

WAPA-206

Rate Discussion

Initial Discussion – FRN Process – Issues

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CRSP Customers and Interested Parties

August 10, 2022



Agenda

- Wednesday Meetings
- Federal Register Notice Process
- Issues
- Resource Assessment (Not a component of the Rate Action)



Wednesday Meetings

- Most Importantly: We are looking for customers to weigh-in on the issues
- Discuss issues/topics related to WAPA-206
 - No set schedule on topics yet
 - August 24 meeting will address the Deliverable Service Amount (DSA)
- Every other Wednesday through December 14, 2022
- Moving schedule to an hour and a half.
- Presentations will be posted to the WAPA-206 webpage
<https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-206.aspx>
- Send questions and comments to CRSPMC-rate-adj@wapa.gov especially if you don't like speaking in front of the group



Federal Register Notice Process

- **Current** Plan is to have a January 1, 2024, effective date
 - Proposal FRN
 - Start Internal Routing January 9, 2023
 - WAPA Administrator Signs and FRN Published latter half of April
 - Ex parte communication rules kick in (Post communications to the web)
 - 90-Day Customer Comment Period
 - Starts day FRN is published
 - Public Information Forum and Customer Comment Forums
 - Additional forums will be scheduled if warranted
 - 10-Day Customer Comment Period for Purchased Power / Generation
 - Begins when August 24-month study and CRSS/CRMMS results posted to WAPA-206 webpage
 - Final FRN
 - CRSP Manager Review (around first week in October) – Cutoff for changes
 - WAPA Administrator Signs and FRN Published



Issues

- Timing
- CRSP Power Delivery
- Loss of Glen Canyon Dam Generation
- Formula or Fixed Rate
- PRS Budget Window (Work Plans)
- Revenue after Expenses
- RTO and Ancillary Service



Timing

- Financial “actual” Data for FY2022 Power Repayment Study (PRS)
 - Jan-Feb 2023
 - Need to Finalize FY2022 before Starting FY2023 Preliminary (Rate-setting)
- Finance operates on the Oct 1 – Sep 30 Fiscal Year (PRS too)
- Best 24-month Study to use Apr-May (at the end of runoff)
 - Using August 24-month study means we are projecting next Summer’s Generation without knowing what run-off is going to be
- Workplan Meetings held in April
- 92 Agreement Review takes 90 days



Timing, continued

- FRN Timing
 - Will not have workplan data in Proposal FRN
 - Projected rate in Brochure and Public Information Forum will include Work Plan
- Transmission Rate and Purchased Power/Generation/Sales not available at initial Public Information Forum
 - Transmission rate gets calculated in late June
 - Purchased Power/Generation/Sales come from August 24-month Study and CRSS/CRMMS traces
 - CRSP will post new data and update Brochure as warranted
 - All new data gets at least 10-day Comment Period
- FRN needs to be signed 30-days before effective date

