

159 FERC ¶ 62,047
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

United States Department of Energy –
Western Area Power Administration
(Washoe Project, Stampede Division)

Docket No. EF17-1-000

ORDER CONFIRMING AND APPROVING RATE SCHEDULE
ON A FINAL BASIS

(April 12, 2017)

Summary:

On December 29, 2016, the Deputy Secretary of Energy (Deputy Secretary) filed a request for final confirmation and approval of the Western Area Power Administration's (Western) request to extend, without adjustment, existing Rate Schedule SNF-7¹, for a non-firm power formula rate applicable to the Washoe Project, Stampede Division (Washoe Project).² The Deputy Secretary placed the rates into effect on an interim basis effective October 1, 2017,³ and requests final confirmation and approval of the rates for the period October 1, 2017, through September 30, 2022.⁴

¹ Western Area Power Administration, FERC FPA Electric Tariff, Rate Schedules, [Washoe Project Rate Ext, Washoe Project Rate Extension, 1.0.0](#).

² The Washoe Project is a small (3.65 MW) multipurpose hydroelectric project operated for irrigation, flood control, and to provide electricity principally to two federal fish hatcheries.

³ Rate Order No. WAPA-176, placing the rate schedule into effect on an interim basis, was issued on December 23, 2016, under authority delegated to the Deputy Secretary by Department of Energy Delegation Order No. 00-037.00B (Delegation Order).

⁴ Rate Schedule SNF-7 supersedes the present rate schedule, which was approved on a final basis in *U. S. Dept. of Energy – Western Area Power Admin. (Washoe Project, Stampede Division)*, 144 FERC ¶ 62,213 (2013).

On April 16, 2009, the Commission approved and placed into effect on a final basis Rate Order No. WAPA-136, for Washoe Project non-firm power formula rate.⁵ The rate was approved for the period August 1, 2008, through July 31, 2013. On April 23, 2013, the Deputy Secretary extended the existing rate for the period beginning August 1, 2013, through September 30, 2017. Since the Washoe Project rate will expire on September 30, 2017, it is necessary to extend, without adjustment, the existing formula rate in Rate Schedule SNF-7, for a five-year rate period under Rate Order No. WAPA-176 for the period of October 1, 2017, through September 30, 2022.

Notice of the application was published in the *Federal Register*, 82 Fed. Reg. 5,559 (2017), with comments, protests, or motions to intervene due on or before January 30, 2017. No responsive filings were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214). Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

Standard of Review:

The Secretary of Energy has delegated the authority to confirm and approve Western's rates on a final basis to the Commission,⁶ and established the scope of Commission review. According to Section 3 of the Delegation Order, the scope of Commission review is limited to:

- whether the rates are the lowest possible to customers consistent with sound business principles;
- whether the revenue levels generated by the rates are sufficient to recover the costs of producing and transmitting the electric energy including the repayment, within the period of cost recovery permitted by law, of the capital investment allocated to power and costs assigned by Acts of Congress to power for repayment; and

⁵ See *U. S. Dept. of Energy – Western Area Power Admin. (Washoe Project, Stampede Division)*, 127 FERC ¶ 62,043 (2009).

⁶ Section 3 of the Delegation Order.

- the assumptions and projections used in developing the rate components that are subject to Commission review.⁷

The Commission is prohibited from reviewing policy judgments and interpretations of laws and regulations made by the power generating agencies.⁸ The Commission may reject the rate determinations of Western's Administrator only if it finds them to be arbitrary, capricious, or in violation of the law, if they violate Department of Energy regulations (e.g., Department of Energy Order No. RA 6120.2, which prescribes financial reporting policies, procedures, and methodologies), or if they violate agreements between Western's Administrator and the applicable power generating agency. The Commission considers its role as that of an appellate body which reviews the record developed by the Administrator. In other words, the Commission does not develop a record on its own. Consequently, the Commission only affirms or remands the rates submitted to it for final review.⁹

Discussion:

In the instant filing, Western states that the Washoe Project's non-firm power formula Rate Schedule SNF-7 expires on September 31, 2017; therefore, Western is proposing to extend, without adjustment, Rate Schedule SNF-7. Western explains that by legislation, Congress declared all Washoe Project costs to be non-reimbursable except costs related to the Stampede Power plant (Stampede). Western states that the energy generated by Stampede, averaging annually approximately 10 gigawatt hours, is used principally to provide energy to two federal fish hatcheries.

Western notes that because the Washoe Project has no federal transmission facilities, Western contracted with Truckee Donner Public Utility District and the City of Fallon to accept Stampede generation and serve project loads. According to Western, energy in excess of project use loads is integrated with the Central Valley Project (CVP) and marketed under the 2004 Power Marketing Plan. Western states that pursuant to

⁷ *Id.*

⁸ The power generating agencies include the Bureau of Reclamation, the Army Corps of Engineers, and the International Boundary and Water Commission. These agencies build and operate various projects. The power marketing administrations, such as Western, market the output of the projects.

Docket No. EF17-1-000

- 4 -

Rate Schedule SNF-7, each year, any remaining reimbursable expenses, in excess of the revenue collected under contract, are incorporated into the CVP power revenue requirement. Western further states that for the proposed extension period, it forecasts the cost to CVP to be approximately \$255,000 annually. Western contends that under the existing formula rate it is projected to recover all annual expenses, including interest expense, and repay capital investments within allowable time periods, thus ensuring project repayment within the cost recovery criteria set forth in Department of Energy Order No. RA 6120.2.

Our review of Western's filing indicates that the revenues to be collected under the proposed rate will be sufficient to recover Western's costs, including the recovery of the remaining federal investment, with interest, over the remaining repayment period. Moreover, since the revenues generated by the proposed rate recover no more than Western's annual costs and the remaining federal investment, the rate is the lowest possible to customers.

Since Western's rate is consistent with the standards of review delegated to the Commission by the Secretary, it merits final confirmation and approval.

The Director:

Confirms and approves on a final basis an extension of Western's existing formula Rate Schedule SNF-7 for the period October 1, 2017, through September 30, 2022.

Authorities:

This action is taken pursuant to the authority delegated to the Director, Division of Electric Power Regulation – Central, under 18 C.F.R. § 375.307. This order constitutes final agency action. Requests for rehearing by the Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713.

Sincerely,

Penny S. Murrell, Director
Division of Electric Power
Regulation – Central

Document Content(s)

EF17-1-000.DOC.....1-4