
DEPARTMENT OF ENERGY

Western Area Power Administration

**Pick-Sloan Missouri Basin Program—
Eastern Division—Rate Order No.
WAPA-213**

AGENCY: Western Area Power Administration, Department of Energy (DOE).

ACTION: Notice of proposed firm power service and sale of surplus products formula rates.

SUMMARY: The Upper Great Plains (UGP) region of the Western Area Power Administration (WAPA) proposes revised formula rates for the Pick-Sloan Missouri Basin Program (P-SMBP)—Eastern Division (ED) firm power, firm peaking power service, and sale of surplus products. The existing formula rates for these services, under Rate Schedules P-SED-F14 and P-SED-FP14, and sale of surplus products, under formula rate schedule P-SED-M2, do not expire until December 31, 2027; however, the existing firm power and firm peaking power service rates no longer provide sufficient revenue to recover interest expense and repay investments. The formula rate for sale of surplus products is not changing but is being included in Rate Order No. WAPA-213 (WAPA-213) in order to make these rate schedules effective for the same time frame.

DATES: A consultation and comment period will begin June 28, 2024 and end August 27, 2024. Due to not receiving final Fiscal Year (FY) 2023 financial data until late January, holding subsequent rate impact discussions with customers between February and April, and the subsequent time frame required

for completion of the **Federal Register** notice workflow process, the publication of this proposal was not possible prior to the June 2024 time frame. As such, and in order to continue with the existing January 2025 implementation date, the time frame of the consultation and comment period has been shortened from the standard 90 days to 60 days. This shortened time frame is allowed under 10 CFR 903.14(a), which states that, “. . . periods may be shortened for good cause shown.”

UGP will present a detailed explanation of the proposed P-SMBP—ED formula rates and other modifications at a public information forum that will be held on August 7, 2024, at 8:30 MDT to no later than 10:30 MDT. UGP will also host a public comment forum on August 7, 2024, at 11:00 MDT to no later than noon MDT. The public information forum and the public comment forum will only be conducted virtually. Instructions for participating in the forums will be posted on UGP’s website at least 14 days prior to the public information and comment forums at: www.wapa.gov/about-wapa/regions/ugp/ugp-rates/2025-firm-rate-adjustment.

UGP will accept comments any time during the consultation and comment period.

ADDRESSES: Written comments and requests to be informed of Federal Energy Regulatory Commission (FERC) actions concerning the proposed formula rates submitted by UGP to FERC for approval should be sent to: Lloyd Linke, Regional Manager, Upper Great Plains Region, Western Area Power Administration, 2900 4th Avenue North, 6th Floor, Billings, MT 59101–1266, or email: ugpfirmrate@wapa.gov. UGP will post information about the proposed formula rates and written comments received to its website at: www.wapa.gov/about-wapa/regions/ugp/ugp-rates/2025-firm-rate-adjustment.

FOR FURTHER INFORMATION CONTACT: Linda Cady-Hoffman, Rates Manager, Upper Great Plains Region, Western Area Power Administration, 2900 4th Avenue North, 6th Floor, Billings, MT 59101–1266, telephone (406) 255–2920, email cady@wapa.gov or ugpfirmrate@wapa.gov.

SUPPLEMENTARY INFORMATION: On June 29, 2023, FERC confirmed and approved Rate Schedules P–SED–F14, P–SED–FP14, and P–SED–M2 under Rate Order No. WAPA–203 (WAPA–203) on a final

basis through December 31, 2027.¹ These schedules apply to firm power, firm peaking power service, and the sale of surplus products. UGP intends for the proposed formula rates under P–SED–F15, P–SED–FP15, and P–SED–M3 to go into effect January 1, 2025. The proposed formula rates schedules would remain in effect until December 31, 2029, or until WAPA supersedes or changes the formula rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

The proposed formula rates would provide sufficient revenue to recover annual operation, maintenance, and replacement (OM&R) expenses, interest expense, irrigation assistance, and capital repayment requirements while ensuring repayment of the project within the cost recovery criteria set forth in Department of Energy (DOE) Order RA 6120.2. For more information on the proposed rates, please see the customer brochure located on UGP’s website at: www.wapa.gov/about-wapa/regions/ugp/ugp-rates/2025-firm-rate-adjustment.

