

Combined Transmission Service Rate

Colorado River Storage Project Management Center
and
Desert Southwest Region

December 16, 2020

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Agenda

- Welcome and Introductions
- Website Information/Resources
- Transmission System Funding
- Contract Changes
- Rate Review Processes
- Customer Information Sharing Agreements
- Status of Initiative
- Action Items and Meeting Close

Website Information/Resources

Briefings, FAQ, notes, presentations, and other information is available at:

<https://www.wapa.gov/regions/DSW/Rates/Pages/CombinedTransRate.aspx>

Transmission System Funds

- Lower Colorado River Basin Development Fund
 - Central Arizona Project (CAP)
 - Revolving fund
 - Administered by Bureau of Reclamation
- Upper Colorado River Basin Fund
 - Colorado River Storage Project (CRSP)
 - Revolving fund
 - Power portion administered by WAPA

Transmission System Funds

- Transmission Infrastructure Program (TIP)
 - Electrical District No. 5 – Palo Verde Hub (ED5-PVH)
 - Revolving fund
 - Administered by WAPA
- Reclamation Fund
 - Intertie Project (Intertie)
 - Parker-Davis Project (P-DP)
 - Receipts only fund
 - Power portion administered by WAPA

Sources of Funding

Multiple sources of funding:

	CAP	CRSP	ED5-PVH	Intertie	P-DP
Construction	Reimbursable - Reclamation	Appropriations	N/A	Transmission Prepayments	Transmission Prepayments
RRADs (Replacements, Retirements, Additions and Deletions)	Reimbursable - Reclamation	Receipts - Basin Fund	Receipts - TIP Fund	Appropriations	Appropriations
O&M	Reimbursable - Reclamation	Receipts - Basin Fund	Receipts - TIP Fund	Transmission Prepayments	Transmission Prepayments
Purchase Power (WALC Balancing Authority)	Reimbursable - Reclamation	N/A	N/A	Access to Receipts	Access to Receipts

Transmission Prepayments

- Intertie and P-DP point-to-point customers prepay for service one month in advance of service
- Requirement of rate schedules since 2007/2008
- “Prepayments” are used as the primary funding source for construction and O&M

	February	March	April
Without Prepayments		Service	Bill: Tran + Ancillaries
With Prepayments	Bill: Tran Prepayment	Service	Bill: Tran + Ancillaries - Credit for Prepayment

Transmission Prepayments

- Recommendation – to ensure funding for these systems continue, customers under combined rate will prepay
 - Only point-to-point customers
 - No change for firm electric service and NITS customers
 - Prepay only the amount of transmission service, not based on funding needs
- Prepayments not needed as funding source for CAP, CRSP, and ED5-PVH, will be an early collection of receipts

Transmission Prepayments

- Intertie and P-DP will only have access to their share of the prepayments
- Not a new funding source or an expansion of existing prepayments

Billing

- Combined rate will require minor system and/or internal process changes
- Changes will be seamless to customers (e.g. will not receive additional bills)
- Each transmission system and fund will continue to receive its share of receipts timely
- Currently determining most efficient and appropriate path forward for billing:
 1. Allocate receipts upon collection
 2. Collect to one account and then transfer

Contract Changes – Pancakes

- Confirmed pancakes identified so far and potential changes needed:
 - 14 - CRSP FES/PD-P Delivery
Pre-OATT arrangements in FES Contract. Amend select provisions in Section 8 of FES contract to eliminate P-DP billing provisions.
 - 1 - Intertie Pre-OATT/PDP Pre-OATT
Exhibit revision need to eliminate transmission pancake charge
 - 1 - CRSP Pre-OATT/Intertie Pre-OATT
No change needed; bill would be eliminated to CRSP
 - 1 - P-DP FES/CRSP OATT
Revisions needed to account for P-DP allocation delivery

Contract Changes – Other

- ED5-PVH agreements currently based in part on the P-DP rate – will need to modify
- Investigating possible pancake issues for AEPCO on P-DP/Intertie
- Considering CAWCD's use of CAP/Intertie/P-DP
- Although not a contract change, we anticipate including language in the combined rate schedule and/or a transmission business practice that will prevent pancaked charges

Rate Review Processes

CAP

Annual coordination with Reclamation and project use customer (CAWCD)

CRSP

Follows the 1992 agreement process

ED5-PVH

Updated annually with contract exhibit change after review period

Intertie

Formal process only

P-DP

Annual meeting, typically May/June

Combined Rate

Annual meeting, date to be determined

Information Sharing Agreements

- CRSP 1992 Agreement
 - Prior to the adoption of any rate change – Work Program Information utilized to develop such rates shall have been provided to the Customers
 - Information Reviewed by SLCA/IP Customers
 - O&M
 - RRADs
 - 10-Year Plan
 - Power Marketing (includes generation, load, and purchases)
 - Timing of Reviews
 - WAPA March 1
 - Reclamation April 15
 - 45 Day Review – 15 Days to submit questions – 30 Days WAPA Response and BOR Response

