

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

United States Department of Energy  
Western Area Power Administration  
(Upper Great Plains Region)

Docket No. EF20-3-000  
EF20-3-001

ORDER CONFIRMING AND APPROVING RATE SCHEDULES  
ON A FINAL BASIS

(September 28, 2020)

Summary:

On July 14, 2020, the Assistant Secretary for Electricity (Assistant Secretary) of the U.S. Department of Energy filed a request for final confirmation and approval of Western Area Power Administration – Upper Great Plains Region’s (Western-UGP)<sup>1</sup> formula rates under Rate Schedules WAUGP-ATTR, WAUGP-AS1, WAUW-AS3, WAUW-AS4, WAUW-AS5, WAUW-AS6, and WAUW-AS7.<sup>2</sup> The Assistant Secretary placed the rates into effect on an interim basis effective October 1, 2020,<sup>3</sup> and requests

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<sup>1</sup> Western-UGP sells power in Iowa, Minnesota, Montana, Nebraska, North Dakota, and South Dakota to wholesale customers. Western-UGP provides rate data to Southwest Power Pool, Inc. (SPP), the regional transmission organization of which Western-UGP is a transmission owning member.

<sup>2</sup> Western Area Power Administration, FERC PA Electric Tariff, Rate Schedules, [UGP\\_PSMBPED\\_WAPA188\\_AS5, UGP\\_PSMBPED\\_WAPA188\\_AS5, 2.0.0](#), [UGP\\_PSMBPED\\_WAPA188\\_AS6, UGP\\_PSMBPED\\_WAPA188\\_AS6, 2.0.0](#), [UGP\\_PSMBPED\\_WAPA188\\_AS7, UGP\\_PSMBPED\\_WAPA188\\_AS7, 2.0.0](#), [UGP\\_PSMBPED\\_WAPA188\\_AS4, UGP\\_PSMBPED\\_WAPA188\\_AS4, 2.0.0](#), [UGP\\_PSMBPED\\_WAPA188\\_AS3, UGP\\_PSMBPED\\_WAPA188\\_AS3, 2.0.0](#), [UGP\\_PSMBPED\\_WAPA188\\_AS1, UGP\\_PSMBPED\\_WAPA188\\_AS1, 2.0.0](#), [UGP\\_PSMBPED\\_WAPA188\\_ATTR, UGP\\_PSMBPED\\_WAPA188\\_ATTR, 2.0.0](#).

<sup>3</sup> Rate Order No. WAPA-188 was issued on July 14, 2020, under authority delegated to the Assistant Secretary by Department of Energy Redelegation Order No. 00-002.10E (Redelegation Order).

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final confirmation and approval of the rates for the period October 1, 2020 through September 30, 2025.<sup>4</sup>

In addition, Western-UGP requests waiver of sections 300.11, 300.12(b) and 300.12(c) of the Commission's regulations, which require an applicant to file Statements A through F, a Power Repayment Study (PRS), and a Cost of Service Study. Western-UGP states that, because the rates addressed in Rate Order No. WAPA-188 are formula rates for transmission and ancillary services, they are not generated through a PRS, and therefore Statements A through F and the PRS do not have a direct relationship to these rates, and the requirement to provide a Cost of Service Study does not apply. Therefore, Western-UGP states, it is not necessary for Western-UGP to file these items.

Notice of the request was published in the *Federal Register*.<sup>5</sup> Comments, protests, or motions to intervene were due on or before August 4, 2020. Missouri River Energy Services and Basin Electric Power Cooperative filed motions to intervene, raising no substantive issues. No comments or protests were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to the operation of Rule 214 of the Commission's Rules of Practice and Procedure.<sup>6</sup> Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

On August 5, 2020, Western-UGP submitted an errata filing to correct the effective date of the proposed rate schedules in eTariff and to correct one of the ancillary services charges. Specifically, in the errata filing Western-UGP changed the requested effective date in eTariff from August 2, 2019 to October 1, 2020,<sup>7</sup> noting that all schedules and other documents in the original filing refer to the correct effective date of October 1, 2020. Additionally, in the errata filing Western-UGP changed the Regulation and Frequency Response Service charge from \$400,928 to \$291,973, noting that the

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<sup>4</sup> The proposed rate schedules WAUGP-ATTR, WAUGP-AS1, WAUW-AS3, WAUW-AS4, WAUW-AS5, WAUW-AS6, and WAUW-AS7 supersede the present rate schedules, which were filed in Docket No. EF15-8-000 and approved on a final basis in *Western Area Power Admin.*, 153 FERC ¶ 61,213 (2015). These rates were extended through September 30, 2020 under Rate Order No. WAPA-170.

<sup>5</sup> 85 Fed. Reg. 42,384 (2020).

<sup>6</sup> 18 C.F.R. § 385.214 (2019).

<sup>7</sup> Errata Filing Related to Formula Rates for Western Area Power Administration - Rate Order No. WAPA-188 (Aug. 5, 2020).

notice published in the *Federal Register*<sup>8</sup> identified the value for the Regulation and Frequency Response Service as \$291,973. Western-UGP also provided supplemental information showing that \$291,973 will be charged consistent with the *Federal Register*-published value.

Notice of the errata filing was issued on August 11, 2020, with comments, protests, or motions to intervene due on or before September 4, 2020. Basin Electric Power Cooperative filed a motion to intervene, raising no substantive issues.