Firm Power and Firm Peaking Power Services

The P–SMBP FY 2023 Power Repayment Study (PRS) revenue requirement, changes to future workplans, and projected water conditions are the determining factors for this proposed rate adjustment.

The base component costs for the P–SMBP have increased primarily due to increased OM&R from WAPA and the generating agencies.

The driver behind the P–SMBP drought adder component decrease is the United States Army Corps of Engineers’ (USACE) 2024 Annual Operating Plan (AOP) projecting less than average generation, though it is better than generation projected in the WAPA–203 January 2023 rate. Planned repayment of both the base and drought deficits are in the same time frame (2027) as they were projected to be repaid under WAPA–203. Uncertainties with water inflows, hydro generation, and replacement energy prices continue to pose potential risks for meeting firm power contractual commitments.

The net effect of these adjustments to the base and drought adder components results in an overall increase to the P–SMBP—ED revenue requirement. Under Rate Schedules P–SED–F15 and P–SED–FP15, UGP is proposing a two-step rate

adjustment. For the base component, the revenue requirements and associated charges for each step would be set values. For the drought adder component, UGP is proposing estimated revenue requirements based on the USACE’s 2024 AOP and drought costs projected in the Final FY 2023 PRS for the first and second steps. UGP will follow the previously established “annual drought adder adjustment process” to determine if these estimated values for the January 2025 and 2026 rate years require adjustment. If a drought adder component change is required for January 2025, a modified drought adder revenue requirement and the associated charges for January 2025, and possibly new estimates for January 2026, will be included in the publication of the notice of rate order WAPA–213 and become effective January 1, 2025. UGP will also inform customers of updates by letter and post updates to UGP’s external website.

A comparison of the current and proposed revenue requirements is shown in Table 1:

¹ *Order Confirming and Approving Rate Schedules on a Final Basis*, FERC Docket No. EF23–2–000, (2023).

TABLE 1—SUMMARY OF CURRENT AND TWO-STEP PROPOSAL REVENUE REQUIREMENTS

Firm power service	Current under P-SED-F14 as of Jan. 1, 2023 (in million \$)	Proposed under P-SED-F15 first step as of Jan. 1, 2025 (in million \$)	First step percent change	Proposed under P-SED-F15 second step as of Jan. 1, 2026 (in million \$) ²	Second step percent change
Total Revenue Requirement ¹	\$268.4	\$288.1	7.4	\$306.0	6.2
Base Component	235.4	264.5	12.4	292.4	10.5
Drought Adder Component ²	33.0	23.6	-28.5	13.6	-42.4

¹ Proposed values are estimates only based on using final base and estimated drought adder components.

² Proposed values are estimates that may change during the existing annual drought adder adjustment process.

Under the current rate methodology, rates for P-SMBP—ED firm power and firm peaking power service are designed to recover an annual revenue

requirement that includes investment repayment, interest, purchase power, OM&R, and other expenses within the allowable period. The annual revenue

requirement continues to be allocated equally between demand and energy.

A comparison of the current and proposed rates is shown in Table 2:

TABLE 2—SUMMARY OF CURRENT AND TWO-STEP PROPOSAL RATES

P-SMBP—ED firm power service	Current under P-SED-F14/P-SED-FP14 as of Jan. 1, 2023	Proposed under P-SED-F15/P-SED-FP15 as of Jan. 1, 2025 ¹	First step percent change	Proposed under P-SED-F15/P-SED-FP15 as of Jan. 1, 2026 ¹	Second step percent change
P-SMBP—ED Composite Rate (mills/kilowatt-hour)	27.91	30.00	7.5	31.87	6.2
Firm Demand (\$/kilowatt-month)	\$6.20	\$6.60	6.5	\$7.00	6.1
Firm Energy (mills/kilowatt-hour)	15.27	16.55	8.4	17.60	6.3
Firm Peaking Demand (\$/kilowatt-month)	\$5.70	\$6.05	6.1	\$6.40	5.8
Firm Peaking Energy ² (mills/kilowatt-hour)	15.27	16.55	8.4	17.60	6.3

¹ Proposed values are estimates only based on using final base and estimated drought adder components.

² Firm Peaking Energy is normally returned. This charge will be assessed in the event Firm Peaking Energy is not returned.