Information Sharing Agreements

- DSW Joint Planning Agreement
 - Intertie and P-DP
 - Processes open to all customers
 - 2018 agreement that superseded 1995 principles agreement
 - Information and collaboration:
 - 10-Year Plan
 - RRADs
 - Budget formulation/execution
 - Transmission planning
 - Rate impacts for certain activities

Information Sharing Agreements

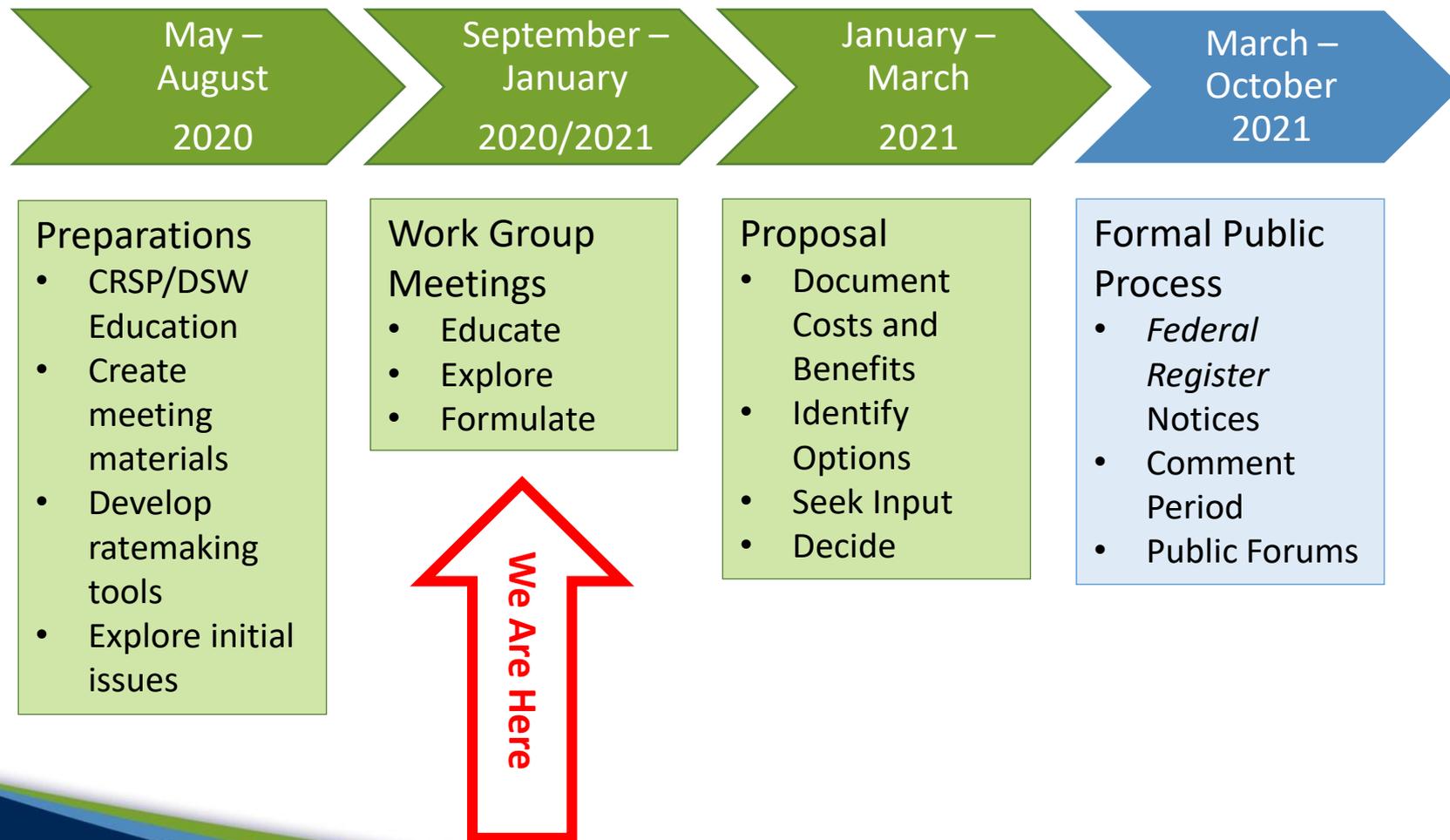
- DSW Prepayment MOU
 - Intertie and P-DP
 - Open to customers with a service agreements five years or longer in duration
 - 2010 agreement
 - Information and collaboration for 10-Year Plan
 - Formalize the approval process for the use of transmission prepayments for construction funding

Information Sharing Agreements

Ensure an open process to review the combined rate annually:

- Existing agreements and processes are sufficient with the addition of an annual meeting
- No conflict with existing agreements
- Minimize administrative/customer burden

Project Schedule



Project Status

- Discussed many elements of the combined rate such as rate design, long-term projections, transmission capacity, and pancaking
- Additional work group meeting in January to discuss ancillary services, losses, and NITS
- Additional areas to explore?
- In addition to the work group meetings, we are available to meet individually to discuss, assess, and analyze the combined rate

Open Discussion



Action Items and Close

- Action items
- Meeting notes and materials will be posted to our website
- Next meeting
- Thank you for attending!

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wapa.gov



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