the event that hydropower generation returns to 8.23 MAF or higher during the trigger implementation, a new CRC will be calculated for the next month, and the Customer will be notified.

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Narrative PYA Discussion

Since the annual determination of the CRC is based upon estimates, an annual prior year adjustment (PYA) will be calculated. The CRC PYA for the next subsequent year will be determined by comparing the prior year's estimated firming energy cost to the prior year's actual firming energy cost for the energy provided above the WL. The PYA will result in an increase or decrease to a Customer's firm energy costs over the course of the following year. See Table 12 below for an example of the PYA.

Table 12 - PYA Calculation

PYA CALCULATION				
		Description	**Example**	**Formula**
STEP ONE	**Determine actual expenses and purchases for previous year's firming. This data will be obtained from WAPA's financial statements at the end of the CY.**			
	PFX	Prior Year Actual Firming Expenses ($)	$11,020,808	Monthly Income Statements
	PFE	Prior Year Actual Firming Energy (GWh)	490	Settlements Worksheet
STEP TWO	**Determine the actual firming cost for the CRC portion.**			
	EAC	Sum of the energy allocations of customers subject to the PYA (GWh)	3,265	
	FFC	Forecasted Firming Energy Cost – ($/MWh)	$30.57	From CRC Calculation
	AFC	Actual Firming Energy Cost – ($/MWh)	$22.49	PFX/PFE
	CRCEP	CRC Energy Percentage	12%	From CRC Calculation
	CRCE	Purchased Energy for the CRC (GWh)	400	EAC*CRCEP
STEP THREE	**Determine Revenue Adjustment (RA) and PYA.**			
	RA	Revenue Adjustment ($)	($3,229,470)	(AFC-FFC)*CRCE*1,000
	PYA	**Prior Year Adjustment (mills/kWh)**	**.99 mills/kWh**	(RA/EAC)/1,000

Narrative PYA Example

Narrative PYA Example Only (assumes that a CRC was needed for the previous year)

STEP ONE: Determine actual expenses and purchases for previous year's firming. This data will be obtained from WAPA's financial statements at end of the FY.

PFX - Prior year actual firming expense

PFX = $11,020,808

PFE - Prior year actual firming energy

PFE = 490 GWh

STEP TWO: Determine the actual firming cost for the CRC portion.

EAC - Sum of the energy allocations of Customers who were assessed the CRC for the prior year.

EAC = 3,266 GWh

CRCE - The amount of CRC Energy needed

CRCE = EAC * CRCEP

= 3,266 * .1224

= 400 GWh

AFC - The Actual Firming Energy Cost is the PFX divided by the PFE

AFC = ((PFX / PFE) /1,000)

= (($11,020,808 / 490) / 1,000)

= $22.49

STEP THREE: Determine Revenue Adjustment and PYA.

RA – The Revenue Adjustment is Actual Firming Energy Cost less Forecasted Firming Energy Cost times Purchased Energy for the CRC.

RA = (AFC - FFC) * CRCE * 1,000

= ($22.49 - $30.57) * 400 * 1,000

= ($3,229,470)

PYA - The PYA is the Revenue Adjustment divided by the SHP Energy Allocation for the CRC Customers in the prior year only and will be applied to those same customers.

PYA = (RA / EAC) / 1,000

= (-$3,229,470 / 3,266) / 1,000

= - .99 mills/kWh

The Customers' PYA will be based on their prior calendar year's energy multiplied by the PYA mills/kWh to determine the dollar value that will be assessed. The Customer will be charged or credited for this dollar amount equally in the remaining months of the next year's billing cycle. WAPA will complete this calculation by March 1 of each year. Therefore, if the PYA is calculated in March, the charge/credit will be spread over the remaining 9 months of the CY (April through December).

CRC Schedule for Customers

Consistent with the procedures at 10 CFR 903, WAPA will provide its customers with information concerning the anticipated CRC for the upcoming CY by October 1. The established CRC will be in effect for the entire CY. The table below displays the time frame for determining the amount of purchases needed, developing customers' load schedules, and making purchases.

