

ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION

Rocky Mountain Region, Western Area Power Administration

Proposed Formula Rate Adjustment for Transmission Ancillary Services and Sale of Surplus Products *Project No. 2016-077*

A. **Brief Description of Proposal:** The Western Area Power Administration's (Western), Rocky Mountain Region (Western-RMR), Loveland Area Projects' (LAP) Transmission Service formula rates and LAP, Colorado River Storage Project (CRSP), and Western Area Colorado Missouri Balancing Authority's (WACM) Ancillary Services formula rates (approved under Rate Order No. WAPA-155) expire on September 30, 2016. Under Rate Order No. WAPA-174, Western-RMR is proposing modifications to the existing formula rate schedules and is also proposing to add a new rate schedule, referred to as "LAP Marketing Sale of Surplus Products, L-M1." If adopted, the proposed formula rates, under Rate Schedules L-NT1, L-FPT1, L-NFPT1, L-AS1, L-AS2, L-AS3, L-AS4, L-AS5, L-AS6, L-AS7, L-AS9, L-UU1, and L-M1, will become effective October 1, 2016, and will remain in effect through September 30, 2021, or until superseded. The current rate schedules contain formula based rates that are recalculated annually using updated financial and load information. The proposed formula rates continue this approach.

Background

The expiration of these Transmission and Ancillary Service rate schedules is driving this formal rate process. Through a formal rate process, these rate schedules must be approved every five years by the Deputy Secretary of Energy and the Federal Energy Regulatory Commission and must be published in the Federal Register. The Proposed Federal Register notice for this rate process, under WAPA-174, was published February 3, 2016.

The modifications are summarized below.

LAP Transmission Services

- Revise the methodology for determining the forward-looking Annual Transmission Revenue Requirement.
- Clarifying the denominator includes both firm reserved and network usage capacity.

VAR Support Service

- Eliminate the existing Reactive Supply and Voltage Control Support from Generation or other Source Service (VAR Support Service) exemptions and begin assessing VAR Support Service charges for all transmission transactions on the LAP and CRSP transmission systems as contract provisions allow.
- Change the numerator to state it also includes the annual cost of other resources, e.g., energy and transmission costs for condensing Federal generating units.
- Change the denominator to state "Transmission Transactions in WACM Requiring VAR Support Service" rather than "Load in WACM requiring VAR Support Service".

ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION

Rocky Mountain Region, Western Area Power Administration

**Proposed Formula Rate Adjustment
for Transmission Ancillary Services and Sale of Surplus Products
Project No. 2016-077**

Regulation and Frequency Response Service

- Modify the application of the one-for-one megawatt (MW) load-based assessment for the installed nameplate of intermittent resources serving load inside WACM by including “variable capacity multipliers” to be applied to the installed capacity for Variable Energy Resources (VER) serving load inside WACM.

LAP Marketing Surplus Products

- Implement a new LAP Marketing rate schedule that’s applicable to the sale of LAP surplus energy and capacity products.

Rate Schedule changes

- Make editorial changes to the formula rate schedules for better clarification and ensure greater consistency between Western’s Regions.

In consideration of 10 CFR Part 1021 Subpart D, B.4.3, this Rate Process will not affect the generation projects and operations will remain within normal operating limits.

A full description of this project/action can be found in the following document(s): Notice of Proposed Rate Order No. WAPA-174 and the Customer Brochure for the Proposed Formula Rates for Rocky Mountain Region Transmission, Ancillary Services and Sale of Surplus Products Rate Order No. WAPA-174.

- B. Number and Title of the Categorical Exclusion Being Applied:** (See text in 10 CFR Part 1021, Subpart D.)

B4.3 Electric Power Marketing Rate Changes

Rate changes for electric power, power transmission, and other product or services provided by a Power Marketing Administration that are based on a change in revenue requirements if the operations of generation projects would remain within normal operating limits.

- C. Regulatory Requirements in 10 CFR 1021.410 (b):** (See full text in regulation and attached checklist.)

- (1) The proposed action fits within a class of actions listed in Appendix A or B to Subpart D.

For classes of actions listed in Appendix B, the following conditions are integral elements. To fit within a class, the proposal must not:

- Threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of DOE or Executive Orders;

ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION

Rocky Mountain Region, Western Area Power Administration

**Proposed Formula Rate Adjustment
for Transmission Ancillary Services and Sale of Surplus Products
Project No. 2016-077**

- Require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities;
- Disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases;
- Have the potential to cause significant impacts on environmentally sensitive resources. An environmentally sensitive resource is typically a resource that has been identified as needing protection through Executive Order, statute, or regulation by Federal, State, or local government, or a federally recognized Indian tribe. An action may be categorically excluded if, although sensitive resources are present, the action would not have the potential to cause significant impacts on those resources (such as construction of a building with its foundation well above a sole-source aquifer or upland surface soil removal on a site that has wetlands). Environmentally sensitive resources include, but are not limited to, those listed in paragraph B. (4) (see Attachment A).


(2) There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal.

