Western Area Power Administration

Welcome

Pick-Sloan Missouri River Basin Program--Eastern Division
&
Loveland Area Projects

Proposed 2025 FES Rate Adjustment Public Information Forum

Forum will begin at 8:30 a.m. MDT

All participants will be muted throughout the presentation until the Q&A session

Western Area Power Administration

Proposed 2025 FES Rate Adjustment Process

Pick-Sloan Missouri River Basin Program--Eastern Division

&

Loveland Area Projects

Sheila Cook and Linda Cady-Hoffman

Public Information Forum

August 7, 2024

Agenda

- Rate Adjustments
- Rate Process Schedule
- Firm Electric Service Rate Structures and Charge Components
- Power Repayment Study Information
  - Pick-Sloan
  - Fry-Ark
- Rate Proposals
  - Loveland Area Projects
  - Pick-Sloan Missouri Basin Program--Eastern Division
  - Sale of Surplus Products
- Annual Drought Adder Review Schedule
- Contact Information
- Q&A Session

Reason for Rate Adjustments

- Rate Schedules don't expire until December 31, 2027, however, current firm electric service rates are not recovering projected costs
  - Increases in Operations and Maintenance costs from all the agencies (WAPA, BOR, Corps)
  - Pick-Sloan Mainstem is experiencing less than normal generation but it's improving – need to rebalance the drought adder
- Need to conduct formal process to adjust the Base rate component and to put new rates/rate schedules in place for new 5-year period

Note: RMR and UGP are conducting separate rate processes with combined public information and comment forums

Proposal Recap

Pick-Sloan--ED and LAP

- Utilize Historical Plan of Forced Pick-Sloan Aid Payments
- Implement Two-Step Rates
- Continue utilizing annual drought adder adjustment review process for determining the final Drought Adder components for Jan. 2025 and beyond

Proposed Changes

- Pick-Sloan Power Repayment Study
  - Decrease the Drought Adder component
  - Increase the Base component

- Fry-Ark Power Repayment Study
  - No change to the Drought Adder component that has been at zero since Jan. 2015
  - Increase the Base component

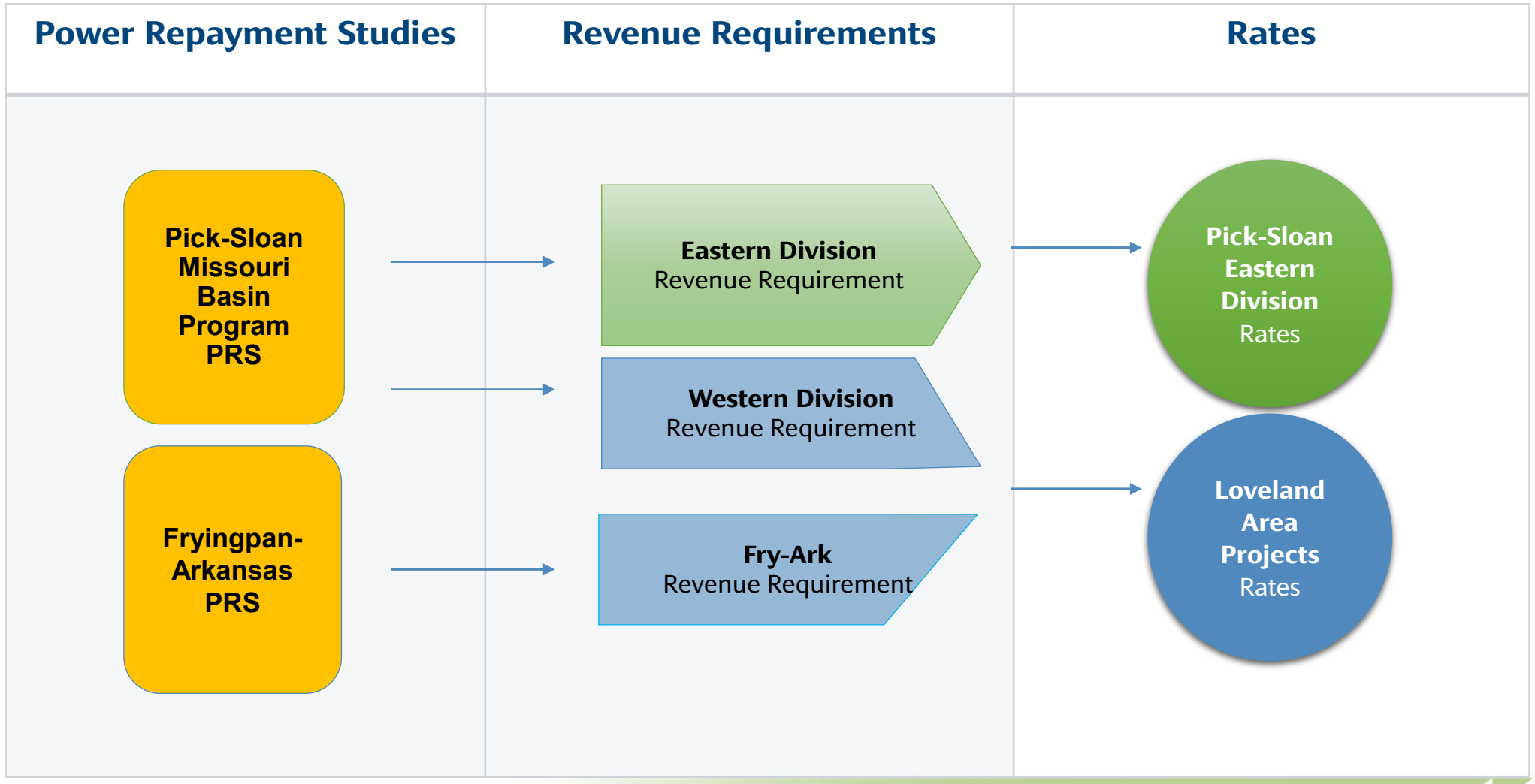
- Sale of Surplus Products
  - No rate changes – simply adjusting the time period to match firm power rate schedules