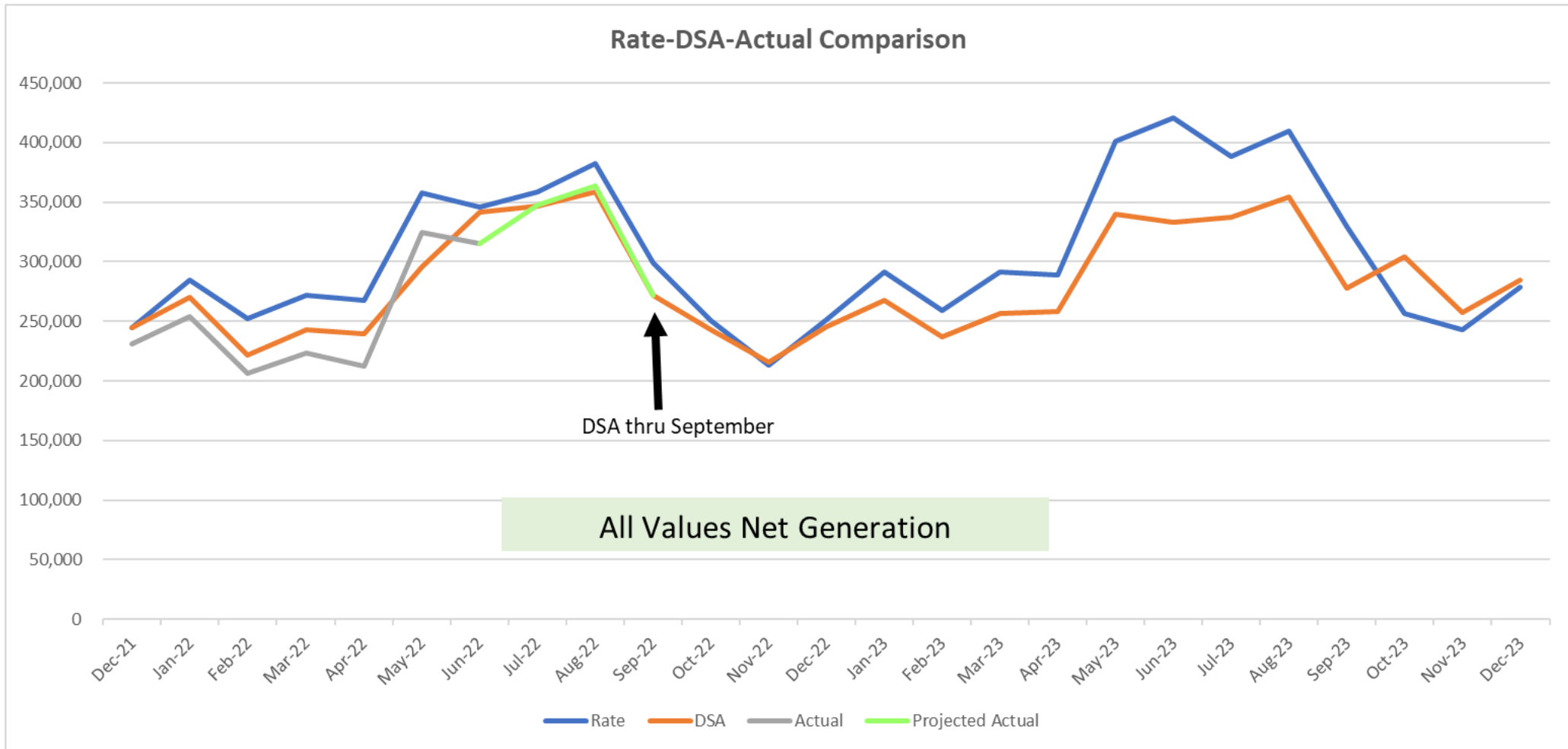


CRSP POWER DELIVERY

- DSA and WRF
 - Seeking feedback on how DSA and WRF are working
 - Comments on possible changes to DSA
 - Timing
 - Lost Revenues
 - Firming Purchases
- Feasible Alternatives to DSA??
 - Firm to SHP or some other level
 - Cost for Purchased Power?
 - Availability?
 - Impact on Rate?
 - Impact on Basin Fund? (Going Bankrupt is not a sound Business Principle)



CRSP POWER DELIVERY, continued



Loss of Glen Canyon Dam Generation

- WAPA-199 states to give 30-days notice before dropping DSA
- WAPA-199 states we only Firm to DSA
- Need Strategy Based on Projected Duration
 - Monthly
 - Quarterly
 - Annually



Formula or Fixed Rate

- 5-yr Fixed Rate
 - Annual Comparison
 - Rate Action needed to change Rate
 - Do we create adders/fees/charges to address volatility of generation
 - What criteria should CRSP use to initiate new Rate Action
- 5-yr Formula Rate
 - More Responsive
 - Rate updated annually using Pinch Point methodology
 - What gets updated annually?
 - Rate update moves to October 1 for FY2025



