

---

# **CRSP MC FY 2009 Rate Adjustments**

---

Public Information Forum  
February 5, 2008

---

# Rate Adjustment Topics

- Schedule for Rate Adjustment Process
- SLCA/IP Firm Power Rate Adjustment
  - Power Repayment Study
  - Comparisons of Existing and Proposed Rates
  - Cost Recovery Charge
- CRSP Transmission and Ancillary Services

# Rate Adjustment Schedule

Publication of FRN	January 4, 2008
Public Information Forum	February 5, 2008
Public Comment Forum	March 4, 2008
End of Comment Period	April 3, 2008
Effective Date	October 1, 2008

# SLCA/IP FIRM POWER

Rate Schedule	Effective Dates	Duration
SLIP-F1	10/87-9/90	36 months
SLIP-F2	10/90-11/91	14 months
SLIP-F3	12/91-9/92	10 months
SLIP-F4	10/92-11/94	26 months
SLIP-F5	12/94-4/98	40 months
SLIP-F6	4/98-9/02	54 months
SLIP-F7	10/02-9/05	36 months
SLIP-F8	10/05-9/08	36 months

---

# Proposed SLCA/IP Firm Power Rate

- Proposal includes a Firm Power Rate and a Cost Recovery Charge provision (CRC)
  - Firm Power Rate
    - OM&R, Interest, Principal, and Irrigation Aid (same as current rate)
  - CRC (same formula as in current rate)
    - Used during financial hardships
  
- Effective: October 1, 2008

# Proposed SLCA/IP Firm Power Rate

Capacity	Seasonal CROD x \$/kW-month rate	= Total monthly capacity charge
Energy	Monthly kWh x mills/kWh rate	= Total monthly energy charge
CRC <b>(If needed)</b>	Monthly kWh x mills/kWh rate	= Total monthly CRC energy charge
		<b>= Total Monthly Charge</b>

# (SLCA/IP)

Based on FY 2006 Data

**% Energy**

<b>CRSP</b>	<b>96.7</b>
-------------	-------------

## **Other Integrated Projects**

<b>Dolores</b>	<b>0.4</b>
----------------	------------

<b>Seedskafee</b>	<b>1.1</b>
-------------------	------------

<b>Collbran</b>	<b>1.1</b>
-----------------	------------

<b>Rio Grande</b>	<b>0.7</b>
-------------------	------------

<b>100</b>
------------

---

# Power Repayment Study

- Prepared yearly for each project
- Documents historical financial data
- Provides status of project repayment
- Projects revenue requirements and rates
- SLCA/IP PRS



# Basic PRS Assumptions and Format

Power Repayment Study (PRS) Format							
					Priority of Repayment		
Years	Power Sales	Revenue	Expenses	Net Revenue Available for Repayment	Investment with higher interest rate	Investment with lower interest rate	Other Payments
Historic Data							
Subtotals							
Future Data							
Grand Total							

---

# Review of FY 2007 SLCA/IP Preliminary PRS

(Refer to handout)

# Status of Repayment

Salt Lake City Area Integrated Projects  
Power Investment Only  
As of Sept 30, 2006

Project	Investment (\$000)	Repaid	
		Amount (\$000)	Percent
Collbran	16,059	16,059	100.0%
CRSP	1,115,077	707,463	63.4%
Dolores	36,352	3,724	10.2%
Rio Grande	16,165	14,307	88.5%
Seedskadee	7,933	7,933	100.0%

# Current SLCA/IP Firm Power Rate

<b>Rate Setting Period:</b>		
Beginning year	FY	2006
Pinchpoint year	FY	2025
Number of rate setting years	Years	20
<b>Revenue Requirements:</b>		
<i>Annual expenses</i>	1,000	\$93,787
<i>Annual principal payments</i>	1,000	\$71,491
<b>Total Annual Revenue Requirements</b>	1,000	\$165,278
<b>(Less Offsetting Annual Revenue:)</b>	1,000	\$35,013
<b>Net Revenue Requirements</b>	1,000	\$130,265
<b>Energy Sales</b>	MWH	5,153,518
<b>Capacity Sales</b>	kW	1,448,685
<b>Composite Rate</b>	mills/kWh	25.28
<b>Billing Rates:</b>		
Energy Rate	mills/kWh	10.43
Capacity Rate (per month)	\$/kW-month	4.43