(3) The proposal is not "connected" to other actions with potentially significant impacts, is not related to other proposed actions with cumulatively significant impacts, and is not precluded by 40 CFR 1506.1 or 10 CFR 1021.211.

D. Special Stipulations Pertaining to the Proposal:

This approval applies only to the project/action described in the documents provided by Western Area Power Administration. These project descriptions provide the basis for review of potential impacts on other environmental resources. This approval may not extend to a project/action that differs from the one described.

E. Determination: Based on my review of information provided to me and in my possession concerning the proposed action, I have determined that the proposed action fits within the specified class of actions, the other regulatory requirements set forth above are met, and the proposed action is categorically excluded from requirements for an EA or an EIS.



Signature

Date: 10 MARCH 2016

Brian Little
NEPA Compliance Officer
Rocky Mountain Customer Service Region
Western Area Power Administration

ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION

Rocky Mountain Region, Western Area Power Administration

**Proposed Formula Rate Adjustment
for Transmission Ancillary Services and Sale of Surplus Products
Project No. 2016-077**

ATTACHMENT A

**Conditions That Are Integral Elements of the Classes
of Actions in Appendix B That Apply to This Proposal**
Checklist for Categorical Exclusion Determination, revised Nov. 2011

Application of Categorical Exclusions (1021.410)	Disagree	Agree	Unknown
(b)(1) The proposal fits within a class of actions that is listed in appendix B to subpart D.		X	
(b)(2) There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal, including, but not limited to, scientific controversy about the environmental effects of the proposal; uncertain effects or effects involving unique or unknown risks; and unresolved conflicts concerning alternate uses of available resources.		X	
(b)(3) The proposal has not been segmented to meet the definition of a categorical exclusion. Segmentation can occur when a proposal is broken down into small parts in order to avoid the appearance of significance of the total action. The scope of a proposal must include the consideration of connected and cumulative actions, that is, the proposal is not connected to other actions with potentially significant impacts (40 CFR 1508.25(a)(1)), is not related to other actions with individually insignificant but cumulatively significant impacts (40 CFR 1508.27(b)(7)), and is not precluded by 40 CFR 1506.1 or § 1021.211 of this part concerning limitations on actions during EIS preparation.		X	
B. Conditions that are Integral Elements of the Classes of Actions in Appendix B.	NO	YES	Unknown
(1) Threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety and health, or similar requirements of DOE or Executive Orders.	X		
(2) Require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities.	X		
(3) Disturb hazardous substances, pollutants, contaminants, or CERCLA-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases.	X		
(4) Have the potential to cause significant impacts on environmentally sensitive resources. An environmentally sensitive resource is typically a resource that has been identified as needing protection through Executive Order, statute, or regulation by Federal, state, or local government, or a federally	X		

ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION

Rocky Mountain Region, Western Area Power Administration

**Proposed Formula Rate Adjustment
for Transmission Ancillary Services and Sale of Surplus Products
Project No. 2016-077**

recognized Indian tribe. An action may be categorically excluded if, although sensitive resources are present, the action would not have the potential to cause significant impacts on those resources (such as construction of a building with its foundation well above a sole-source aquifer or upland surface soil removal on a site that has wetlands). Environmentally sensitive resources include, but are not limited to:			
(i) Property (such as sites, buildings, structures, and objects) of historic, archaeological, or architectural significance designated by a Federal, state, or local government, or property determined to be eligible for listing on the National Register of Historic Places;	X		
(ii) Federally-listed threatened or endangered species or their habitat (including critical habitat) or Federally- proposed or candidate species or their habitat (Endangered Species Act); state-listed or state-proposed endangered or threatened species or their habitat; Federally-protected marine mammals and Essential Fish Habitat (Marine Mammal Protection Act; Magnuson-Stevens Fishery Conservation and Management Act); and otherwise Federally-protected species (such as under the Bald and Golden Eagle Protection Act or the Migratory Bird Treaty Act);	X		
(iii) Floodplains and wetlands (as defined in 10 CFR 1022.4, —Compliance with Floodplain and Wetland Environmental Review Requirements: “Definitions,” or its successor);	X		
(iv) Areas having a special designation such as Federally- and state-designated wilderness areas, national parks, national monuments, national natural landmarks, wild and scenic rivers, state and Federal wildlife refuges, scenic areas (such as National Scenic and Historic Trails or National Scenic Areas), and marine sanctuaries;	X		
(v) Prime or unique farmland, or other farmland of statewide or local importance, as defined at 7 CFR 658.2(a), —Farmland Protection Policy Act: Definitions, or its successor;	X		
(vi) Special sources of water (such as sole-source aquifers, wellhead protection areas, and other water sources that are vital in a region); and	X		
(vii) Tundra, coral reefs, or rain forests; or	X		

ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION

Rocky Mountain Region, Western Area Power Administration

**Proposed Formula Rate Adjustment
for Transmission Ancillary Services and Sale of Surplus Products
*Project No. 2016-077***

(5) Involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent unauthorized release into the environment and conducted in accordance with applicable requirements, such as those of the Department of Agriculture, the Environmental Protection Agency, and the National Institutes of Health.	X		
---	---	--	--