



## 6450-01-P

### DEPARTMENT OF ENERGY

#### Western Area Power Administration

#### Provo River Project - Rate Order No. WAPA-189

**AGENCY:** Western Area Power Administration, DOE.

**ACTION:** Notice of rate order concerning firm power formula rate.

**SUMMARY:** The Assistant Secretary, Office of Electricity, confirms, approves, and places into effect, on an interim basis, the firm power formula rate for the Provo River Project (Provisional Formula Rate). The existing firm power formula rate under Rate Schedule Provo River Formula Rate PR-1 is set to expire on March 31, 2020. This rate action makes no change to the existing formula rate.

**DATES:** The Provisional Formula Rate under Rate Schedule Provo River Formula Rate PR-2 is effective on the first day of the first full billing period beginning on or after April 1, 2020, and will remain in effect through March 31, 2025, pending confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis or until superseded.

**FOR FURTHER INFORMATION CONTACT:** Mr. Steven R. Johnson, Colorado River Storage Project (CRSP) Manager, CRSP Management Center, Western Area Power Administration, 299 South Main Street, Suite 200, Salt Lake City, UT 84111, (801) 524-6372, e-mail [johnsons@wapa.gov](mailto:johnsons@wapa.gov); or Mr. Thomas Hackett, Rates Manager, CRSP Management Center, (801) 524-5503, or e-mail: [CRSPMC-rate-adj@wapa.gov](mailto:CRSPMC-rate-adj@wapa.gov).

**SUPPLEMENTARY INFORMATION:** On November 2, 2010, FERC confirmed, approved,

and placed into effect the existing formula rate, which is set to expire on March 31, 2020.<sup>1</sup> The existing formula rate provides sufficient revenue to recover annual expenses, including interest expense, and repay capital investments within the cost recovery criteria set forth in Department of Energy (DOE) Order RA 6120.2.

### **Legal Authority**

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Western Area Power Administration's (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 on a final basis, remand, or disapprove such rates to FERC. In Delegation Order No. 00-002.00S, effective January 15, 2020, 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 of Energy. By Redelegation Order No. 00-002.10D, effective June 4, 2019, the Under Secretary of Energy further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary, Office of Electricity. This rate action is issued under the Redelegation Order and DOE's procedures for public participation in rate adjustments set forth at 10 CFR part 903.<sup>2</sup>

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<sup>1</sup> FERC approved consecutive 5-year rate extensions of the same formula rate in Docket Nos. EF10-5-000 (133 FERC ¶ 62,112 (2010)) and EF15-6-000 (151 FERC ¶ 62,223 (2015)), extending the rate through March 31, 2020.

<sup>2</sup> 50 FR 37,835 (September 18, 1985) and 84 FR 5347 (February 21, 2019).

Following DOE's review of WAPA's proposal, I hereby confirm, approve, and place Rate Order No. WAPA-189, which provides the firm power formula rate for the Provo River Project, into effect on an interim basis. WAPA will submit Rate Order No. WAPA-189 to FERC for confirmation and approval on a final basis.

Dated: February 10, 2020

Bruce J. Walker  
Assistant Secretary for Electricity

**DEPARTMENT OF ENERGY  
ASSISTANT SECRETARY FOR ELECTRICITY**

In the matter of: )  
 )  
Western Area Power Administration )  
Rate Adjustment for the ) Rate Order No. WAPA-189  
Provo River Project )  
Firm Power Formula Rate )

**ORDER CONFIRMING, APPROVING, AND PLACING THE FIRM POWER FORMULA  
RATE FOR THE PROVO RIVER PROJECT INTO EFFECT ON AN INTERIM BASIS**

The formula rate in Rate Order No. WAPA-189 is established pursuant to section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152).<sup>3</sup>

By Delegation Order No. 00-037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Western Area Power Administration’s (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 on a final basis, remand, or disapprove such rates to the Federal Energy Regulatory Commission (FERC). By Delegation Order No. 00-002.00S, effective January 15, 2020, 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 of Energy. By Redelegation Order No. 00-002.10D, effective June 4, 2019, the Under Secretary of Energy further delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Assistant Secretary for Electricity. This rate action is issued under the Redelegation Order and DOE’s

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<sup>3</sup> 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 other acts that specifically apply to the project involved.

procedures for public participation in rate adjustments set forth at 10 CFR part 903.<sup>4</sup>

### **Acronyms, Terms, and Definitions**

As used in this Rate Order, the following acronyms, terms, and definitions apply:

<u>DOE Order RA 6120.2:</u>	An order outlining Power Marketing Administration financial reporting and ratemaking procedures.
<u>Energy:</u>	Measured in terms of the work it is capable of doing over a period of time. Electric energy is expressed in kilowatt-hours.
<u>Firm:</u>	A type of product and/or service always available at the time requested by a Customer.
<u>Provisional Formula Rate:</u>	A formula rate confirmed, approved, and placed into effect on an interim basis by the Assistant Secretary for Electricity.
<u>Revenue Requirement:</u>	The revenue required to recover annual expenses (such as operation and maintenance, transmission service expenses, interest, and deferred expenses) and repay Federal investments and other assigned costs.