Rate Process Schedule

- Federal Register Announcements with Proposed Rates
  June 28, 2024
- Formal Consultation and Comment Periods (60 Days)
  Customers/Interested Parties may provide comments via e-mail no later than August 27, 2024, and/or at today's Public Comment Forum
- Information Forum
  August 7, 2024
- Comment Forum
  August 7, 2024
- Close of Consultation and Comment Periods
  August 27, 2024
- Federal Register Publication of Rate Orders
  NLT December 1, 2024
- Implementation of New Rates/Rate Schedules
  January 1, 2025, and January 1, 2026

Firm Electric Service Rate Structures and Rate Components

Rate Structures



Overview of Component Costs

Drought Adder Component

(max +2 mills/kWh/yr)

- Purchase Power for Drought
- Historical Drought Debt (unpaid)
- Interest on Drought Debt

Base Component

(rate process required)

- O&M (WAPA and Generating Agencies)
- Inflation
- Capital Investments (WAPA and Generating Agencies)
- Interest
- Transmission (WAPA and Generating Agencies)
- Normal Timing Purchase Power

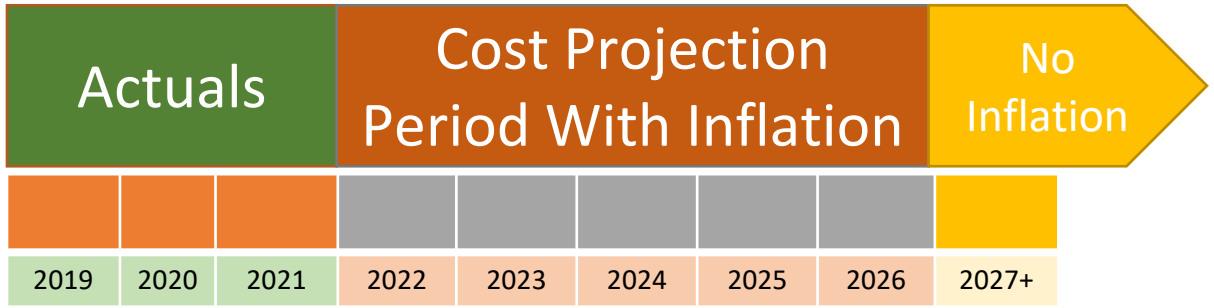
Power Repayment Study Information

2025 Rate Setting PRS Information

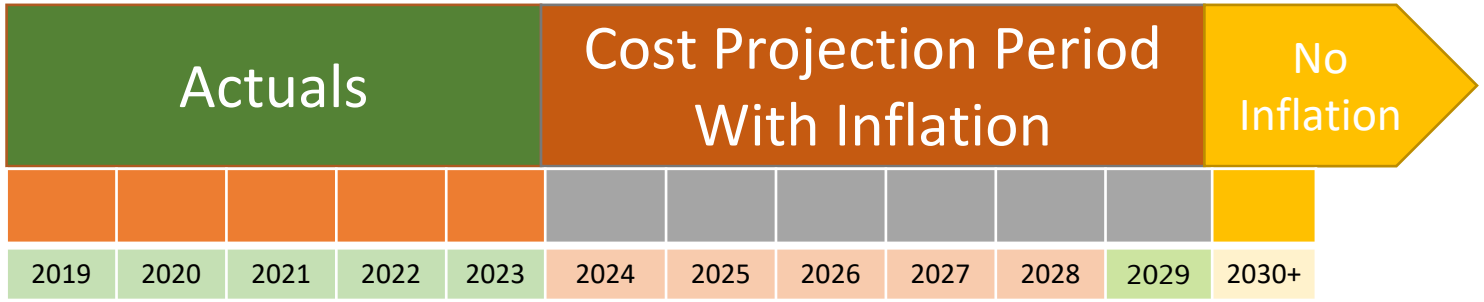
- FY2023 Audited Financials
- 2025 and 2026 Workplans (WAPA, BOR, and Corps)
  - O&M (including inflation)
  - Capital program
  - Interest expense
- Required balloon payments and forced payments
- Corps and BOR Annual Operating Plans
  - Corps 2024 AOP is projecting lower than normal generation for 2024-2029, but more generation than projected in the current rate
  - BOR generation projections for 2024-2027 are higher than the LAP Post-89 avg, not considered to be in drought

