

## DEPARTMENT OF ENERGY

### Western Area Power Administration

#### Pick-Sloan Missouri Basin Program— Eastern Division—Rate Order No. WAPA-218

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

**ACTION:** Notice of proposed transmission and ancillary services formula rates.

**SUMMARY:** The Upper Great Plains (UGP) region of the Western Area Power Administration (WAPA) proposes new formula rates for the Pick-Sloan Missouri Basin Program—Eastern Division (P-SMBP—ED) transmission and ancillary services for UGP's costs to be recovered under the Southwest Power Pool's (SPP) Open Access Transmission Tariff (Tariff) should UGP decide to expand its participation in SPP in the Western Interconnection. These rates will be used by UGP to provide rate data to SPP, the Regional Transmission Organization (RTO) of which UGP is a member, after SPP's planned expansion of the RTO into the Western Interconnection on April 1, 2026. The existing UGP rates for services expire on September 30, 2025, but are being extended under a separate rate process, Rate Order No. WAPA-217, to continue to provide existing rate data to SPP between October 1, 2025, and final implementation date of the planned RTO expansion into the Western Interconnection. The proposed rates will address UGP operating changes and new provisions and settlement requirements under the proposed revisions to SPP's Tariff filed with the Federal Energy Regulatory Commission (FERC) to accommodate their RTO expansion into the Western Interconnection. The proposed formula rates will become effective on the go-live date of the expansion of the SPP RTO into the Western Interconnection (scheduled for April 1, 2026, as of the date of this notice) and will remain in effect for five years from the effective date, which with an effective date of April 1, 2026, will be March 31, 2031, or until superseded.

**DATES:** A consultation and comment period will begin December 30, 2024 and end March 31, 2025. UGP will present a detailed explanation of the proposed formula rates and other modifications at a public information forum that will be held on February 19, 2025, at 8 a.m. MST to no later than 9 a.m. MST. UGP will also host a public comment forum on February 19, 2025, at 9:15 a.m. MST to no later than 10 a.m. MST. The public information forum and

the public comment forum will be conducted virtually. Instructions for participating in the forums will be posted on UGP's Rates website at least 14 days prior to the public information and comment forums at: [www.wapa.gov/about-wapa/regions/ugp/ugp-rates](http://www.wapa.gov/about-wapa/regions/ugp/ugp-rates) and other posting locations noted below.

UGP will accept comments any time during the consultation and comment period.

**ADDRESSES:** Written comments and requests to be informed of FERC actions concerning the proposed formula rates submitted by WAPA to FERC for approval should be sent to: Lloyd Linke, Regional Manager, Upper Great Plains Region, Western Area Power Administration, 2900 4th Ave. North, 6th Floor, Billings, MT 59101-1266, or email [UGPTRates@wapa.gov](mailto:UGPTRates@wapa.gov). UGP will post information about the proposed formula rates and written comments received to its Rates website at: [www.wapa.gov/about-wapa/regions/ugp/ugp-rates](http://www.wapa.gov/about-wapa/regions/ugp/ugp-rates) and other posting locations noted below in the **SUPPLEMENTARY INFORMATION** section.

**FOR FURTHER INFORMATION CONTACT:** Linda Cady-Hoffman, Rates Manager, Upper Great Plains Region, Western Area Power Administration, (406) 255-2920 or email: [cady@wapa.gov](mailto:cady@wapa.gov).

**SUPPLEMENTARY INFORMATION:** On September 28, 2020, FERC approved and confirmed Rate Schedules WAUGP-ATRR, WAUGP-AS1, WAUW-AS3, WAUW-AS4, WAUW-AS5, WAUW-AS6, and WAUW-AS7 under Rate Order No. WAPA-188 on a final basis through September 30, 2025.<sup>1</sup> These existing formula-based rate schedules are for transmission and ancillary services for the transmission facilities in the P-SMBP—ED that UGP transferred to the functional control of SPP for its existing membership. The existing formula rates are viewable online at the following locations: (1) UGP's Open Access Same-time Information System (OASIS) at: <https://www.oasis.oati.com/wapa/index.html>; (2) UGP's Rates website at: [www.wapa.gov/about-wapa/regions/ugp/ugp-rates](http://www.wapa.gov/about-wapa/regions/ugp/ugp-rates); and (3) the "Western Area Power Administration UGP Information" link on SPP's Member Related Postings website at: [opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings](https://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings).

On April 28, 2023, WAPA published a **Federal Register** notice titled "Recommendation for the Western Area

Power Administration's Rocky Mountain Region and Colorado River Storage Project Management Center to Pursue Final Negotiations Regarding Membership in the Southwest Power Pool Regional Transmission Organization, and for the Upper Great Plains Region to Expand its Participation" (88 FR 26298). On June 4, 2024, SPP submitted revisions to its Tariff, Bylaws, and Membership Agreement to expand the SPP RTO into the Western Interconnection to FERC.<sup>2</sup> If SPP succeeds in obtaining FERC's approval of its Tariff, Bylaws, and Membership Agreement revisions, and upon further approval by the Administrator, UGP plans to expand its participation in SPP in the Western Interconnection.

As of the date of this notice, SPP's anticipated deadline for filing certain SPP Tariff documents for UGP (including annual revenue requirements (ARR), formula rate templates, and formula rate implementation protocols proposed in this rate filing, as well as other pertinent documents not included in this rate filing) with FERC is October 2025. UGP is publishing this notice of proposed formula rates and initiating the rate consultation and comment period at this time in order for UGP to obtain FERC-approved formula rates prior to this SPP deadline.

If UGP does not expand its participation in SPP in the Western Interconnection, further actions under this notice of proposed rates will be canceled, and existing formula rates will remain in effect. If canceled, UGP will inform customers by letter and by posting notice of such on UGP's OASIS website ([www.oasis.oati.com/wapa/index.html](http://www.oasis.oati.com/wapa/index.html)), on UGP's Rates website ([www.wapa.gov/about-wapa/regions/ugp/ugp-rates](http://www.wapa.gov/about-wapa/regions/ugp/ugp-rates)), and on the "Western Area Power Administration UGP Information" link on SPP's Member Related Postings website ([opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings](https://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings)) and will withdraw the formula rates proposed in this notice.

UGP needs to adopt new formula rates for transmission and ancillary services so that UGP's costs can continue to be recovered under the SPP Tariff with the SPP expansion of its RTO and Integrated Marketplace into the Western Interconnection, and to address the new and revised SPP settlements proposed in SPP's FERC filing for the RTO

<sup>2</sup> Southwest Power Pool, Inc., Submission of Revisions to Tariff, Bylaws, and Membership Agreement to Expand the Regional Transmission Organization into the Western Interconnections (Part 1 of 2) and (Part 2 of 2), Docket Nos. ER24-2184, ER24-2185 (June 4, 2024).

<sup>1</sup> Order Confirming and Approving Rate Schedules on a Final Basis, FERC Docket Nos. EF20-3-000 and EF20-3-001.

expansion. UGP's revenue requirements are added to the annual revenue requirements of other transmission owners in the multi-owner SPP pricing Zone 19, also identified as the Upper Missouri Zone (UMZ) for transmission service billed by SPP within the UMZ. UGP's revenue requirements under these proposed rates also impact other costs for transmission service within the broader SPP footprint.

The proposed rates continue the formula-based methodology that includes an annual update on January 1 of every year, to the financial data in the rate formulas, and include Rate Formula Implementation Protocols to clarify UGP's rate implementation and annual update procedures with changes related to the planned RTO expansion in the Western Interconnection to: (1) Terminate the Balancing Authority Area (BAA)-related ancillary services (and associated worksheets in the Rate Formula Templates) for Regulation and Frequency Response Service, Operating Reserves—Spinning Reserve Service and Supplemental Reserve Service, Energy Imbalance Service (EI), and Generator Imbalance Service (GI); (2) Incorporate changes in the Rate Formula Templates to calculate the Annual Transmission Revenue Requirement (ATRR) for the Miles City Direct Current (DC) Tie for SPP's settlements purposes related to SPP's proposed DC Tie Access Charge;<sup>3</sup> (3) Incorporate changes in the Rate Formula Templates to calculate the subtotals of the ATRR for the SPP West and East BAAs separately for SPP's settlements purposes; (4) Incorporate a new worksheet in the Rate Formula Templates to calculate the Incremental Market Efficiency Use<sup>4</sup> (Incremental MEU) share for the Miles City DC Tie; (5) Incorporate changes in the Rate Formula Templates to calculate the ATRRs for SPP Base Plan Upgrades separately for SPP's settlements purposes in each of the SPP West and East BAAs; and (6) Update, as needed, the existing Rate Formula Templates to smooth the true-up process impacts, increase transparency, and incorporate the changes noted above. The proposed