As a part of the current and proposed rate schedules, UGP provides for a formula-based adjustment of the drought adder component, with an annual increase of up to 2 mills per kilowatt-hour (kWh). The 2 mills/kWh cap places a limit on the amount the drought adder component can be adjusted upward relative to associated drought costs included in the drought

adder formula rate for any one-year cycle. Continuing to identify the firm power service revenue requirement using base and drought adder components will assist UGP in the presentation of future impacts of droughts, demonstrate repayment of drought-related costs in the PRS, and allow UGP to be more responsive to changes caused by drought-related

expenses. UGP will continue to charge and bill its customers firm power and firm peaking power service rates for energy and demand, which are the sum of the base and drought adder components.

A summary of the proposed charge components is shown in Table 3:

TABLE 3—SUMMARY OF P-SMBP—ED TWO-STEP PROPOSAL CHARGE COMPONENTS

	Proposed charges under rate schedules P-SED-F15 and P-SED-FP15 first step as of January 1, 2025			Proposed charges under rate schedules P-SED-F15 and P-SED-FP15 second step as of January 1, 2026		
	Base component	Drought adder component ¹	Total charge ²	Base component	Drought adder component ¹	Total charge ²
Firm Demand (\$/kilowatt-month)	\$6.05	\$0.55	\$6.60	\$6.70	\$0.30	\$7.00
Firm Energy (mills/kWh)	15.21	1.34	16.55	16.80	0.80	17.60
Firm Peaking Demand (\$/kilowatt-month)	\$5.55	\$0.50	\$6.05	\$6.10	\$0.30	\$6.40
Firm Peaking Energy ³ (mills/kWh)	15.21	1.34	16.55	16.80	0.80	17.60

¹ Proposed values are estimates that may change during the existing annual drought adder adjustment process.

² Proposed values are estimates only based on using final base and estimated drought adder components.

³ Firm peaking energy is normally returned. This charge will be assessed in the event firm peaking energy is not returned.

Sale of Surplus Products

The Sale of Surplus Products rate schedule is formula-based, providing for

P-SMBP—ED Marketing to sell P-SMBP—ED surplus energy and demand products. If P-SMBP—ED surplus products are available, as specified in

the rate schedule, the charge will be based on market rates plus administrative costs. The customer will be responsible for acquiring

transmission service necessary to deliver the product(s) for which a separate charge may be incurred. The proposed Rate Schedule P-SED-M3 continues to allow for the sale of energy, frequency response, regulation, and reserves.

Legal Authority

Existing DOE procedures for public participation in power and transmission rate adjustments (10 CFR part 903) were published on September 18, 1985, and February 21, 2019.² The proposed action is a major rate adjustment, as defined by 10 CFR 903.2(d). In accordance with 10 CFR 903.15(a) and 10 CFR 903.16(a), UGP will hold public information and public comment forums for this rate adjustment. UGP will review and consider all timely public comments at the conclusion of the consultation and comment period and adjust the proposal as appropriate. The rates will then be approved on an interim basis.

WAPA is establishing the formula rates for P-SMPB-ED in accordance with section 302 of the DOE Organization Act (42 U.S.C. 7152).³

By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the WAPA Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates to FERC. By Delegation Order No. S1-DEL-S3-2023, effective April 10, 2023, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By Redelegation Order No. S3-DEL-WAPA1-2023, effective April 10, 2023, the Under Secretary for Infrastructure redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator.

² 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

³ This Act transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) and section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s); and other acts that specifically apply to the projects involved.

Availability of Information

All brochures, studies, comments, letters, memorandums, or other documents that UGP initiates or uses to develop the proposed formula rates are available for inspection and copying at the Upper Great Plains Regional Office, located at 2900 4th Avenue North, 6th Floor, Billings, Montana. Many of these documents and supporting information are also available on UGP's website at: www.wapa.gov/about-wapa/regions/ugp/ugp-rates/2025-firm-rate-adjustment.

Ratemaking Procedure Requirements Environmental Compliance

WAPA is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.⁴

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Signing Authority

This document of the Department of Energy was signed on June 24, 2024, by Tracey A. LeBeau, Administrator, Western Area Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

Signed in Washington, DC, on June 25, 2024.

Treena V. Garrett,

*Federal Register Liaison Officer, U.S.
Department of Energy.*

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⁴ In compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, 42 U.S.C. 4321-4347; the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021).