PRS Projection Window

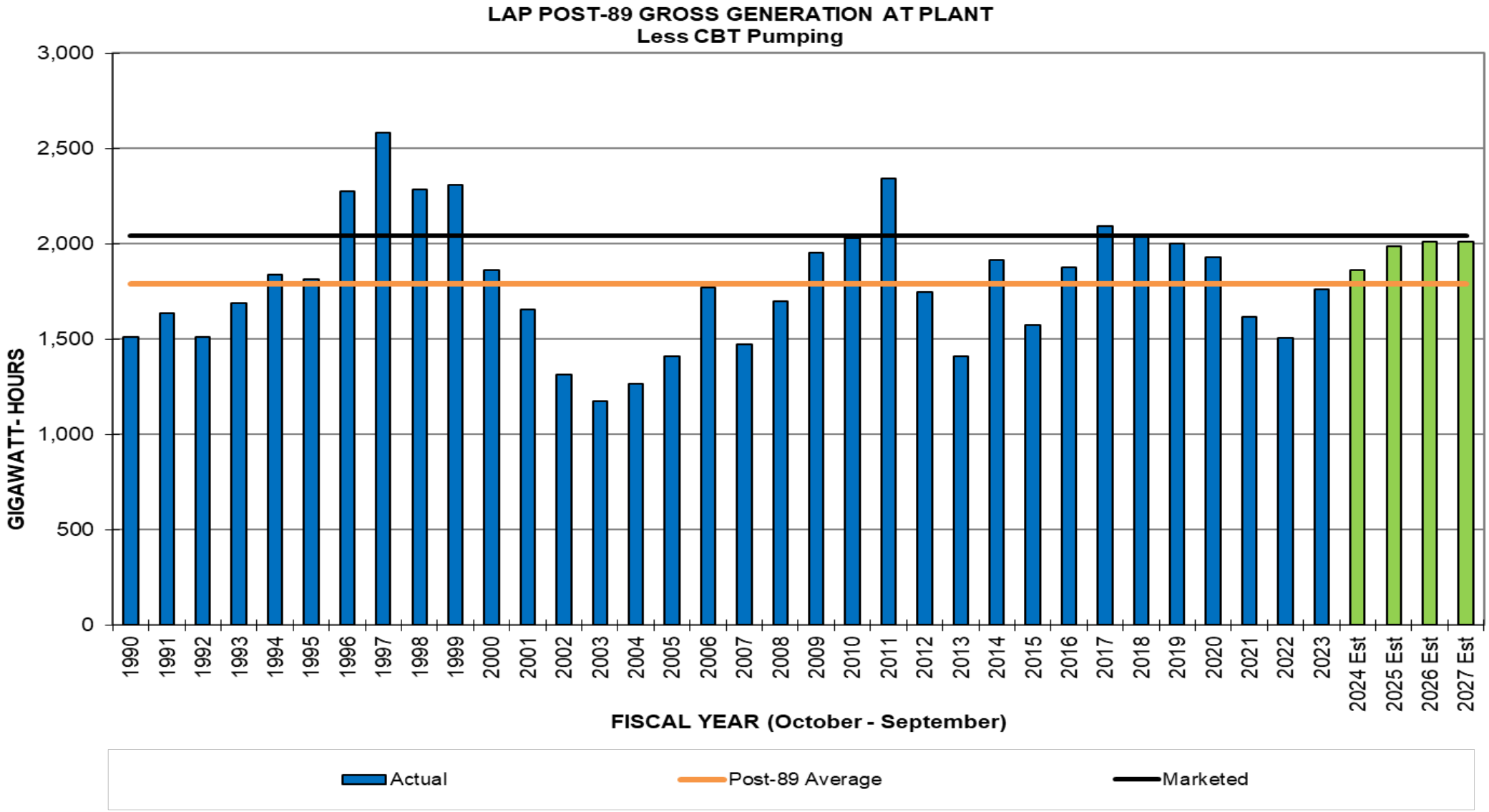
2023 Rate Setting PRS



2025-2026 Rate Setting PRS



Generation Projections
LAP and Pick-Sloan


LAP POST-89 GROSS GENERATION AT PLANT
Less CBT Pumping
GIGAWATT- HOURS
3,000
2,500
2,000
1,500
1,000
