

195 FERC ¶ 62,048
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Western Area Power Administration
(Pacific Alternating Current Intertie)

Docket No. EF26-2-000

ORDER CONFIRMING AND APPROVING RATE SCHEDULES
ON A FINAL BASIS

(April 22, 2026)

Summary:

On January 23, 2026, the Administrator for Western Area Power Administration (WAPA) filed a request for final confirmation and approval of Rate Schedules PACI-C1, PACI-D1 and PACI-W1 (collectively, PACI Rates),¹ applicable to the sale of transmission services for the Pacific Alternating Current Intertie (PACI)² in the Sierra Nevada Region. The Administrator placed the PACI Rates into effect on an interim basis effective April 1, 2026, and requests final confirmation and approval for the period April 1, 2026 through March 31, 2031.³

WAPA maintains that the proposed formula rates are the lowest possible rates consistent with sound business principles, and that the formula rates were developed following administrative policies and applicable laws.⁴ WAPA contends that Rate

¹ Western Area Power Administration, Rate Schedules, [WAPA-211 PACI-C1, PACI Transmission Rate \(3.0.0\)](#), [WAPA-211 PACI-W1, PACI BANC Equitable Rate \(0.0.0\)](#), [WAPA-211 PACI-D1, PACI CAISO Equitable Rate \(0.0.0\)](#).

² The PACI is a 500-kV transmission project of which WAPA owns a portion of the facilities.

³ Rate Order No. WAPA-211, placing the PACI Rates into effect on an interim basis, was issued on January 21, 2026, under the authority granted to the WAPA Administrator by the Department of Energy Redefinition Order No. S3-DEL-WAPA1-2023. The PACI Rates supersede the rates for short-term sales on the PACI – PACI-T4 REV, PACI-T5 REV, and PACI DLAP-T6 – which were effective through September 30, 2026.

⁴ Filing, WAPA-211-02 (Signed Final FRN and Rate Order) at 12.

Schedule PACI-C1 will provide sufficient revenue to recover annual operation, maintenance, replacement expenses, interest expense, and capital repayment requirements while ensuring repayment of the project within the cost recovery criteria.⁵ WAPA contends that the equitable rates in Rate Schedules PACI-W1 and PACI-D1 will aid and benefit the Central Valley Project by offsetting project power costs.

In addition, WAPA requests waiver of the requirement in sections 300.11, 300.12(b), and 300.12(c) of the Commission's regulations to file Statements A through F, a Power Repayment Study, and a Cost of Service Study.⁶ WAPA provides that the cost-based Rate Schedule PACI-C1 formula rate is designed to recover costs as outlined in the formula and is updated each year to remain revenue neutral. WAPA states that the equitable Rate Schedules PACI-D1 and PACI-W1 formula rates have specific authorizing legislation directing the Secretary of Energy to market surplus transmission capacity at equitable rates.⁷ WAPA contends that Statements A through F and a Power Repayment Study have no direct relationship to these formula rates and that the requirement to provide a Cost of Service Study does not apply to formula rates.⁸

Notice of the application was published in the *Federal Register*, 91 Fed. Reg. 4554 (Jan. 28, 2026) with protests and interventions due on or before February 23, 2026. The Northern California Power Agency filed a timely motion to intervene. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2025), the Northern California Power Agency's timely, unopposed motion to intervene serves to make it a party to this proceeding.

Standard of Review:

The Department of Energy Organization Act grants the Secretary of Energy authority to approve WAPA's rates on both an interim and final basis.⁹ The Secretary of Energy, in turn, delegated the authority to confirm and approve WAPA's rates on a final basis to the Commission.¹⁰ The delegation establishes the standard and scope for Commission review of WAPA's rates. The scope of Commission review is limited to:

⁵ *Id.* at 10.

⁶ Filing, WAPA-211-05 (FERC Statement Waiver) at 1.

⁷ *Id.* (citing 16 U.S.C. § 837e).

⁸ *Id.* at 2.

⁹ 42 U.S.C. § 7152; Pub. L. 95-91, 91 Stat. 565 (1977).

¹⁰ Department of Energy Delegation Order No. 00-037.00A, §§ 1.1, 3.

(1) whether the rates are the lowest possible to customers consistent with sound business principles; (2) 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 (3) the assumptions and projections used in developing the rate components that are subject to Commission review.¹¹

The Commission is prohibited from reviewing policy judgments and interpretations of laws and regulations made by the power generating agencies.¹² The Commission may reject the rate determinations of WAPA'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 WAPA'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 WAPA's 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.¹³

Discussion:

WAPA states that Rate Schedule PACI-C1 applies to customers receiving statutory service – such as firm electric, priority use power, and project use – from WAPA's Sierra Nevada Region.¹⁴ WAPA provides that the Sierra Nevada Region

¹¹ *Id.* § 1.3.