formula rates will remain in effect for five years from the effective date, which with an effective date of April 1, 2026, will be March 31, 2031, or until WAPA changes the formula rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.

UGP is a Transmission Owner member of SPP pursuant to negotiated provisions in its SPP Membership Agreement, Bylaws, and SPP Tariff. Transmission and ancillary services are provided by SPP under the SPP Tariff for UGP's facilities transferred to the functional control of SPP. UGP has transmission facilities in both the Eastern and Western Interconnections separated by the Miles City DC Tie and the Fort Peck Power Plant substation. UGP currently operates its Western Area Power Administration, Upper Great Plains West (WAUW) BAA in the Western Interconnection as the Balancing Authority (BA) and has not previously placed the portion of its transmission system located in the Western Interconnection into SPP's Integrated Marketplace. However, with the planned SPP expansion of its RTO into the Western Interconnection, UGP will merge its WAUW BAA into the SPP West BAA and discontinue its current role as a BA. UGP will also place its remaining transmission system and other generation and load located in the Western Interconnection (in the existing WAUW BAA footprint) into SPP's Integrated Marketplace on the effective date of UGP's expanded participation in SPP in the Western Interconnection.

The proposed formula rates will provide sufficient revenue to recover annual operation, maintenance, replacement, and interest expense while ensuring repayment of the project within the cost recovery criteria set forth in Department of Energy (DOE) Order RA 6120.2. For more information on the proposed rates, please see the customer rate brochure located on UGP's OASIS website, on UGP's Rates website, and on SPP's Member Related Postings website (see web addresses listed previously).

#### Proposed Transmission Formula Rates

UGP proposes changes to its current formula rate calculation methodology for its ATRR, currently provided under Rate Schedule WAUGP-ATRR. These changes will more clearly, transparently, and separately document UGP's facilities in the Western Interconnection, the Eastern Interconnection, and at the Miles City DC Tie and associated subtotals of the overall ATRR for each of these sub-sets of facilities. SPP will utilize these ATRR subtotals, along with zonal and regional

load and other applicable information, to calculate the applicable charges and revenue distribution for SPP transmission service under the SPP Tariff.

Consistent with UGP's current formula rates, UGP proposes to continue recovering transmission-related expenses and investments on a forward-looking basis by using projections to estimate transmission costs for the upcoming year, with a true-up of incurred costs in a subsequent year. Transmission-related annual costs include operation and maintenance, administrative and general costs, interest, and depreciation. The annual costs will be reduced by applicable revenue credits received by UGP under the SPP Tariff.

Revenue requirement data will be submitted to SPP in standard formula rate templates with costs classified as either "Zonal" or "Regional," applying the definitions in the SPP Tariff. "Zonal" costs are those that meet certain criteria and are recovered within the local pricing zone, while "Regional" costs are those meeting certain criteria eligible to be recovered across SPP's applicable West or East BAA, dependent upon where the transmission upgrade is located in the Western or Eastern Interconnection for SPP's settlement purposes under the SPP Tariff. The Formula Rate Template for UGP ATRR and related information will be posted on UGP's OASIS website, on UGP's Rates website, and on SPP's Member Related Postings website (see web addresses listed previously).

#### Proposed Miles City DC Tie Incremental Market Efficiency Use Share Formula Rate

In its FERC filing for the proposed expansion of the RTO into the Western Interconnection, SPP proposes to expand its Integrated Marketplace across the seam between the Eastern and Western Interconnections by including the West DC Ties<sup>5</sup> into the Integrated Marketplace 5-minute market dispatch. To enable this market dispatch between the Eastern and Western Interconnections, SPP included a new Section 8.11 to Attachment AE of the SPP Tariff for the calculation of the Incremental MEU amounts. The

<sup>3</sup> "DC Tie Access Charge: A charge on a transmission reservation utilizing a West DC Tie that sinks outside of the Zone where the West DC Tie is located. The Transmission Customer shall be responsible for DC Tie Access Charge determined in accordance with Schedule 14." (SPP Proposed Tariff at Part I, Section 1, D Definitions.)

<sup>4</sup> "Incremental Market Efficiency Use (Incremental MEU) Charge: A market recovery mechanism to compensate West DC Tie Transmission Owners for the expected loss of life of certain West DC Tie facilities due to increased utilization of the West DC Ties by the Integrated Marketplace." (SPP Proposed Tariff at Part I, Section 1, I Definitions.)

<sup>5</sup> "West DC Ties: A direct current interconnection between the Eastern Interconnection and Western Interconnection for which the DC Tie Access Charge and the Incremental Market Efficiency Use Charge may be applicable. In the Integrated Marketplace, the West DC Ties will be Non-Biddable Locations that will be used in the settlements in the TCR [Transmission Congestion Rights] Markets. The West DC Ties are Miles City, Stegall, or Sidney." (SPP Proposed Tariff at Part I, Section W Definitions.)

Incremental MEU compensates each West DC Tie Transmission Owner for the expected loss of life of that owner's West DC Tie facilities due to increased utilization of the West DC Ties by the Integrated Marketplace.

For SPP to compensate UGP as a West DC Tie Transmission Owner of the Miles City DC Tie for Incremental MEU under SPP's Tariff, UGP proposes to provide its Miles City DC Tie Incremental MEU share under Rate Schedule UGP-DCTIE-IMEU. SPP will utilize this Miles City DC Tie Incremental MEU share along with other applicable information to calculate the amount to be paid to UGP for the expected loss of life of certain Miles City DC Tie facilities due to increased utilization of those West DC Tie facilities by SPP in the Integrated Marketplace.

To simplify the calculation of the Incremental MEU and provide a consistent forward-looking known amount to be included in the market uplift, a loss-of-life will be estimated for each of the eligible groups of West DC Tie equipment due to expected market operation impacts, and a levelized annual estimate will be provided to SPP. The loss-of-life calculations will be based upon pre-defined impact metrics directly related to the increased market use for each of the West DC Tie equipment groups eligible for cost recovery. Revenue received from SPP for UGP's Miles City DC Tie Incremental MEU share will be credited against the Miles City DC Tie portion of the UGP ATRR described above.

The Miles City DC Tie Incremental MEU share data will be submitted to SPP in a standard formula rate template in accordance with the new SPP Tariff Attachment AE, Addendum 3A. The Formula Rate Template for the Miles City DC Tie Incremental MEU share will be posted on UGP's OASIS website, on UGP's Rates website, and on SPP's Member Related Postings website (see web addresses listed previously).

#### **Proposed Formula Rate for Scheduling, System Control, and Dispatch Service**

UGP proposes to continue to use its current formula rate calculation methodology for Scheduling, System Control, and Dispatch Service (SSCD), currently provided under Rate Schedule WAUGP-AS1. This rate schedule will continue to include transmission facilities in the Western Interconnection. The Formula Rate Template for SSCD and related information will be posted on UGP's OASIS website, on UGP's Rates website, and on SPP's Member Related Postings

website (see web addresses listed previously).

#### **Formula Rate Implementation Protocols**

For transmission service provided by SPP under SPP's Tariff, UGP will continue to provide information relating to UGP's rate implementation and annual update procedures and timelines in "Formula Rate Implementation Protocols" (Protocols). The Protocols, together with the above-mentioned formula rate templates, comprise the Formula Rates that will be submitted to SPP to be incorporated into the SPP Tariff. All relevant information pertaining to UGP's annual updates, customer notifications and review periods, and meetings will be contained in the Protocols. The Protocols will be posted on UGP's OASIS website, on UGP's Rates website, and on SPP's Member Related Postings website (see web addresses listed previously).