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CRC Schedule

Task	Respective Dates Under Table CRC Tiers		
	i, ii, and iii	**iv[1]**	**v[2]**
24-Month Study (Forecast to Model Projections)	August 1	August 1 February 1	Monthly Study
CRC Notice to Customers	October 1	October 1 April 1	Monthly
Waiver Request Submitted by Customers	November 15	Within 45 days	Within 30 days
CRC Effective	January 1	January 1 July 1	Updated Monthly

Notes:
[1] Under a Shortage Criteria Trigger this schedule will change. Customers will be notified that a CRC will be implemented in 90 days. WAPA will provide its Customers with information concerning the anticipated CRC and give them 45 days to request a waiver or accept the CRC. The established CRC will be in effect for 12 months from the date implemented unless superseded by another CRC.

[2] If it is determined during the additional reviews, under tier **v**, that a CRC is necessary, Customers will be notified that a CRC will be implemented in 60 days. WAPA will provide its Customers with information concerning the anticipated CRC and give them 30 days to request a waiver or accept the CRC. The established CRC will be in effect for 12 months from the date implemented unless superseded by another CRC.

Billing Demand:

The billing demand will be the greater of:

1. The highest 30-minute integrated demand measured during the month up to, but not more than, the delivery obligation under the power sales contract, or
2. The Contract Rate of Delivery.

Billing Energy:

The billing energy will be the energy measured during the month up to, but not more than, the delivery obligation under the power sales contract.

Adjustment for Waiver:

Customers can choose not to take the full SHP energy supplied as determined in the attached formulas for CRC and will be billed the Energy and Capacity rates listed above, but not the CRC.

Adjustment for Transformer Losses:

If delivery is made at transmission voltage but metered on the low-voltage side of the substation, the meter readings will be increased to compensate for transformer losses as provided in the contract.

Adjustment for Power Factor:

The customer will be required to maintain a power factor at all points of measurement between 95 percent lagging and 95 percent leading.

Adjustment for Western Replacement Power:

Pursuant to the Customer's Firm Electric Service Contract, as amended, WAPA will bill the Customer for its proportionate share of the costs of Western Replacement Power (WRP) within a given time period. WAPA will include in the monthly power bill the cost of the WRP and the incremental administrative costs associated with WRP.

Adjustment for Customer Displacement Power Administrative Charges:

WAPA will include in the Customer's regular monthly power bill the incremental administrative costs associated with Customer Displacement Power.

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Rate Schedule SP-NW5

ATTACHMENT H to Tariff
(Supersedes Schedule SP-NW4)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
COLORADO RIVER STORAGE PROJECT

NETWORK INTEGRATION TRANSMISSION SERVICE
(Approved Under Rate Order No. WAPA-190)

Effective:

Rate Schedule SP-NW5 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2020, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2025, or until the rate schedules are superseded.

Applicable:

The transmission customer will compensate the Colorado River Storage Project Management Center each month for Network Integration Transmission Service under the applicable Network Integration Transmission Service Agreement and the formula rate described herein.

Formula Rate:

$$\text{Monthly Charge} = \frac{\text{Annual Transmission Revenue Requirement for Network Integration Transmission Service}}{12} \times \text{Transmission Customer's Load-Ratio Share}$$

A recalculated Annual Transmission Revenue Requirement for Network Integration Transmission Service will go into effect every October 1 based on the above formula and updated financial and operational data. WAPA will notify the transmission customer annually of the recalculated annual revenue requirement on or before September 1.

Billing:

Billing determinants for the formula rate above will be as specified in the service agreement. Billing will occur monthly under the formula rate.

Adjustment for Losses:

Losses incurred for service under this rate schedule will be accounted as agreed to by the parties in accordance with the service agreement. If losses are not fully provided by a transmission customer, charges for financial compensation may apply.