¹² 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 Federal Power Marketing Administrations, such as WAPA, market the output of the projects. *See id.*

¹³ *See, e.g., U.S. Dept. of Energy – W. 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 (9th Cir. 1996); *U.S. Dept. of Energy – W. Area Power Admin. (Salt Lake City Area Integrated Projects)*, 59 FERC ¶ 61,058, at 61,240-41 & nn.17 & 20, *reh'g denied*, 60 FERC ¶ 61,002 (1992).

¹⁴ Filing, WAPA-211-13 (PACI-C1 PACI_Point-to-Point_Tx) at 1.

prepares a detailed cost of service study to determine the costs, by project, that support the transfer capability of each transmission system and the cost that supports the generation capability of the Central Valley Project system.¹⁵ According to WAPA, the costs allocated through the cost of service study for the transmission systems generally include operation and maintenance, interest, and depreciation expenses. WAPA provides that the Sierra Nevada Region's costs for scheduling, system control, and dispatch service associated with PACI point-to-point transmission service are included and recovered through the transmission systems' revenue requirement.

WAPA states that Rate Schedule PACI-D1 applies to customers purchasing surplus PACI Default Load Aggregation Point (DLAP) point-to-point transmission service for non-statutory service that is delivered from and/or received at Pacific Gas and Electric Company's (PG&E) DLAP located within the California Independent System Operator (CAISO) balancing authority area (BAA).¹⁶ WAPA provides that Rate Schedule PACI-D1 is based on the Sierra Nevada Region's cost for wheeling power through the CAISO BAA. WAPA contends that Rate Schedule PACI-D1 is equitable because PG&E's DLAP resides within the CAISO BAA, and CAISO is the only entity that sets rates within its BAA and, thus, is the only appropriate comparable service.¹⁷

WAPA states that Rate Schedule PACI-W1 applies to customers purchasing surplus PACI point-to-point transmission service for non-statutory service that is delivered and/or received between Malin to Round Mountain and/or Malin to Cottonwood Substation located within the Balancing Authority of Northern California BAA.¹⁸ WAPA provides that Rate Schedule PACI-W1 is the same rate that WAPA charges for California-Oregon Transmission Project (COTP) point-to-point transmission service.¹⁹ WAPA contends that Rate Schedule PACI-W1 is equitable because both the

¹⁵ Filing, WAPA-211-02 (Signed Final FRN and Rate Order) at 11.

¹⁶ Filing, WAPA-211-08 (Proposed Rate Brochure) at 9-10; WAPA-211-14 (PACI-D1 PACI_Point-to-Point_Tx) at 1-2.

¹⁷ Filing, WAPA-211-05 (FERC Statement Waiver) at 1.

¹⁸ Filing, WAPA-211-02 (Signed Final FRN and Rate Order) at 11; WAPA-211-08 (Proposed Rate Brochure) at 12; WAPA-211-15 (PACI-W1 PACI_Point-to-Point_Tx) at 1.

¹⁹ Filing, WAPA-211-08 (Proposed Rate Brochure) at 9.

PACI and COTP transmission lines are 500 kV lines, run parallel to each other, and the rate is comparable to what other utilities charge for similar services.²⁰

By statute,²¹ WAPA 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 WAPA's costs, including recovery of the remaining federal investment, with interest, over the remaining repayment period. Moreover, since the revenues generated by the rates recover no more than WAPA's annual costs and the remaining federal investment, the rates are the lowest possible to customers.

The Commission's review indicates that WAPA's proposed rates are consistent with the standards by which they must be judged and therefore they merit final confirmation and approval. Thus, the proposed rates are confirmed and approved as requested. In addition, WAPA's request for waiver of the requirement in sections 300.11, 300.12(b), and 300.12(c) of the Commission's regulations to file Statements A through F, a Power Repayment Study, and a Cost of Service Study is granted.²²

The Director:

Confirms and approves on a final basis WAPA's proposed Rate Schedules PACI-C1, PACI-D1, and PACI-W1 for the period beginning April 1, 2026, through March 31, 2031, and grants the requested waiver of the requirement to file Statements A through F, a Power Repayment Study, and a Cost of Service Study.

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.

Issued by: Natalie Y. Tingle-Stewart, Director, Division of Electric Power Regulation – Central

²⁰ Filing, WAPA-211-05 (FERC Statement Waiver) at 1.

²¹ 16 U.S.C. § 825s.

²² 18 C.F.R. §§ 300.11, 300.12(b), 300.12(c).