Standard of Review:

The U.S. Secretary of Energy has delegated the authority to confirm and approve Western-UGP's rates on a final basis to the Commission,<sup>9</sup> and established the scope of Commission review. The scope of Commission review is limited to:

- whether the rates are the lowest possible to customers consistent with sound business principles;
- 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
- the assumptions and projections used in developing the rate components that are subject to Commission review.<sup>10</sup>

The Commission is prohibited from reviewing policy judgments and interpretations of laws and regulations made by the power generating agencies.<sup>11</sup> The Commission may reject the rate determinations of Western's Administrator only if it

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<sup>8</sup> 85 Fed. Reg. 42,384 (2020).

<sup>9</sup> Paragraph 1.7A of the Redelelegation Order.

<sup>10</sup> *Id.*

<sup>11</sup> 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 power marketing administrations, such as Western-UGP, market the output of the projects.

finds them to be arbitrary, capricious, in violation of the law, in violation of Department of Energy regulations (e.g., Order No. RA 6120.2 which prescribes Western's financial reporting policies, procedures, and methodologies), or in violation of agreements between the Administrator and the applicable power generating agency. The Commission considers its role as that of an appellate body which reviews the record developed by the 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.<sup>12</sup>

### Discussion:

In the instant filing, Western-UGP states that changes to the proposed rates are limited. Western-UGP proposes to change the Annual Transmission Revenue Requirement Formula Rate Template to document the facilities and costs that are classified as either zonal or regional under the SPP Tariff. Western-UGP asserts that the addition of financial source details increases transparency to the templates secondary to cost recovery within local pricing zones versus the SPP footprint at large.

Western-UGP states that rates will continue to use its current formula-based methodology with additional implementation information and annual updates for Scheduling, System Control, and Dispatch Service provided under Rate Schedule WAUW-AS3 as well as Regulation and Frequency Response Service under Rate Schedule WAUGP-AS1 including the current annual true-up to the financial data. Western-UGP contends that proposed changes to the Formula Rate Implementation Protocols clarify Western-UGP's rate implementation and annual update procedures to be more consistent with approved protocols of other transmission owners in the Upper Missouri Zone.

Western-UGP states that changes to the Operating Reserves formula rates under Rate Schedules WAUW-AS5 and WAUW-AS6 will incorporate costs associated with Western-UGP's current reserve sharing group membership. Additionally, Western-UGP states that Rate Schedules WAUW-AS4 and WAUW-AS7 for Energy Imbalance and

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<sup>12</sup> *U.S. Dept. of Energy – Western 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 (1996); *U.S. Dept. of Energy – Western Area Power Admin. (Salt Lake City Area Integrated Projects)*, 59 FERC ¶ 61,058 at 61,240-41 & nn.17 & 20 (1992), *reh'g denied*, 60 FERC ¶ 61,002 (1992).

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Generator Imbalance, respectively, will accommodate possible participation in a Western Interconnection energy imbalance service market as a balancing authority.

By statute,<sup>13</sup> Western must repay the federal investment from power revenues within a reasonable period of time, which as a general practice is 50 years. Our review of Western-UGP's submittal indicates that the revenues to be collected under the proposed rates will be sufficient to recover its costs, including the recovery of the remaining federal investment, with interest, over the remaining repayment period. Moreover, since the revenues generated by the proposed rates recover no more than Western-UGP's annual costs and the remaining federal investment, the rates are the lowest possible to customers. Our review also indicates that the submittal was prepared in a manner consistent with Department of Energy Order No. RA 6120.2, which requires that Western-UGP's financial statements must be prepared in accordance with generally accepted accounting principles, as appropriate, and that its repayment analyses be prepared using sound forecasting techniques designed to approximate as closely as possible actual results. Western-UGP's request for waiver of the Commission's requirements to file Statements A through F, a PRS, and a Cost of Service Study is also granted. The Commission finds that Western-UGP has shown good cause for granting waiver in that Western-UGP filed formula rates that reflect the costs of providing service.

Because Western-UGP's proposed rates are consistent with the standards by which they must be judged, i.e., the standards set forth in the Redelelegation Order, they merit final confirmation and approval. Therefore, the proposed rates are confirmed and approved as requested.

The Director:

Confirms and approves on a final basis Western-UGP's proposed Rate Schedules WAUGP-ATRR, WAUGP-AS1, WAUW-AS3, WAUW-AS4, WAUW-AS5, WAUW-AS6, and WAUW-AS7, for the period October 1, 2020, through September 30, 2025.

Authorities:

This action is taken pursuant to authority delegated to the Director, Division of Electric Power Regulation – Central, under section 375.307 of the Commission's Regulations.<sup>14</sup> This order constitutes final agency action. Requests for rehearing by the

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<sup>13</sup> 16 U.S.C. § 825s (2012).

<sup>14</sup> 18 C.F.R. § 375.307.

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Commission may be filed within 30 days of the date of the issuance of this order, pursuant to section 385.713 of the Commission's regulations.<sup>15</sup>

Sincerely,

Penny S. Murrell, Director  
Division of Electric Power  
Regulation – Central

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<sup>15</sup> 18 C.F.R. § 385.713.

Document Content(s)

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