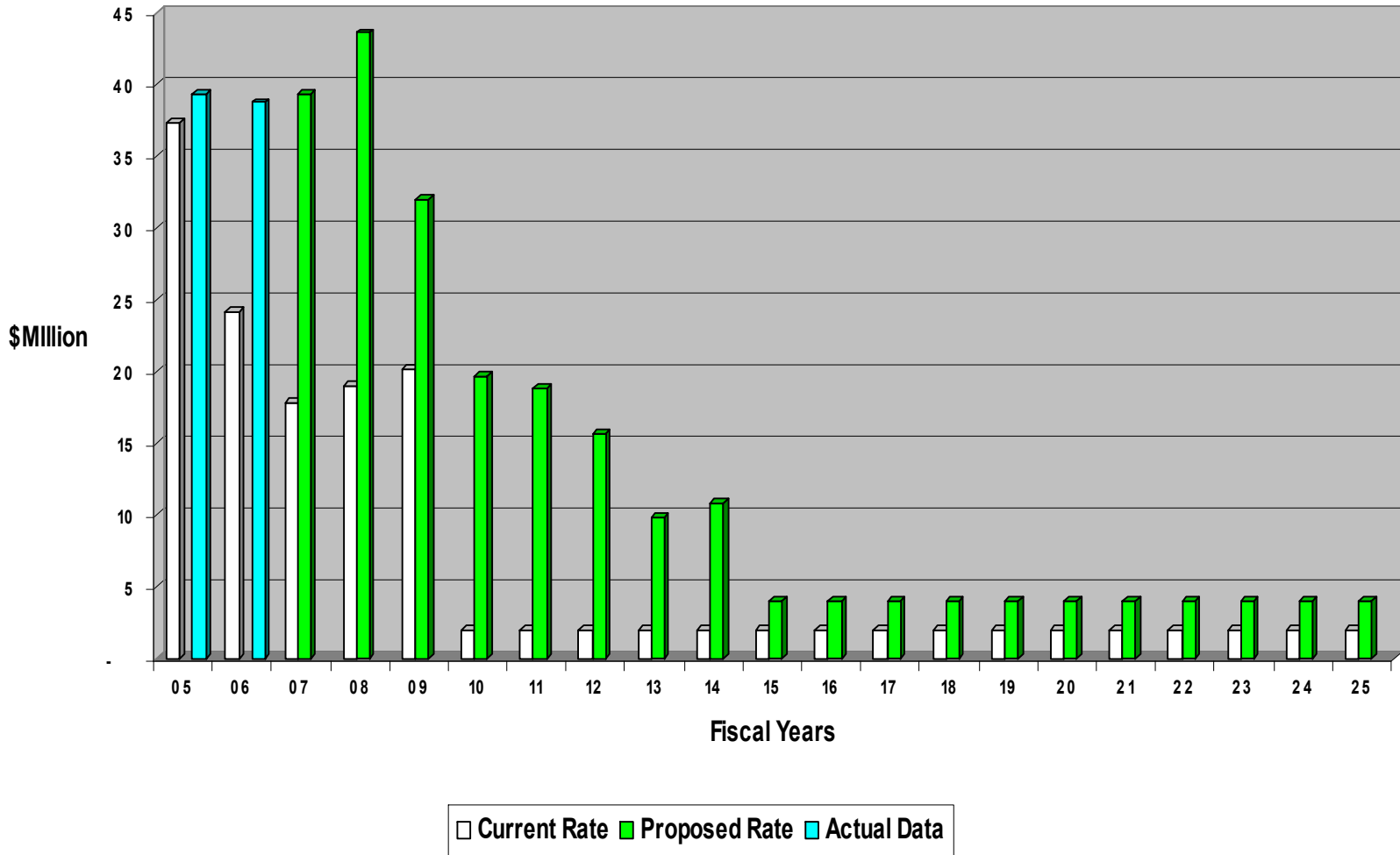
# SLCA/IP Study Comparisons

		FY 2004 PRS	FY 2007 PRS	<i>Change</i>	
		Current Rate	Preliminary	<i>from current rate</i>	
Item	Unit	2006 Work Plan	2009 Work Plan	Amount	Percent
<b>Rate Setting Period:</b>					
Beginning year	FY	2006	2009		
Pinch point year	FY	2025	2025		
Number of rate setting years	Years	20	17		

