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VIA ELECTRONIC MAIL

Rodney Bailey, CRSP Manager
Colorado River Storage Project Management Center,
Western Area Power Administration,
1800 South Rio Grande Avenue,
Montrose, CO 81401
email: CRSPMC-rate-adj-@wapa.gov

Re: Initial Comments of Electrical District No. 4 of Pinal County, Electrical District No. 7 of Maricopa County, and Maricopa Water District Concerning Salt Lake City Area Integrated Projects and Colorado River Storage Project — Rate Order No. WAPA-206

Dear Mr. Bailey:

The following comments are submitted on behalf of Electrical District No. 4 of Pinal County (“ED4”), Electrical District No. 7 of Maricopa County (“ED7”), and Maricopa Water District (“MWD”) in response to the Western Area Power Administration’s *Federal Register* Notice of proposed firm power fixed rate and transmission services, ancillary services, and sale of surplus products formula rates (88 Federal Register 40,813 (June 22, 2023)), and the Notice of Extension of Comment Period e-mailed by Mr. Enriquez on August 28, 2023. ED4, ED7, and MWD appreciate both the opportunity to comment and the extension of the comment period through October 3, 2023.

ED4, ED7, and MWD are unable to reconcile the calculation of the proposed CRSP transmission rate (averaging \$1.75 per kW-month), based on a transmission revenue requirement of \$92,225,174 and annual transmission demand ranging from 4,360,162 kW in 2024 and 2025 to 4,321,152 kW in 2028, with the estimates of transmission demand over the rate period presented in Western’s August 31, 2023 CRSP 24-Month Generation Study. The rate development estimates of transmission peak monthly demands include (1) Firm Electric Service Contract Rate of Demand of 1,435,886 kW , plus (2)

WAPA Merchant Demand of 1,507,000 kW, plus (3) Merchant Contract 98-SLC-0372 of 130,000 kW, plus (4) Merchant Contract 00-SLC-0439 of 440,000 kW, plus (5) DSW Firm Intertie Wheeling service for Public Service Company of New Mexico of 134,000 kW per year, plus (6) firm transmission service to the Navajo Tribal Utility Authority of 80,000 kW per year. That is 3,512,886 kW per month WAPA is reserving for an SLCA/IP Contract Rate of Delivery (CROD) of 1,435,886 kW per month of SLCA/IP Contracts. Meanwhile WAPA CRSP has moved to deliver the Deliverable Sales Amount (“DSA”) of SLCA/IP capacity and energy that no longer requires WAPA CRSP maintain those reservations for 2024 or possibly beyond.

Western’s August 31, 2023, CRSP 24-Month Generation Study, on the other hand, shows maximum hourly project generation of 782,000 kW in a single month and average monthly maximum project generation of 652,000 kW for 2024. The 24-Month Study shows maximum hourly project generation of 976,000 kW in a single month, and average monthly maximum project generation of 852,000 kW. These data, among others, tend to suggest that the forecasted transmission demand used to develop Western’s CRSP transmission rate is significantly in excess of reasonably anticipated levels of Sustainable Hydroelectric Power (“SHP”), DSA, and the CROD over portions of the forecast period. That disparity, in turn, raises a concern whether the proposed CRSP transmission rate over the study period reflects a level of withholding of available transmission capacity on behalf of Western’s market function, among other uses. As Western knows, the FERC’s “*pro forma* OATT . . . does not, and will not, permit the withholding of transmission capacity in an effort to exercise market power.”¹ These reservations both restrict the WAPA transmission capacity from being offered to others to enable renewable generators to replace aging coal plants plus this over statement of reservations increases the costs to the SLCA/IP power rates.

This concern about the apparent discrepancy in the WAPA-206 CRSP transmission rate calculation and reasonably predictable levels of system demand becomes materially more pressing in light of Western’s pursuit of membership in the Southwest Power Pool (“SPP”) Regional Transmission

¹ *Preventing Undue Discrimination & Preference in Transmission Service* (Order No. 890), 118 FERC ¶ 61,119 at P 814 *order on reh'g*, Order No. 890-A, 121 FERC ¶ 61,297 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228, *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

Organization. Some of the presentations supporting that effort have suggested that Western proposes to rely on a Federal Service Exemption comparable to that currently contained in Section 39.3 of the SPP's Open Access Transmission Tariff on behalf of Western's Upper Great Plains Region. ED4, ED7, and MWD believe that it is only reasonable for Western to provide the most accurate possible forecast of what its CRSP contractors' transmission charges in aggregate are likely to be in the event that Western determines to move forward with SPP participation.

Thank you for the opportunity to comment. ED4, ED7, and WMD look forward to Western's response to these comments and to further dialogue on Western's proposed CRSP transmission rates.

Very truly yours,

John P. Coyle

cc (via electronic mail):

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