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Rate Schedule SP-EI5

SCHEDULES 4 & 9 to Tariff
(Supersedes Schedule SP-EI4)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
COLORADO RIVER STORAGE PROJECT

ENERGY AND GENERATOR IMBALANCE SERVICE
(Approved Under Rate Order No. WAPA-190)

Effective:

Rate Schedule SP-EI5 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2020, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2025, or until the rate schedules are superseded.

Applicable:

To all CRSP transmission customers receiving this service.

Formula Rates:

Provided through the Western Area Colorado Missouri (WACM) Balancing Authority under Rate Schedule L-AS4 and L-AS9, or as superseded.

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Rate Schedule SP-SSR5

SCHEDULES 5 & 6 TO TARIFF
(Supersedes Schedule SP-SSR4)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
COLORADO RIVER STORAGE PROJECT

OPERATING RESERVES - SPINNING AND SUPPLEMENTAL RESERVE SERVICES
(Approved Under Rate Order No. WAPA-190)

Effective:

Rate Schedule SP-SSR5 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2020, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2025, or until the rate schedules are superseded.

Applicable:

To all CRSP transmission customers receiving this service.

Character of Service:

Spinning Reserve is defined in Schedule 5 of Western Area Power Administration's Open Access Transmission Tariff.

Supplemental Reserve is defined in Schedule 6 of Western Area Power Administration's Open Access Transmission Tariff.

Formula Rate:

The transmission customer serving loads within the transmission provider's balancing authority must acquire Spinning and Supplemental Reserve services from CRSP, from a third party, or by self-supply.

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Rate Schedule SP-PTP9

SCHEDULE 7 to Tariff
(Supersedes Schedule SP-PTP8)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
COLORADO RIVER STORAGE PROJECT

FIRM POINT-TO-POINT TRANSMISSION SERVICE
(Approved Under Rate Order No. WAPA-190)

Effective:

Rate Schedule SP-PTP9 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2020, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2025, or until the rate schedules are superseded.

Applicable:

The transmission customer will compensate the Colorado River Storage Project each month for Reserved Capacity under the applicable Firm Point-To-Point Transmission Service Agreement and the formula rate described herein.

Formula Rate:

$$\text{Firm Point-To-Point Transmission Rate} = \frac{\text{Annual Transmission Revenue Requirement (\$)}}{\text{Firm Transmission Capacity Reservations + Network Integration Transmission Service Capacity (kW)}}$$

A recalculated rate will go into effect every October 1 based on the above formula and updated financial and operational data. WAPA will notify the transmission customer annually of the recalculated rate on or before September 1. Discounts may be offered from time-to-time in accordance with WAPA's Open Access Transmission Tariff.

Billing:

The formula rate above applies to the maximum amount of capacity reserved for periods ranging from 1 hour to 1 month, payable whether used or not. Billing will occur monthly.

Adjustment for Losses:

Losses incurred for service under this rate schedule will be accounted for as agreed to by the parties in accordance with the service agreement. If losses are not fully provided by a transmission customer, charges for financial compensation may apply.

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Rate Schedule SP-NFT8

SCHEDULE 8 to Tariff
(Supersedes Schedule SP-NFT7)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
COLORADO RIVER STORAGE PROJECT

NON-FIRM POINT-TO-POINT TRANSMISSION SERVICE
(Approved Under Rate Order No. WAPA-190)

Effective:

Rate Schedule SP-NFT8 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2020, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2025, or until the rate schedules are superseded.

Applicable:

The transmission customer will compensate the Colorado River Storage Project each month for Non-Firm, Point-to-Point Transmission Service under the applicable Non-Firm, Point-to-Point Transmission Service Agreement and the formula rate described herein.

Formula Rate:

Maximum Non-Firm Point-To-Point Transmission Rate	=	Firm Point-To-Point Transmission Rate

A recalculated rate will go into effect every October 1 based on the above formula and updated financial and load data. WAPA will notify the transmission customer annually of the recalculated rate on or before September 1. Discounts may be offered from time-to-time in accordance with WAPA's Open Access Transmission Tariff.