# SLCA/IP Study Comparisons

		FY 2004 PRS	FY 2007 PRS	<i>Change from current rate</i>	
		Current Rate	Preliminary		
Item	Unit	2006 Work Plan	2009 Work Plan	Amount	Percent
<b>Annual Revenue Requirements:</b>					
<b><u>Expenses</u></b>					
<b>Operation and Maintenance:</b>					
Western	1,000	\$35,774	\$38,012	\$2,238	6%
Reclamation	1,000	<u>\$26,433</u>	<u>\$29,611</u>	<u>\$3,178</u>	<u>12%</u>
<b>Total O&amp;M</b>	1,000	\$62,207	\$67,623	\$5,416	9%
<b>Purchased Power</b>	1,000	\$5,664	\$8,866	\$3,202	57%
<b>Transmission</b>	1,000	\$9,652	\$9,682	\$30	0%
<b>Integrated Projects     requirements</b>	1,000	\$7,292	\$7,579	\$287	4%
<b>Interest</b>	1,000	\$4,793	\$5,610	817	17%
<b>Other</b>	1,000	<u>\$4,179</u>	<u>\$3,273</u>	<u>(\$906)</u>	<u>-22%</u>
<b><i>Total Expenses</i></b>	1,000	\$93,787	\$102,633	\$8,846	9%

# Purchase Power Comparisons



# SLCA/IP Study Comparisons

		FY 2004 PRS	FY 2007 PRS	<i>Change from current rate</i>	
		Current Rate	Preliminary		
Item	Unit	2006 Work Plan	2009 Work Plan	Amount	Percent
<b><u>Principal payments</u></b>					
Deficits	1,000	\$0	\$0	\$0	0%
Replacements	1,000	\$24,903	\$26,721	\$1,818	7%
Original Project and Additions	1,000	\$15,983	\$17,997	\$2,014	13%
Irrigation	1,000	<u>\$30,605</u>	<u>\$35,942</u>	<u>\$5,337</u>	<u>17%</u>
<b><i>Total principal payments</i></b>	1,000	\$71,491	\$80,660	\$9,169	13%
<b>Total Annual Revenue Requirements</b>	1,000	\$165,275	\$183,293	\$18,015	11%



# Irrigation Assistance

(Unit: \$1,000)

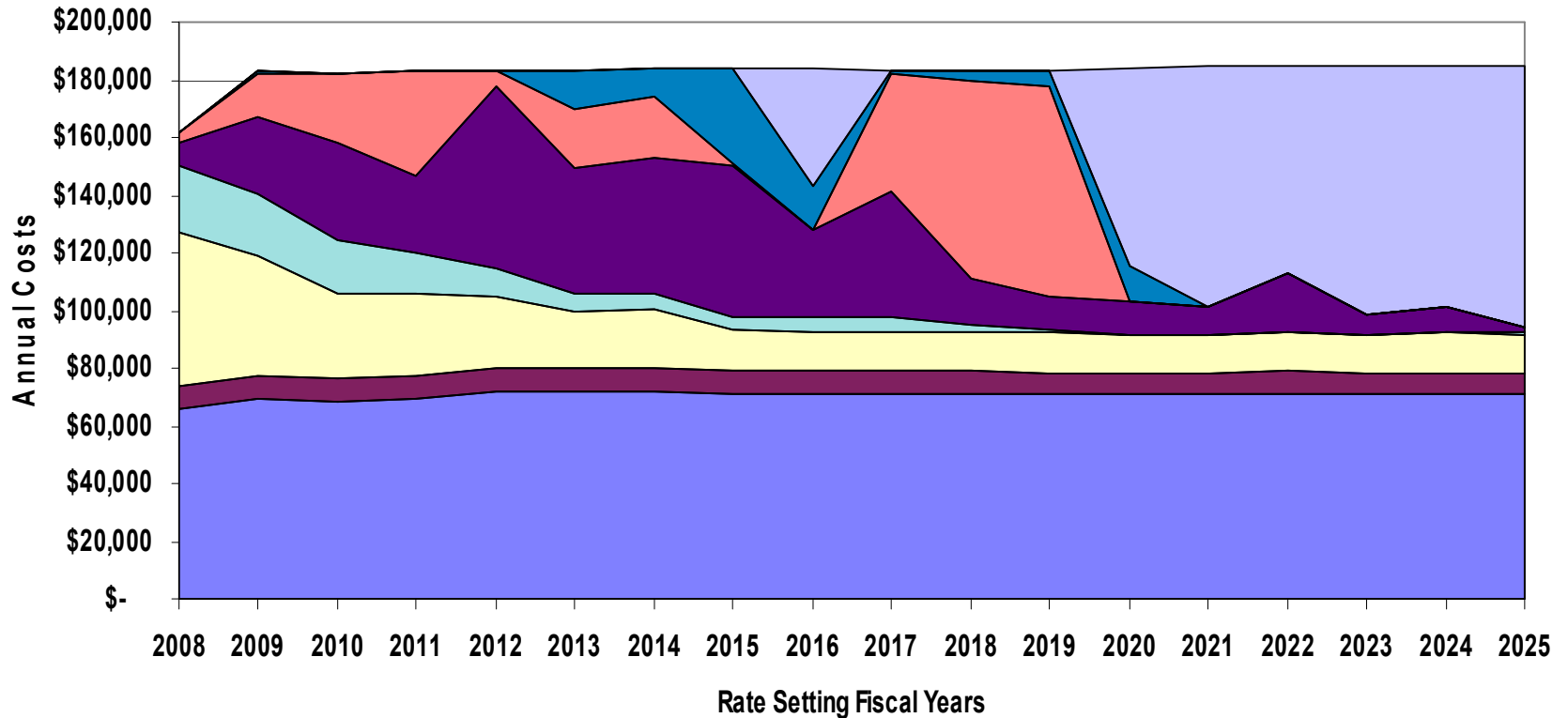
Item	Current	Revised	Change
Aid to Main stem	109,926	111,029	1,103
Aid to Participating Projects	1,406,614	1,402,763	(3,851)
Total	1,516,540	1,513,792	(2,748)

# SLCA/IP Revenue Requirements

FY 2007 Preliminary PRS

FY 2008-FY 2025

Unit: 1,000



# SLCA/IP Study Comparisons

		FY 2004 PRS	FY 2007 PRS	<i>Change from current rate</i>	
		Current Rate	Preliminary		
Item	Unit	2006 Work Plan	2009 Work Plan	Amount	Percent
<i>(Less Offsetting Annual Revenue:)</i>					
Transmission	1,000	\$22,511	\$21,052	(\$1,459)	-6%
Merchant Function	1,000	\$8,431	\$7,620	(\$811)	-10%
Other	1,000	<u>\$4,071</u>	<u>\$5,442</u>	<u>\$1,371</u>	<u>34%</u>
<b>Total Offsetting Annual Revenue</b>	1,000	\$35,013	\$34,114	(\$899)	-3%
<b>Net Annual Revenue Requirements</b>	1,000	<b>\$130,265</b>	<b>\$149,179</b>	<b>\$18,914</b>	<b>15%</b>

# SLCA/IP Study Comparisons

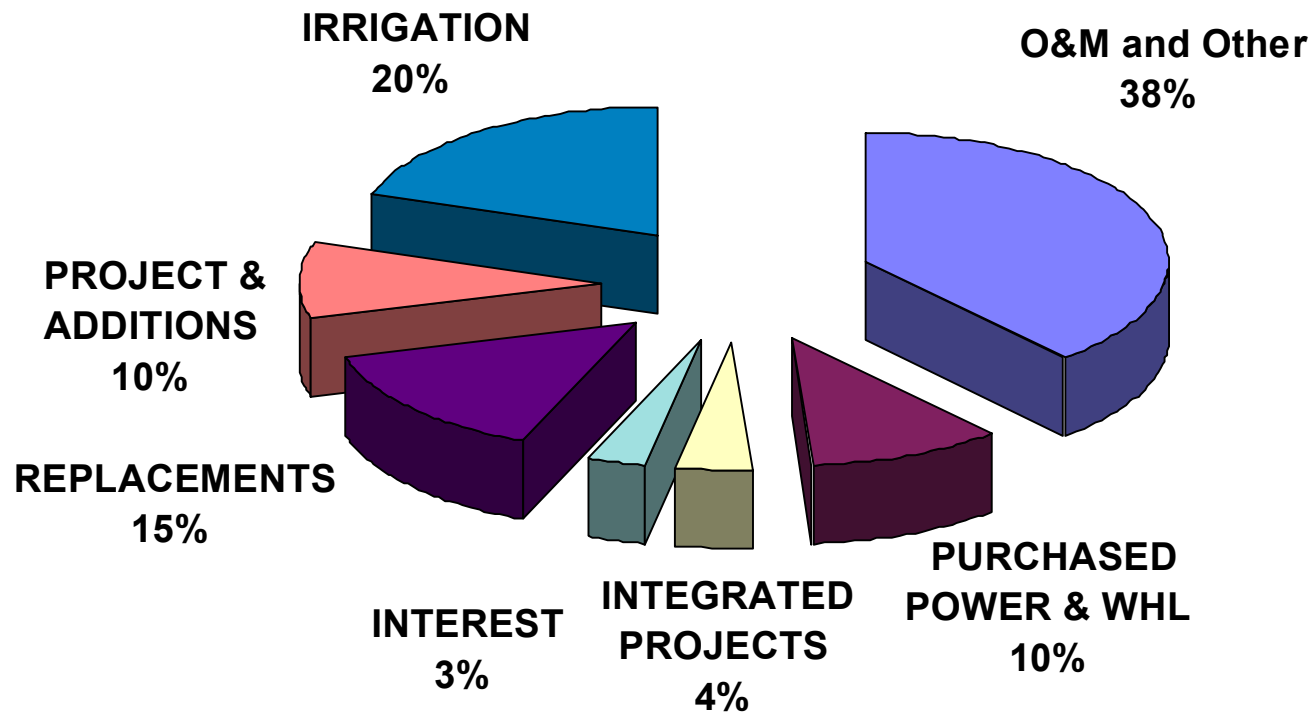
		FY 2004 PRS	FY 2007 PRS	<i>Change from current rate</i>	
		Current Rate	Preliminary		
Item	Unit	2006 Work Plan	2009 Work Plan	Amount	Percent
Energy Sales	MWH	5,153,518	5,170,879	17,361	0%
Capacity Sales	kW	1,448,685	1,434,355	(14,330)	-1%
Composite Rate	mills/kWh	25.28	28.85	3.57	14%
Energy Rate	mills/kWh	10.43	11.95	1.52	15%
Capacity Rate (per month)	\$/kW-month	4.43	5.08	0.65	15%

# SLCA/IP Marketable Energy

Unit: MWH

Year	Rate Order			Preliminary 2007		
	SHP	Project Use	Total	SHP	Project Use	Total
2006	4,655,310	156,010	4,811,320			
2007	4,753,140	165,010	4,918,150			
2008	4,850,960	190,070	5,041,030			
2009	4,948,780	213,470	5,162,250	4,948,780	208,870	5,157,650
2010	4,948,780	244,670	5,193,450	4,948,780	168,270	5,117,050
2011	4,948,780	250,670	5,199,450	4,948,780	210,730	5,159,510
2012	4,948,780	247,270	5,196,050	4,948,780	210,730	5,159,510
2013	4,948,780	247,270	5,196,050	4,948,780	210,730	5,159,510
2014-2019	4,948,780	247,270	5,196,050	4,948,780	216,730	5,165,510
2020	4,948,780	247,270	5,196,050	4,948,780	221,830	5,170,610
2021-2025	4,948,780	247,270	5,196,050	4,948,780	248,830	5,197,610
Average	4,919,434	234,084	5,153,518	4,948,780	222,099	5,170,879

# COMPONENTS of the SLCA/IP FY 2009 Proposed Firm Power Rate 28.85 mills/kWh



---

# Cost Recovery Charge (CRC)

- Discussion of CRC
- Discussion of PYA (Prior Year Adjustment)

# Cost Recovery Charge (CRC)

## ■ Discussion

- CRC charged to all customers (unless a waiver is requested)

- Main Purposes

- Maintain the Basin Fund balance at \$20 million

- Maximum loss to beginning Basin Fund balances no more than 25%

- Used for Purchased Power Costs

- When & How it's applied

- Applied during financial hardship conditions of the Basin Fund

- Added to the firm power energy rate



---

# CRC For FY 09

## Updated as of 1/15/08

**CRC**                      **Cost Recovery Charge (mills/kWh)**                      **-0-**

---

# Trigger for Shortage Criteria

- Water releases will drop below 8.23 MAF
- Recalculate CRC
- 45-day notice to request a waiver of the CRC
- Recalculation will remain in effect for the remainder of the current FY.
- Water release return to above 8.23 MAF
- Recalculate CRC

---

# Prior Year Adjustment (PYA)

- True up between estimated energy costs and actual energy costs
- Will be credited or added to the customer bills over the remaining FY.