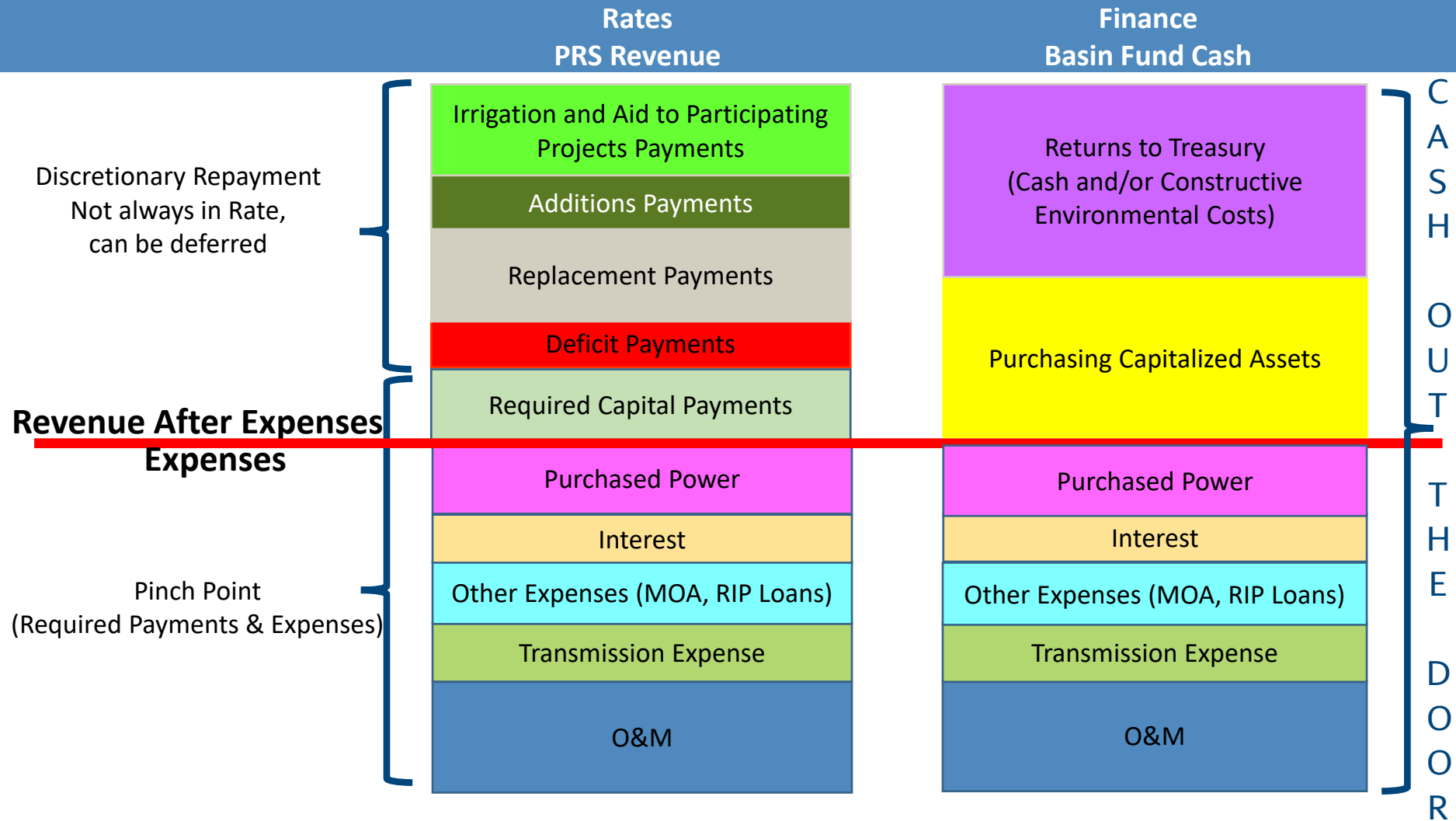
PRS Budget Window (Work Plans)

- Rates uses Budget +3 for the Rate
 - Next Year Finance will be working on FY2025 work plans
 - PRS will use FY2024 – FY2028 for 5-year budget window
 - FY2028 would then be used through the remainder of the study
 - FY2028 replicated for other Revenues/Expense such as Transmission
- Exemptions to replicating the last year of the budget window
 - Fixed costs for RIP Loan and MOA entered through year they are paid off
 - Sales returns to SHP levels starting in FY2029
 - Purchased Power is zeroed out starting in FY2029
 - Note: Pinch Point solves at FY2045, and there is no Purchased Power and Sales are at SHP levels, neither of which reflect current conditions
- Revenues after Expenses



Revenue After Expenses

Revenue and Repayment vs. Cash and Returns to Treasury



RTO and Ancillary Services

- RTO
 - Currently wait and see
 - Will be addressed in the later meetings
 - Possible rate impacts
 - We have set Annual Revenue Requirement
 - Impact to Offsets may shift rates
- Ancillary Services
 - Anticipate no changes
 - Would expect an RTO FRN to supersede some of the existing Ancillary Rate Schedules



Questions



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CREDA Resource Assessment

- First and foremost, this is not a commitment
- Joint assessment by WAPA, Reclamation, and CREDA
- The assessment link will come from CREDA@creda.cc
- Planned Launch date is August 15, responses requested by August 31
- Key Drivers:
 - Treatment of Purchased Power
 - Long-term Solution
 - Hydrology Forecast
- Looking for ideas on how Customers will supplement Resources
 - (Who, what, when , where, why , how)