Billing:

The formula rate above applies to the maximum amount of capacity reserved for periods ranging from 1 hour to 1 month, payable whether used or not. Billing will occur monthly.

Adjustment for Losses:

Power and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer in accordance with the service contract. If losses are not fully provided by a transmission customer, charges for financial compensation may apply.

Rate Schedule SP-UU2

SCHEDULE 10 to Tariff
(Supersedes Schedule SP-UU1)

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
COLORADO RIVER STORAGE PROJECT

UNRESERVED USE PENALTIES
(Approved Under Rate Order No. WAPA-190)

Effective:

Rate Schedule SP-UU2 will be placed into effect on an interim basis on the first day of the first full-billing period beginning on or after October 1, 2020, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis through September 30, 2025, or until the rate schedules are superseded.

Applicable:

The transmission customer shall compensate the Colorado River Storage Project (CRSP) each month for any unreserved use of the transmission system (Unreserved Use) under the applicable transmission service rates as outlined herein. Unreserved Use occurs when an eligible customer uses transmission service that it has not reserved or a transmission customer uses transmission service in excess of its reserved capacity. Unreserved Use may also include a customer's failure to curtail transmission when requested.

Penalty Rate:

The penalty rate for a transmission customer that engages in Unreserved Use is 200 percent of CRSP's approved transmission service rate for point-to-point (PTP) transmission service assessed as follows:

(i) The Unreserved Use Penalty for a single hour of Unreserved Use is based upon the rate for daily firm PTP service.

(ii) The Unreserved Use Penalty for more than one assessment for a given duration (e.g., daily) increases to the next longest duration (e.g., weekly).

(iii) The Unreserved Use Penalty for multiple instances of Unreserved Use (e.g., more than 1 hour) within a day is based on the rate for daily firm PTP service. The Unreserved Use Penalty charge for multiple instances of Unreserved Use isolated to 1 calendar week would result in a penalty based on the rate for weekly firm PTP service. The Unreserved Use Penalty charge for multiple instances of Unreserved Use during more than 1 week in a calendar month will be based on the rate for monthly firm PTP service.

A transmission customer that exceeds its firm reserved capacity at any point of receipt or point of delivery or an eligible customer that uses transmission service at a point of receipt or point of delivery that it has not reserved is required to pay for all ancillary services identified in WAPA's Open Access Transmission Tariff that were provided by the CRSP and associated with the Unreserved Use. The customer will pay for ancillary services based on the amount of transmission service it used and did not reserve.

Rate:

The rate for Unreserved Use Penalties is 200 percent of WAPA's approved rate for firm point-to-point transmission service assessed as described above. Any change to the rate for Unreserved Use Penalties will be listed in a revision to this rate schedule issued under applicable Federal laws and policies and made part of the applicable service agreement.

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER
COLORADO RIVER STORAGE PROJECT

SALE OF SURPLUS PRODUCTS
(Approved Under Rate Order No. WAPA-190)

Effective:

The first day of the first full billing period beginning on or after October 1, 2020, and extending through September 30, 2025, or until superseded by another rate schedule, whichever occurs earlier.

Applicable:

This Rate Schedule applies to Salt Lake City Area Integrated Projects (SLCA/IP) Marketing and is applicable to the sale of the following SLCA/IP surplus energy and capacity products: reserves, regulation, and frequency response. If any of the above SLCA/IP surplus products are available, SLCA/IP can make the product(s) available for sale, providing entities enter into separate agreement(s) with SLCA/IP Marketing which will specify the terms of the sale(s).

Formula Rate:

The charge for each product will be determined at the time of the sale based on market rates, plus administrative costs. The purchasing entity will be responsible for acquiring transmission service necessary to deliver the product(s) beyond the agreed upon point of sale location.

WAPA-190 Supporting Documents Index: