

166 FERC ¶ 62,053
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Western Area Power Administration
(Parker-Davis Project)

Docket No. EF19-1-000

ORDER CONFIRMING AND APPROVING RATE SCHEDULES
ON A FINAL BASIS

(January 31, 2019)

Summary:

On December 13, 2018, the Deputy Secretary of Energy (Deputy Secretary) submitted for final confirmation and approval the extension of firm and nonfirm electric and transmission service formula rates at Western Area Power Administration's (Western) Parker-Davis Project.¹ The Deputy Secretary gave approval to extend the rates on an interim basis effective October 1, 2018,² and requests final confirmation and approval for the period February 1, 2019 through September 30, 2023.³ Western maintains that the rates will provide adequate revenues to recover all annual costs, including interest expenses, and to repay investments within the allowable period.

Notice of the submittal was published in the *Federal Register*.⁴ Comments, protests, or motions to intervene were due on or before January 14, 2019. No motions to

¹ The Parker-Davis Project consists of two multipurpose projects whose power output is sold to preference customers in California, Arizona, and Nevada.

² Rate Order No. WAPA-184, extending Rate Schedules PD-F7, PD-FCT7, PD-FT7, and PD-NFT7 on an interim basis, was issued on December 10, 2018 under the authority granted to the Deputy Secretary by the Department of Energy Delegation Order Nos. 00-037.00B and 00-001.00F (Delegation Orders).

³ Western Area Power Administration, Rate Schedules, [DSW PDP WAPA184, DSW PDP WAPA184, 0.0.0.](#)

⁴ 83 Fed. Reg. 64,831 (2018).

intervene, comments, or protests were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to operation of Rule 214 of the Commission's Rule of Practice and Procedure.⁵ 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 Commission⁶ and established the scope of Commission review. 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
- 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, in violation of the law, in violation of Department of Energy regulations (e.g., Order No. RA 6120.2 which prescribes Western's financial reporting policies, procedures, and methodologies), or in violation of agreements between

⁵ 18 C.F.R. § 385.214 (2018).

⁶ See Section 1.3 of Delegation Order No. 00-037.00B.

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.

the Administrator and the applicable power generating agency. The Commission considers its role as that of an appellate body that reviews the record developed by the Administrator. In other words, the Commission only affirms or remands the rates submitted to it for final review.⁹

Discussion:

Western originally filed Rate Schedules PD-F7, PD-FCT7, PD-FT7, and PD-NFT7 in Docket No. EF08-5041-000, and the Commission confirmed and approved the rates on February 27, 2009 for the period October 1, 2008 through September 30, 2013.¹⁰ Western filed a request to extend the rates in Docket No. EF14-4-000, and the Commission confirmed and approved the rate extension on September 18, 2014 for the period October 1, 2013 through September 30, 2018.¹¹

Rate Schedule PD-F7 defines rates for firm electric service customers for firm power service in the area served by the Parker-Davis Project. Rate Schedule PD-FCT7 defines rates for firm transmission service for the Salt Lake City Area/Integrated Projects southern division customers in the area served by the Parker-Davis Project. Rate Schedule PD-FT7 defines rates for firm point-to-point transmission service in the area served by the Parker-Davis Project. Rate Schedule PD-NFT7 defines rates for nonfirm transmission service in the area served by the Parker-Davis Project.

Rate Schedules PD-F7, PD-FCT7, PD-FT7, and PD-NFT7 expired on September 30, 2018. Pursuant to section 903.23(a) of the Department of Energy's regulations, Western's Administrator approved the rates for short-term sales for the period between

⁹ *U.S. Dept. of Energy – Western Area Power Admin. (Boulder Canyon Project)*, 61 FERC ¶ 61,229, at 61,844 (1992), *aff'd in relevant respects sub nom. Overton Power District No. 5 v. Watkins*, 829 F. Supp. 1523 (D. Nevada 1993), *vacated and remanded with directions to dismiss sub nom. Overton Power District No. 5 v. O'Leary*, 73 F.3d 253 (1996); *U.S. Dept. of Energy – Western Area Power Admin. (Salt Lake City Area Integrated Projects)*, 59 FERC ¶ 61,058, at 61,240-41 & nn.17 & 20 (1992), *reh'g denied*, 60 FERC ¶ 61,002 (1992).

¹⁰ *U.S. Dept. of Energy – Western Area Power Admin. (Parker-Davis Project)*, 126 FERC ¶ 62,157 (2009).

¹¹ *U.S. Dept. of Energy – Western Area Power Admin. (Parker-Davis Project)*, 148 FERC ¶ 61,193 (2014).

October 1, 2018 and the date this rate extension goes into effect.¹² In this filing, Western states that extending the rate schedules through September 30, 2023, as requested, will provide Western and its customers time to evaluate the potential benefits of combining transmission rates on federal transmission systems located within Western's Desert Southwest Region. Western states that combining rates may lead to more efficient use of the federal transmission systems, diversify the customers who use those systems, and be financially advantageous. Western states that if, after a thorough evaluation, Western determines that combining transmission rates will produce material benefits, it would initiate a rate adjustment to combine the rates.

By statute,¹³ Western must repay the federal investment from power revenues within a reasonable period of time, which as a general practice is 50 years. Our review indicates that the revenues collected under the existing rates will continue to be sufficient to recover Western's costs, including 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.

The Commission's review indicates that the extension of rates for transmission service on the Parker-Davis Project will ensure that Western will be able to meet its financial obligations. Therefore, the proposed rate extension is confirmed and approved as requested.

The Director:

Confirms and approves on a final basis the extension of Western's Rate Schedules PD-F7, PD-FCT7, PD-FT7, and PD-NFT7 for the period February 1, 2019 through September 30, 2023.

¹² 10 C.F.R. § 903.23(a).

¹³ 16 U.S.C. § 825s.

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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)

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