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1990
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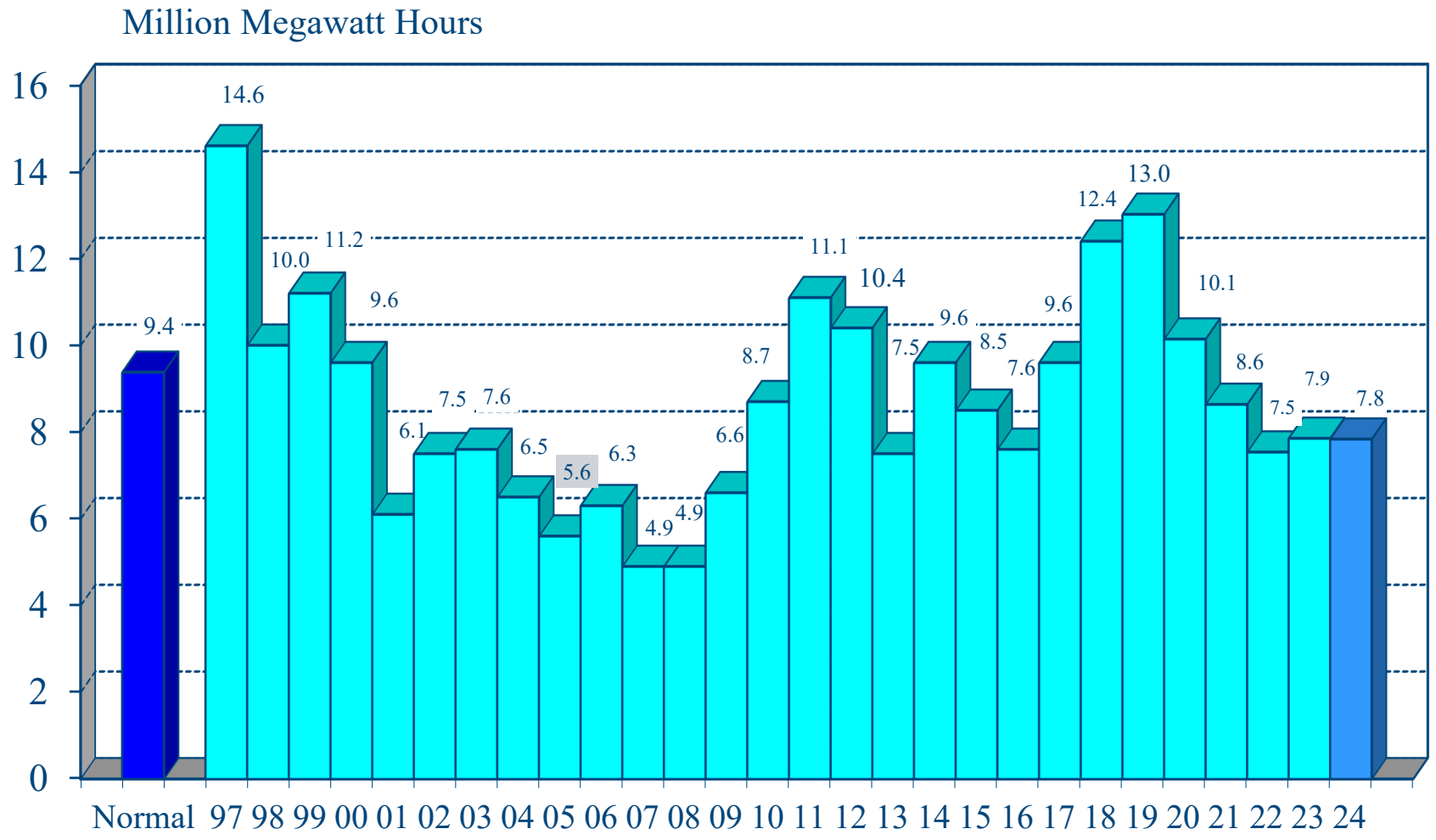
2023
2024 Est
2025 Est
2026 Est
2027 Est
FISCAL YEAR (October - September)
Actual
Post-89 Average
Marketed