# CRC Schedule

TASK	DATE
Forecast Generation using April's 24-month study	April
CRC Notice to Customers	May 1
Waiver Request Submitted by Customers	June 15
CRC Effective	October 1

---

# CRSP Transmission and Ancillary Services

- Transmission

- Point to Point Transmission

- Non-firm Point to Point Transmission

- Network Transmission

- Ancillary Services

---

# Firm Transmission Rate Formula

- SP-PTP6 - effective October 1, 2002
- Expires September 30, 2010
- Formula-based rate updated annually
- Based upon previous years data

# Firm Transmission Rate Formula

- ATRR = Annual Transmission Revenue Requirement
  - TRC = Less Transmission Revenue Credits
  - NATRR = Net Annual Transmission Revenue Requirement
  - TSTL = CRSP Transmission System Total Load
- 
- $ATRR - TRC = NATRR$
  - $NATRR \div TSTL = \text{Rate}$

# Historical Transmission Rates (\$/kW-month)

October, 2002	2.06
October, 2003	2.33
October, 2004	2.41
October, 2005	2.19
October, 2006	2.17
October, 2007	2.21



---

# Non-Firm Point-to-Point Transmission

- Ceiling is the maximum of firm point to point
- Expressed in mills/kWh
- May be discounted

---

# Network Transmission

- NATRR = Equals Net Annual Transmission Revenue Requirement.
- Divided by average of 12 monthly coincidental peaks.
- Load Ratio Share = Network customer hourly load coincident with the CRSP transmission system monthly peak.
  - Charge = Load Ratio x NATRR ÷ 12

---

# Ancillary Services

- Scheduling, System Control and Dispatch
- Reactive Supply and Voltage Control
- Regulation and Frequency Control
- Energy Imbalance
- Spinning and Supplemental Reserves

□ Defined in Western's Tariff –  
[www.wapa.gov/transmission/oatt.htm](http://www.wapa.gov/transmission/oatt.htm)

---

# Scheduling, System Control and Dispatch

- Defined under Schedule 1 of Western's Tariff.
- Cost is included in the firm power rate
- Cost is included in transmission sales
- No change from current rate methodology

---

# Reactive Supply and Voltage Control

- Defined under Schedule 2 of Western's Tariff.
- WACM & WALC rate schedules apply, which include CRSP revenue requirement.
- Current Rates
  - WACM - \$0.15/kW-month.
  - WALC - \$0.041/kW-month.
- No change from current rate methodology.

---

# Regulation and Frequency Control

- Defined under Schedule 3 of Western's Tariff.
- If available from SLCA/IP resources, will be charged the SLCA/IP firm capacity rate.
- If unavailable from SLCA/IP resources
  - WACM - .417 mills/kWh.
  - WALC - .1231 mills/kWh.
- No change from current rate methodology.

---

# Energy Imbalance

- Defined under Schedule 4 of Western's Tariff.
- Provided through Control Areas.
  - WACM – L-AS4
  - WALC – DSW-EI2
- No change from current rate methodology.

---

# Spinning and Supplemental Reserves

- Defined under Schedules 5 & 6 of Western's Tariff.
- Obtain from open market and pass-through costs, based on WSPP contract.
- No change from current rate methodology.



CRSP Management Center  
150 E. Social Hall Avenue, Suite 300  
Salt Lake City, UT 84111  
Phone: (801) 524-5493  
Fax: (801) 524-5017

<http://www.wapa.gov/crsp/ratescrsp/default.htm>

[CRSPMCadj@wapa.gov](mailto:CRSPMCadj@wapa.gov) – To submit Comments

## Contacts

Carol A. Loftin – Rates Manager  
(801) 524-6380  
[loftinc@wapa.gov](mailto:loftinc@wapa.gov)

Rodney Bailey  
(801) 524-4007  
[rbailey@wapa.gov](mailto:rbailey@wapa.gov)

Paul Stuart  
(801) 524-3526  
[stuart@wapa.gov](mailto:stuart@wapa.gov)

Tamala Gheller  
(801) 524-6388  
[gheller@wapa.gov](mailto:gheller@wapa.gov)

Frances Hamada  
(801) 524-6379  
[hamada@wapa.gov](mailto:hamada@wapa.gov)

---

# Questions