#### **Proposed Termination of Regulation and Frequency Response Service Formula Rate**

UGP proposes to terminate its current formula rate calculation methodology for Regulation and Frequency Response Service (Regulation), currently provided under Rate Schedule WAUW-AS3. This rate schedule addresses Regulation associated with UGP's WAUW BAA in the Western Interconnection. Given the SPP Integrated Marketplace will extend into the Western Interconnection, and UGP will merge its WAUW BAA into the SPP West BAA, UGP will no longer provide Regulation in the WAUW BAA as the BA.

#### **Proposed Termination of Operating Reserves Service-Spinning and Supplemental Formula Rates**

UGP proposes to terminate its current formula rate calculation methodology for Operating Reserve-Spinning Reserve Service and for Operating Reserve-Supplemental Reserve Service (collectively, Operating Reserves), currently provided under Rate Schedules WAUW-AS5 and WAUW-AS6, respectively. These rate schedules address Operating Reserves associated with UGP's WAUW BAA in the Western Interconnection. Given the SPP Integrated Marketplace will extend into the Western Interconnection, and UGP will merge its WAUW BAA into the SPP West BAA, UGP will no longer provide Operating Reserves in the WAUW BAA as the BA.

#### **Proposed Termination of Energy Imbalance and Generator Imbalance Service Formula Rates**

UGP proposes to terminate its current formula rate calculation methodologies for EI, currently provided under Rate Schedule WAUW-AS4, and GI, currently provided under Rate Schedule WAUW-AS7. These rate schedules address Energy Imbalance and Generator Imbalance associated with UGP's WAUW BAA in the Western Interconnection. Given that the SPP Integrated Marketplace will extend into the Western Interconnection, and UGP will merge its WAUW BAA into the SPP West BAA, UGP will no longer provide Energy Imbalance and Generator Imbalance in the WAUW BAA as the BA.

#### **Legal Authority**

DOE procedures for public participation in power and transmission rate adjustments are located at 10 CFR part 903. The proposed action is a major rate adjustment, as defined by 10 CFR 903.2(d). In accordance with 10CFR 903.15(a) and 10CFR 903.16(a), UGP will hold public information and public comment forums for this rate adjustment. UGP will review and consider all timely public comments at the conclusion of the consultation and comment period and adjust the proposal as appropriate. The rates will then be approved on an interim basis.

WAPA is establishing the formula rates for UGP in accordance with section 302 of the DOE Organization Act (42 U.S.C. 7152).<sup>6</sup>

By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the 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, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1-DEL-S3-2024, effective August 30, 2024, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the

<sup>6</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 section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s); and other acts that specifically apply to the projects involved.

Under Secretary for Infrastructure. By Redesignation Order No.S3–DEL–WAPA1–2023, effective April 10, 2023, the Under Secretary for Infrastructure further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA’s Administrator.

Signed in Washington, DC, on December 19, 2024.

**Jennifer Hartzell,**

*Alternate Federal Register Liaison Officer,  
U.S. Department of Energy.*

[FR Doc. 2024–30858 Filed 12–27–24; 8:45 am]

**BILLING CODE 6450–01–P**

### **Availability of Information**

All brochures, studies, comments, letters, memorandums, or other documents that UGP initiates or uses to develop the proposed formula rates are available for inspection and copying at the Upper Great Plains Regional office located at 2900 4th Ave. North, 6th Floor, Billings, Montana. Many of these documents and supporting information are also available on UGP’s Rates website at: [www.wapa.gov/about-wapa/regions/ugp/ugp-rates](http://www.wapa.gov/about-wapa/regions/ugp/ugp-rates) and other posting locations noted.

### **Ratemaking Procedure Requirements**

#### **Environmental Compliance**

WAPA is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.<sup>7</sup>

#### **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.

### **Signing Authority**

This document of the Department of Energy was signed on December 19, 2024, by Tracey A. LeBeau, Administrator, Western Area Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the **Federal Register**.

<sup>7</sup> In compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, 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).