Mainstem System Generation



Jul 1, 2024 Forecast Upper Basic: 7.8 Lower Basic: 7.9

https://www.nwd-mr.usace.army.mil/rcc/reports/pdfs/weeklyupdate.pdf

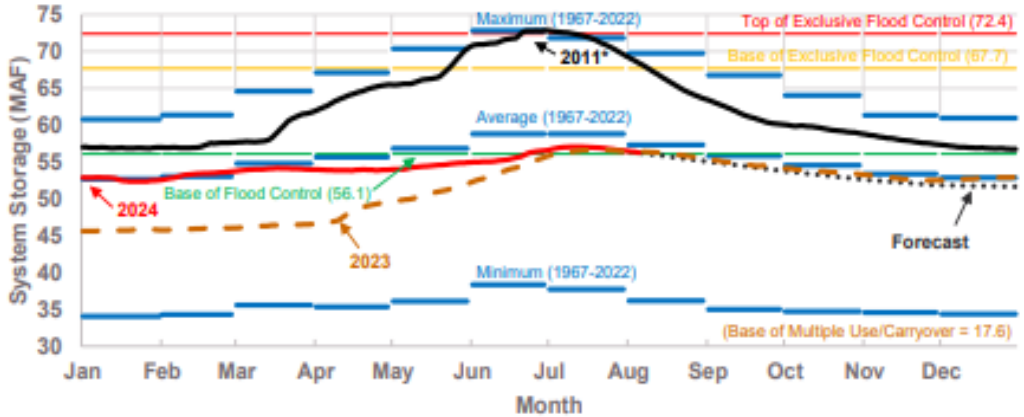
MISSOURI RIVER BASIN WEEKLY UPDATE
AUGUST 6, 2024

U.S. ARMY

Mainstem Reservoir Status

- System storage is 56.3 MAF, 0.2 MAF less than last week (upper right). For the August monthly study with forecasted pool levels and releases for each mainstem project, click here.
- Gavins Point reservoir releases are currently 27,500 cfs and will continue to be adjusted to meet navigation targets downstream. The release schedule for Gavins Point is also shown in our daily forecast (click here).
- The calendar year runoff forecast for the Missouri River Basin above Sioux City, IA updated on Aug 1st is 23.9 MAF (93% of normal). July runoff for the Basin was 85% of normal above Sioux City, and only 55% of normal above Gavins Point (click here).
- Drought conditions in the western portion of the Basin are expected to persist or worsen through the end of October (lower right).
- Refer to the 3-Week Forecast (click here) for the most up-to-date System information – pool levels, inflows, and releases.

