

Desert Southwest Region One Transmission Rate

Supporting Documentation for the FY 2024 Calculation of Rates (Effective January 1, 2024)

The following interim documents are provided to summarize the inputs to the recently approved formula rates and calculate the FY24 OTR. They consist of each transmission system's revenue requirement determination using historical reporting formats.

For the next annual update (FY25 OTR), this information will be unified for presentation and reporting purposes. DSW plans to present and discuss detailed information about the inputs to the formula rates and seek customer feedback during the next informal OTR meeting to be held in the summer of 2024.



One Transmission Rate

Annual Calculation for Fiscal Year 2024

Step 1 – Combine Transmission System Revenue Requirements (\$)

(Revenue needed from sales of long-term service; numerator)

	Costs		PY True-up /Carryover		Offsetting Revenues	=	Revenue Requirements	
CAP	16,754,984	-	(524,023)	+	(3,000,000)	=	14,279,007	
ED5-PVH	4,860,033	-	780,112	+	(850,000)	=	3,229,921	
Intertie	40,151,151	-	0	+	(13,500,000)	=	26,651,151	
PDP	87,479,612	-	0	+	(23,963,022)	=	63,516,590	
							107,676,669	
Additional offsetting revenue resulting from OTR							+	(1,245,600)
								106,431,069

Step 2 – Combine Transmission System Reservations (kW)

(Estimated quantity of long-term sales; denominator)

	Reservations		Eliminate Pancakes		Adjusted Reservations	
CAP	680,000	+	0	=	680,000	
ED5-PVH	156,000	+	0	=	156,000	
Intertie	1,683,585	+	(159,000)	=	1,524,585	
PDP	2,686,827	+	(220,959)	=	2,465,868	
					4,826,453	
Additional long-term sales resulting from OTR					+	300,000
						5,126,453

Step 3 – Calculate Rates (Effective January 1, 2024)

(Applied to reservation to determine monthly charge)

	Revenue Requirement	/	Reservations	=	Rates
Combined	\$106,431,069	/	5,126,453 kW	=	\$20.76 /kW-Year
				=	\$1.73 /kW-Month
				=	\$0.40 /kW-Week
				=	\$0.06 /kW-Day
				=	2.37 mills/kWh



**PARKER-DAVIS PROJECT
COST APPORTIONMENT STUDY**

FY 2024

Annual Expenses	Total	Allocation Factor	Generation	Transmission
Western O&M				
Systemwide Expenses	8,085,233	Customers/Gen/Tran	2,718,000	5,367,233
Substation & Transmission Lines	22,677,386	Transmission	0	22,677,386
Communication & Control Equipment	1,850,756	SCADA	19,814	1,830,942
System Operation & Load Dispatch	8,694,730	SCADA/Tran	84,764	8,609,966
Subtotal Western O&M	41,308,106		2,822,578	38,485,528
	100%		6.8%	93.2%
Western General Expenses				
Bureau of Reclamation O&M	1,426,546	% of Subtotal	97,476	1,329,071
Purchase Power	38,000,000	Generation	12,342,000	0
Capitalized Movable Equipment	2,318,153	Gen & Tran	18,000,000	20,000,000
Multi-Project (SCADA, Mead, Phoenix Service Center)	(2,076,882)	% of Subtotal	158,399	2,159,754
Bureau of Reclamation Replacements	0	Transmission	(1,542)	(2,075,340)
Principal/Interest Payments - Generation	1,839,727	Generation	0	0
Principal/Interest Payments - Transmission	27,580,600	Generation	1,839,728	(0)
Total Annual Gross Expenses	122,738,250	Transmission	0	27,580,600
	100%		35,258,639	87,479,612
			28.7%	71.3%
Other Revenues				
Transmission				
Nonfirm/Short-Term Firm (OASIS)	2,060,000	Transmission	0	2,060,000
Losses	20,000,000	Transmission	0	20,000,000
Nonfirm Energy				
Other	0	Generation	0	0
Surplus / Excess	0	Generation	0	0
Ancillary Services				
Generation Supported (e.g. VAR Support, Reserves)	174,031	Generation	174,031	0
Transmission Supported (e.g. Scheduling Service)	0	Transmission	0	0
Miscellaneous				
Facilities Use Charges	725,000	Transmission	0	725,000
Western Miscellaneous	914,648	Transmission	0	914,648
Reclamation Miscellaneous	0	Generation	0	0
Transfers from Other Western Projects	263,374	Transmission	0	263,374
Total Annual Other Revenues	24,137,053		174,031	23,963,022
	100%		0.7%	99.3%
Expenses Less Other Revenues				
	98,601,198		35,084,608	63,516,590
Interest Credits				
Interest Credits	0		0	0
Carryover Application	0		0	0
Total Credits & Carryover	0		0	0
Revenue Requirement				
	98,601,198		35,084,608	63,516,590



