

190 FERC ¶ 62,098
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Western Area Power Administration
(Pick-Sloan Missouri Basin Program)

Docket No. EF25-3-000

ORDER CONFIRMING AND APPROVING RATE SCHEDULES
ON A FINAL BASIS

(February 19, 2025)

Summary:

On December 19, 2024, the Administrator for Western Area Power Administration (WAPA) submitted for final confirmation and approval of the extension of the existing formula rates for transmission and ancillary services at WAPA's Pick-Sloan Missouri Basin Program – Eastern Division.¹ The Administrator gave approval to extend the rates on an interim basis effective October 1, 2025,² and requests final confirmation and approval for the period October 1, 2025, through September 30, 2030.³

¹ Rate Schedules WAUGP-ATRR (Annual Transmission Revenue Requirement), WAUGP-AS1 (Scheduling, System Control, and Dispatch Service), WAUW-AS3 (Regulation and Frequency Response Service), WAUW-AS4 (Energy Imbalance Service), WAUW-AS5 (Operating Reserve-Spinning Reserve Service), WAUW-AS6 (Operating Reserve-Supplemental Reserve Service), and WAUW-AS7 (Generator Imbalance Service). These rate schedules were previously approved on a final basis in *U.S. Dept. of Energy – Western Area Power Admin.*, Docket Nos. EF20-3-000 and EF20-3-001 (Sep. 28, 2020)(delegated letter order).

² Rate Order No. WAPA-217, placing the rate schedules into effect on an interim basis, was issued on December 20, 2024, under the authority granted to WAPA's Administrator by the Department of Energy (DOE) Redelegation Order No. S3-DEL-WAPA1-2023, and DOE rate extension procedures set forth in 10 C.F.R. Part 903.

³ Western Area Power Administration, Rate Schedules, [WAPA-217 WAUGP-ATRR, WAPA-UGP Annual Transmission Revenue Requirement \(3.0.0\)](#), [WAPA-217 WAUGP-AS1, WAPA-UGP Scheduling, System Control, and Dispatch Service \(3.0.0\)](#), [WAPA-217 WAUW-AS3, WAUW Regulation and Frequency Response Service \(3.0.0\)](#),

WAPA maintains that the proposed formula rates are the lowest possible rates consistent with sound business principles, and that the proposed formula rates will produce revenues sufficient to recover all annual costs, including interest expenses, and to repay investments and irrigation aid within the allowable periods.

Notice of the submittal was published in the *Federal Register*.⁴ Comments, protests, or motions to intervene were due on or before January 21, 2025. No motions to intervene, comments, or protests were received. Notices of intervention and unopposed timely filed motions to intervene are granted pursuant to operation of Rule 214 of the Commission's Rule of Practice and Procedure.⁵ Any opposed or untimely filed motion to intervene is governed by the provisions of Rule 214.

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.⁶ The Secretary of Energy, in turn, delegated the authority to confirm and approve WAPA's rates on a final basis to the Commission.⁷ The delegation establishes the standard and scope for Commission review of WAPA's rates. The scope of Commission review is limited to: (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

[WAPA-217 WAUW-AS4, WAUW Energy Imbalance Service \(3.0.0\)](#), [WAPA-217 WAUW-AS5, WAUW Operating Reserve - Spinning Reserve Service \(3.0.0\)](#), [WAPA-217 WAUW-AS6, WAUW Operating Reserve - Supplemental Reserve Service \(3.0.0\)](#), [WAPA-217 WAUW-AS7, WAUW Generator Imbalance Service \(3.0.0\)](#).

⁴ 90 FR 95 (2025).

⁵ 18 C.F.R. § 385.214.

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

⁷ Department of Energy Delegation Order No. 00-037.00A, §§ 1.1, 3 (Delegation Order).

assumptions and projections used in developing the rate components that are subject to Commission review.⁸

The Commission is prohibited from reviewing policy judgments and interpretations of laws and regulations made by the power generating agencies.⁹ 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 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.¹⁰

Discussion:

WAPA states that the existing formula rates are set to expire on September 30, 2025. Therefore, WAPA proposes to extend, without adjustment, the existing formula rates under Rate Order No. WAPA-217. WAPA states that these rate extensions make no change to the existing formula rates and extend the formula rates through September 30, 2030.

⁸ *Id.* § 1.3.

⁹ 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* Delegation Order at § 1.3.

¹⁰ *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).

By statute,¹¹ 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 rate recover no more than WAPA's annual costs and the remaining federal investment, the rates are the lowest possible to customers. Our review also indicates that WAPA's submittal was prepared in a manner consistent with Department of Energy Order No. RA 6120.2, which requires that WAPA's financial statements 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.

The Commission's review indicates that the proposed formula rates are consistent with the standards by which they must be judged – i.e., the standards in the Delegation Order – and merit final confirmation and approval. Therefore, the proposed rates are confirmed and approved as requested.

The Director:

Confirms and approves on a final basis the extension of WAPA's formula-based Rate Schedules WAUGP-ATRR, WAUGP-AS1, WAUW-AS3, WAUW-AS4, WAUW-AS5, WAUW-AS6, and WAUW-AS7 for the period October 1, 2025 through September 30, 2030.

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 of the Commission's regulations.¹² This order constitutes final agency action. Requests for rehearing by the

¹¹ 16 U.S.C. § 825s.

¹² 18 C.F.R. § 375.307.

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Commission may be filed within 30 days of the date of issuance of this order, pursuant to 18 C.F.R. § 385.713 of the Commission's regulations.¹³

Sincerely,

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

¹³ 18 C.F.R. § 385.713.

Document Content(s)

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