System Storage Comparison

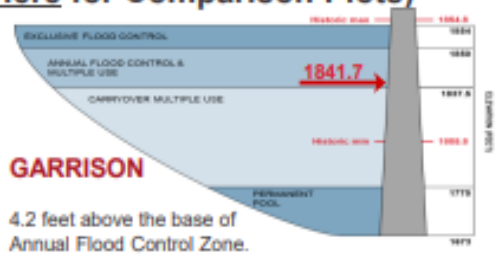


*In January 2011, the Base of Flood Control was 56.8 MAF, and the Top of Exclusive Flood Control was 73.1 MAF

Current Reservoir Levels (Click Here for Comparison Plots)

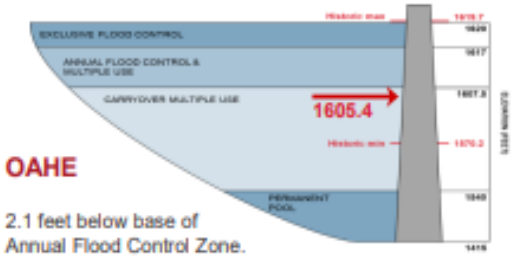
FORT PECK

5.3 feet below base of Annual Flood Control Zone.



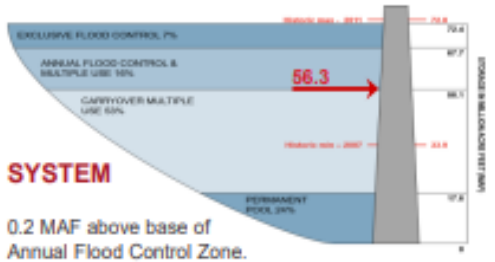
GARRISON

4.2 feet above the base of Annual Flood Control Zone.



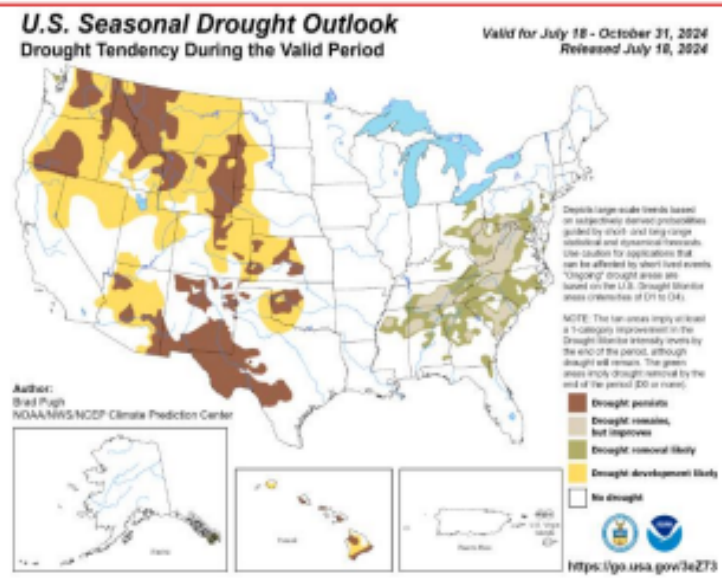
OAHE

2.1 feet below base of Annual Flood Control Zone.



SYSTEM

0.2 MAF above base of Annual Flood Control Zone.



Pick-Sloan 2023 PRS

- 2023 deficit $24M related to Base component costs
  - Deficit required to be repaid by 2033 (10 years)
  - Must make annual interest payments for this deficit until paid
- $5M required payments
- 2045 Irrigation Aid is the PRS pinch point
  - Second pinch is 2046 North Loup Irrigation Aid
- Study did not solve at the present rate, requires WAPA to adjust our rates to ensure we can recover annual expenses and meet required payments
  - Study solves with a composite rate of 32.15 mills/kWh
    - ~14% higher than current 28.20 mills/kWh

