



IRRIGATION & ELECTRICAL DISTRICTS'
ASSOCIATION OF ARIZONA

Draft

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January 15, 2025

Re: Initial Comments of Irrigation and Electrical Districts Association of Arizona Concerning Salt Lake City Area Integrated Projects and Colorado River Storage Project — Rate Order No. WAPA-220

Dear Mr. Bailey:

On behalf of the Irrigation & Electrical Districts Association of Arizona (IEDA), we submit the following comments to the Rate Order No. WAPA-220, published in the Federal Register (Vol. 89, No.249 FR 106,473) on December 30, 2024.

IEDA represents 25 members with Western Area Power Administration (WAPA) contracts, many of whom have Firm Electric Service (FES) for capacity and energy provided by the Colorado River Storage Project (CRSP). IEDA has been in existence since 1962, and its primary purpose is protecting its members' contracts for federal hydropower.

While we understand the need for the WAPA-220 rate, considering most of the CRSP system is likely being transferred into the SPP (and subject to their tariff), we have some fundamental concerns regarding how the Annual Transmission Revenue Requirement (ATRR) will be treated, based on comments made prior to issuance of the FRN.

Cost causation is a bedrock principle in the energy industry, and the implication that SPP start-up and ongoing costs for the SPP system will be included in the ATRR violates this principle.

IEDA appreciates that WAPA has accommodated the portion of Lower Division customers who initially requested a pseudo-tie, even improving that idea with the Allocator concept. The Allocator would carve out a section of transmission line, which would not be

Commented [SF1]: Can you clarify in what way the SPP ATRR violate the cost causation principal? WAPA mentioned at the CREDA board they will conduct a public meeting on this, so it would be good if we can add a clarifying statement here.

included in the SPP RTO, so those customers should not be subject to any costs associated with the SPP RTO. The FRN specifically states that the transmission system not included in the SPP RTO (Allocator) will not be governed by SPP's tariff. Those who have elected to use the allocator consider SPP entry and administrative costs associated with that tariff.

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While the idea of socializing the costs and benefits of the transmission system may be well intended, we disagree with the proposal because of the violation of cost causation. As such, we would not expect WAPA-220 to include the Allocator costs, nor should the Allocator customers benefit from utilization of the CRSP system in SPP.

Commented [SF2]: As with the reference above, can the specifics of how this violates cost causation be included?

The benefit analysis that appears to be driving this decision shows the potential for both a positive or negative outcome. Coupled with the historical transmission over subscription included in the rate versus actual generation, we are unsure what could happen to the WAPA-220 (and WAPA-206) rate(s). Therefore, we suggest that you shorten this rate window from five years to two years. That will give WAPA and customers time to evaluate this new paradigm and see how the rate settles out.

Commented [SF3]: Unclear statement here. Can we provide a specific example of the historical transmission over subscription to support the statement? WAPA - 220 brochure shows which rate processes change related to specific transmission paths. Transmission Operations are taken over by SPP RTO. Historical Transmission over subscription as WAPA being transmission operator remains a concern with SPP as the transmission operator?

IEDA also wanted to address some concerns with the Federal Register Notice.

Given the complexity of these issues, we request at a minimum that you release the formula rates one week prior to the planned February 19th Public Information Forum. That will allow us time to review and be fully prepared to discuss during the Public Comment Forum. It would be difficult to see the proposed rates and then expect to ask clarifying questions one hour after first seeing them. Another option would be to delay the Public Comment Forum one week to allow us time to digest the materials, especially since both Forums are planned virtually.

The FRN also alludes to the Pseudo-Tie in three locations. It was my understanding that WAPA had moved past this concept to the Allocator concept. While the Allocator concept is alluded to, it is not specifically called out in the FRN.

The portion of the transmission system that won't be included in the SPP RTO (Allocator) will still be under the WAPA-206 rate case; however, the FRN for the WAPA-220 case alludes to modifying the WAPA-206 rate case. Shouldn't any substantial changes to WAPA-206 initiate a new rate case. IEDA would consider inclusion of cost not previously considered, like the SPP entry and maintenance costs, to necessitate a new rate case.

Given that the WAPA-220 case won't take effect until April 1, 2026 (at the earliest), IEDA recommends that WAPA take its time to ensure that the transmission rates work for all parties.

Sincerely,

Ed Gerak
IEDA