**PARKER-DAVIS PROJECT
COST APPORTIONMENT STUDY**

FY 2024

Cost Allocation Factors & Rate Design Loads

SCADA Points		
	Number	Percentage
Generation	91	1.071%
Transmission	8,409	98.929%
	8,500	100%

Customers		
	Count	Percentage
Transmission	51	59.30%
Generation	35	40.70%
	86	100%

Rate Design Loads		
	Avg CROD kW	Energy MWh
Firm Electric Service - AOF	233,844	1,229,778
Firm Electric Service - Project Use	37,303	195,267
Firm Transmission	2,415,680	0
	2,686,827	1,425,045



**INTERTIE PROJECT
Transmission Revenue Requirement
2024**

			2024
Revenue			
Total Transmission Revenue Requirement		\$40,151,151	\$ 40,151,151.00
Expenses			
Operations and Maintenance	11,756,542		
Purchase Power	6,000,000		
Other Expense	742,009		
Interest Expense	<u>15,265,288</u>		
		\$33,763,839	\$ 33,763,839.00
Revenue After Annual Expense			
			\$ 6,387,312.00
Principal Payments			
Deficits	0		
Replacements	281,157		
Additions	<u>6,106,155</u>		
		\$6,387,312	\$ 6,387,311.99



CENTRAL ARIZONA PROJECT

CY 2024 Transmission Revenue Requirement

Average Annual Amortization	\$5,396,349
Major Capital Funding	1,722,635
Operation & Maintenance	6,201,000
Purchase Power & Wheeling	3,000,000
Other Expenses	<u>435,000</u>
Gross Annual Expenses	\$16,754,984
Other Revenues	<u>(3,000,000)</u>
Expenses Less Other Revenues	\$13,754,984
Prior Year Estimate to Actual Adjustment	<u>524,023</u>
Revenue Requirement	\$14,279,007



**ELECTRICAL DISTRICT NO. 5 - PALO VERDE HUB TRANSMISSION
FY 2024 Revenue Requirement**

Total Capitalized Costs	\$	76,193,417	
Interest Rate		3.03%	
Principle & Interest (P&I) Payment - (Semi-Annual) (rounded to \$1,900,000)		\$1,943,028	
Projected Annual Capital Investment Debt Service Costs	\$	3,800,000	(A)
True-up of annual debt service costs	\$	-	(B)
Projected Annual Operating and Maintenance (O&M) costs for ED5-PV Hub	\$	988,926	(C)
True-up of WAPA's O&M costs	\$	469,182	(D)
WAPA's projected Transmission Infrastructure Program (TIP) annual administrative costs	\$	-	(E)
Annual costs to fund TIP-required reserve accounts:			(F)
O&M Reserve	\$	-	(G)
Offset for interest/other income	\$	(2,099,294)	(H)
Amortized Palo Verde-Pinal Central Replacements and Additions	\$	71,107	(I)
Total Transmission Revenue Requirement (J) = (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)	\$	3,229,920	(J)
Transmission Line Investments			
Unpaid Deferral Investment (including IDC)	\$	-	(K)
Total Annual Debt Service Payments (L) = (A)+(K)	\$	3,800,000	(L)
True-up Calculation (To Determine D)			
WAPA's estimated annual O&M costs for the ED5-PV Project Facilities for FY 2022	\$	307,295	(a)
WAPA's actual O&M costs for the ED5-PV Project Facilities for FY 2022	\$	776,477	(b)
True-up Applied to Next Fiscal Year (c) = (a)+(b)	\$	469,182	(c)