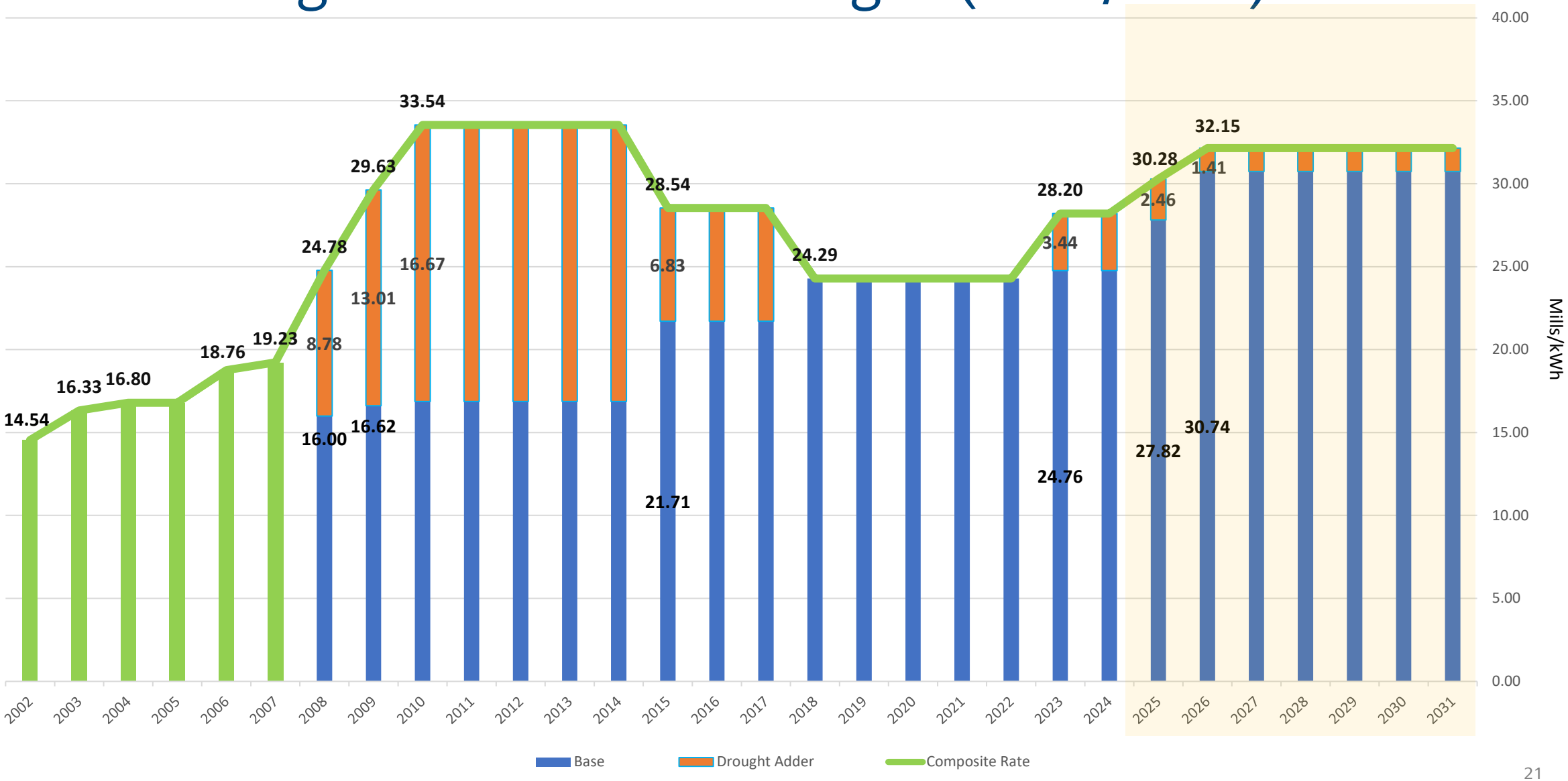
Impacts on the Pick-Sloan Base Component

- Base Increasing from 24.76 mills/kWh in two steps
  - Step 1 January 2025 increasing to 27.82 mills/kWh
  - Step 2 January 2026 increasing to 30.74 mills/kWh
  - Inclusion of FYs 2022 and 2023 Audited Financials
  - New 6-year Cost Evaluation Period
    - New investments/replacements, O&M expenses, and Inflationary costs
    - Irrigation Aid Required Payments are driving the Pinch Point
  - Normal Timing Power Purchases
    - BOR's LAP generation projections are higher than the LAP Post-89 avg. LAP system was not considered to be in "drought" condition at the time the generation forecast was completed

