

ENVIRONMENTAL REVIEW FOR CATEGORICAL EXCLUSION DETERMINATION

Rocky Mountain Region, Western Area Power Administration

Loveland Area Projects Rate Adjustment for Firm Electric Service

A. Brief Description of Proposal: Western Area Power Administration's (Western) Rocky Mountain Region (RMR), serves customers in Colorado, Wyoming, Nebraska, and Kansas. The Loveland Area Projects' (LAP), which consists of the Pick-Sloan Missouri Basin Program (P-SMBP)--Western Division (P-SMBP--WD), and the Fryingpan-Arkansas Project (Fry-Ark), Firm Electric Service (FES) Rate Schedule L-F9, is expiring December 31, 2014. The revenue requirement and the total rate charges in the FES rate schedule are not changing from Rate Schedule L-F9 and will continue to provide sufficient revenue to pay all annual costs, including interest expense, and repay investments within the allowable periods. The only modifications in this rate adjustment process are to the charge components from those in the current Rate Schedule L-F9 in order to true up the base and drought adder charges.

The expiration of the LAP FES rate schedule is necessitating this minor rate process. The 2015 LAP revenue requirement for P-SMBP--WD and Fry-Ark firm electric service is set at \$84.5 million, which is the same revenue requirement generated from the 2008 Power Repayment Studies. The overall capacity and energy charges are not changing, as indicated in Table 1 below.

Table 1 Comparison of Existing and Proposed Rates

Firm Electric Service	Existing Rate (January 1, 2010) L-F9	Proposed Rate (January 1, 2015) L-F10	Percent Change (%)
LAP Revenue Requirement (million)	\$84.5	\$84.5	0
LAP Composite Rate (mills/kWh)	41.42	41.42	0
Firm Energy Rate (mills/kWh)	20.71	20.71	0
Firm Capacity Rate (\$/kWmonth)	\$5.43	\$5.43	0

Western is proposing to true up the base and drought adder components of the rate schedule and place a new rate schedule into effect for the 5-year period beginning January 1, 2015, through December 31, 2019. The proposed true up updates the base component to represent present costs and lowers the drought adder component to represent present drought costs. Over the past 5-year rate period, the P-SMBP costs included in the LAP drought adder have decreased as the actual deficits taken were less than projected when the current charges were placed into effect. Additionally, there has been P-SMBP drought costs repaid ahead of schedule which decreased the drought deficit interest expense. The portion of the LAP drought adder component coming from Fry-Ark (\$200,000) is now going to \$0, as Fry-Ark did not actually incur any deficits and Fry-Ark is not projecting any future non-timing purchases at this time. All historical drought-related costs for Fry-Ark have been repaid. In addition, base costs for both P-SMBP and Fry-Ark increased during that same period due to a new 5-year cost evaluation period, new investments and replacements, and inflationary costs. A comparison of the current and proposed components under Rate Schedule L-F10 is listed below.

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Table 2 Summary of LAP Rate Components

	Existing Charges Under Rate Schedule L-F9 As of January 1, 2010			Proposed Charges Under Rate Schedule L-F10 As of January 1, 2015		
	Base Component	Drought Adder Component	Total Charge	Base Component	Drought Adder Component	Total Charge
Firm Capacity Rate (/kWmonth)	\$3.29	\$2.14	\$5.43	\$3.92	\$1.51	\$5.43
Firm Energy Rate (mills/kWh)	12.54	8.17	20.71	14.95	5.76	20.71

With the rate schedule set to expire December 31, 2014, and the requirement of a public process to place a new rate schedule into effect, Western believes it is also prudent to true up the components in the rate schedule to current values. Updating the components does not change the overall charges. It only identifies what portion of the charge is driven by base and drought adder components.

A full description of this project/action can be found in the following document(s): Notice of Proposed Rate Order No. WAPA-167, found electronically at <https://www.wapa.gov/rm/ratesRM/2015/default.htm>.

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.

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 products 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 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;

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- 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:

If the scope of this proposal changes, Western's Environmental Division must be contacted for additional environmental review.

E. Determination: Based on my review of information provided to me and in my possession concerning the proposed action, I 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: 8/29/19

Gene Iley, Jr.
NEPA Compliance Officer
Rocky Mountain Customer Service Region
Western Area Power Administration

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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,	X		

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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:			
(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		

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(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		
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