### **Effective Date**

The Provisional Formula Rate, under Rate Schedule Provo River Formula Rate PR-2, will take effect on the first day of the first full billing period beginning on or after April 1, 2020, and will remain in effect through March 31, 2025, pending approval by FERC on a final basis or until superseded.

### **Public Notice and Comment**

WAPA followed the Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR part 903, in developing this formula rate.<sup>5</sup> Following are the steps WAPA took to involve interested parties in the rate process:

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<sup>4</sup> 50 FR 37,835 (September 18, 1985) and 84 FR 5347 (February 21, 2019).

<sup>5</sup> The proposed action is a minor rate adjustment, as defined by 10 CFR 903.2(f).

1. On July 17, 2019, a *Federal Register* notice (84 FR 34,175) (Proposal FRN) announced the proposed continuation of the existing firm power formula rate and launched the 30-day public consultation and comment period to give the public an opportunity to comment on the proposed formula rate.
2. On July 19, 2019, WAPA emailed letters to preference customers and interested parties transmitting a copy of the Proposal FRN.
3. WAPA provided a website containing all dates, customer letters, presentations, FRNs, and other information about this rate process. The website is located at (<https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-189.aspx>).
4. During the 30-day consultation and comment period, which ended on August 16, 2019, WAPA did not receive any verbal or written comments.

### **Existing Firm Power Rate**

WAPA markets the output of the PRP to the Utah Associated Municipal Power Systems, Utah Municipal Power Agency, and Heber Light and Power (Customers).<sup>6</sup> The Customers receive all marketable power generation from the PRP and pay the annual revenue requirement in 12 monthly installments based on the estimated operation, maintenance, interest, and replacement costs for the Deer Creek Power Plant. The payments do not depend upon the power and energy made available for sale each year. At the end of each fiscal year, WAPA reconciles estimates to actual expenses and includes any differences in the following fiscal year's revenue requirement.

### **Basis for Rate Development**

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<sup>6</sup> WAPA provides electric service to the Customers under contracts that will expire September 30, 2024. WAPA intends to execute new contracts and a new marketing plan to be effective October 1, 2024; however, these will be done in a separate public process and will not impact this rate action.

WAPA is continuing use of its existing firm power formula rate. The Provisional Formula Rate, under Rate Schedule Provo River Formula Rate PR-2, will provide sufficient revenue to pay all annual costs, including interest expenses, and repay investments and irrigation aid within the allowable periods.

### **Certification of Rates**

WAPA's Administrator certified that the Provisional Formula Rate, under Rate Schedule Provo River Formula Rate PR-2, is the lowest possible rate, consistent with sound business principles. The Provisional Formula Rate was developed following administrative policies and applicable laws.

### **Availability of Information**

Information about this rate adjustment, including the power repayment study, letters, memorandums, and other supporting materials that were used to develop the Provisional Formula Rate, is available for inspection and copying at the Colorado River Storage Project Management Center, Western Area Power Administration, 299 South Main Street, Suite 200, Salt Lake City, Utah. Many of these documents are also available on WAPA's website at: <https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-189.aspx>.

## **RATEMAKING PROCEDURE REQUIREMENTS**

### **Environmental Compliance**

WAPA has determined that this action is categorically excluded from the preparation of an environmental assessment or an environmental impact statement.<sup>7</sup> A copy of the categorical exclusion determination is available on WAPA's website at

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<sup>7</sup> The determination was done in compliance with the National Environmental Policy Act of 1969, as amended (NEPA), 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).

*<https://www.wapa.gov/regions/CRSP/rates/Pages/rate-order-189.aspx>*

**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.

**Submission to the Federal Energy Regulatory Commission**

The Provisional Formula Rate herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to FERC for confirmation and final approval.

## **ORDER**

In view of the above, and under the authority delegated to me, I hereby confirm, approve, and place into effect, on an interim basis, Rate Order No. WAPA-189. The rate will remain in effect on an interim basis until: (1) FERC confirms and approves it on a final basis; (2) a subsequent rate is confirmed and approved; or (3) such rate is superseded.

Dated: February 10, 2020

Bruce J. Walker  
Assistant Secretary for Electricity

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**COLORADO RIVER STORAGE PROJECT MANAGEMENT CENTER  
Provo River Project**

**FORMULA RATE**

Effective:

The first day of the first full billing period beginning on or after April 1, 2020, through March 31, 2025, or until superseded by another formula, whichever occurs earlier.

Available:

Customers of the Provo River Project.

Applicable:

To preference customers under contract (Contractor) with WAPA.

Power Formula Rate:

Rate Formula Provisions are contained in the service agreement. Service agreements currently are Contract Nos. 94-SLC-0253, 94-SLC-0254, and 07-SLC-0601, as supplemented.

Billing:

Billing will be as specified in the service agreement.

Adjustment for Losses:

Not Applicable

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