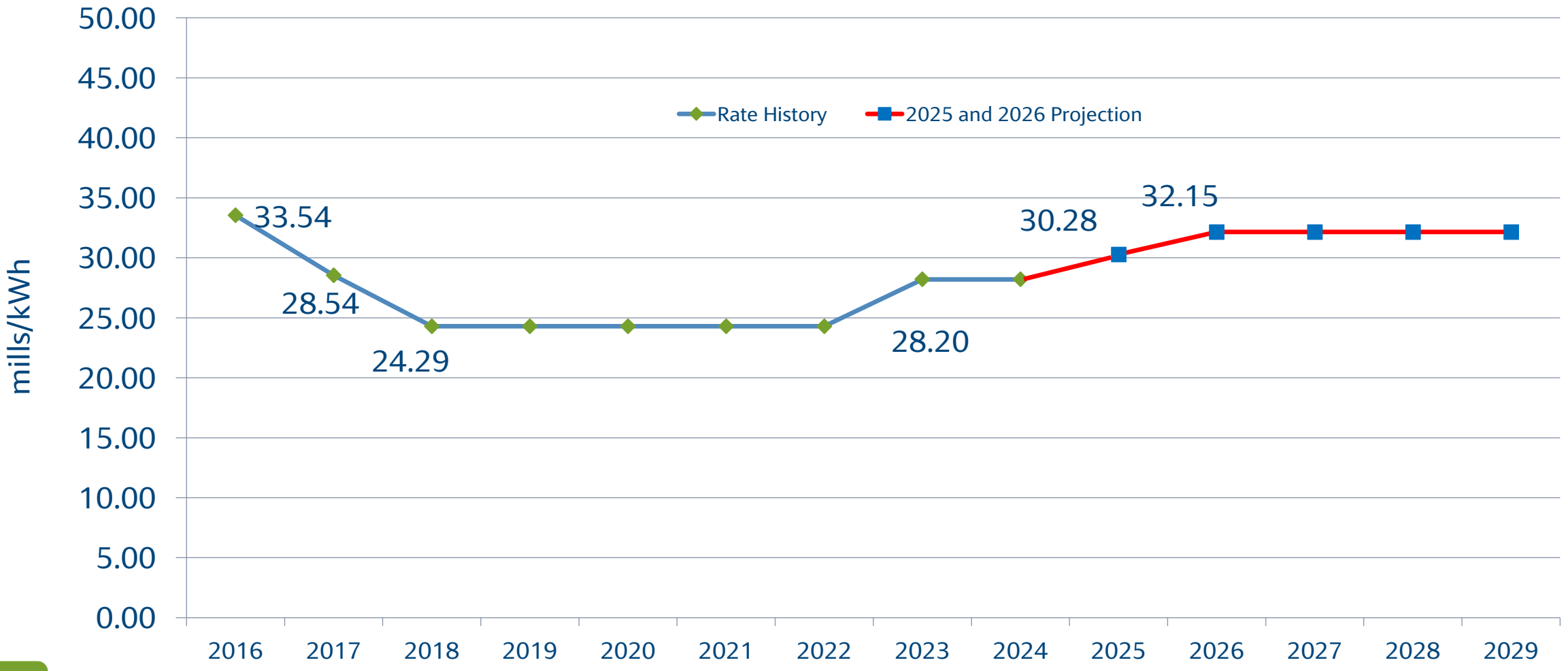
Impacts on the Pick-Sloan Drought Adder Component

- Drought Adder Decreasing from 3.44 mills/kWh in 2 steps
  - Estimate for 2025 decreasing to 2.46 mills/kWh
  - Estimate for 2026 decreasing to 1.41 mills/kWh
- Corps generation is slightly lower than but nearing average on the Pick-Sloan mainstem for 2024-2029
  - Lower purchases to meet UGP's firm obligations
  - Replacement energy prices are a bit lower than we had projected
  - Better surplus sales due to generation and market pricing

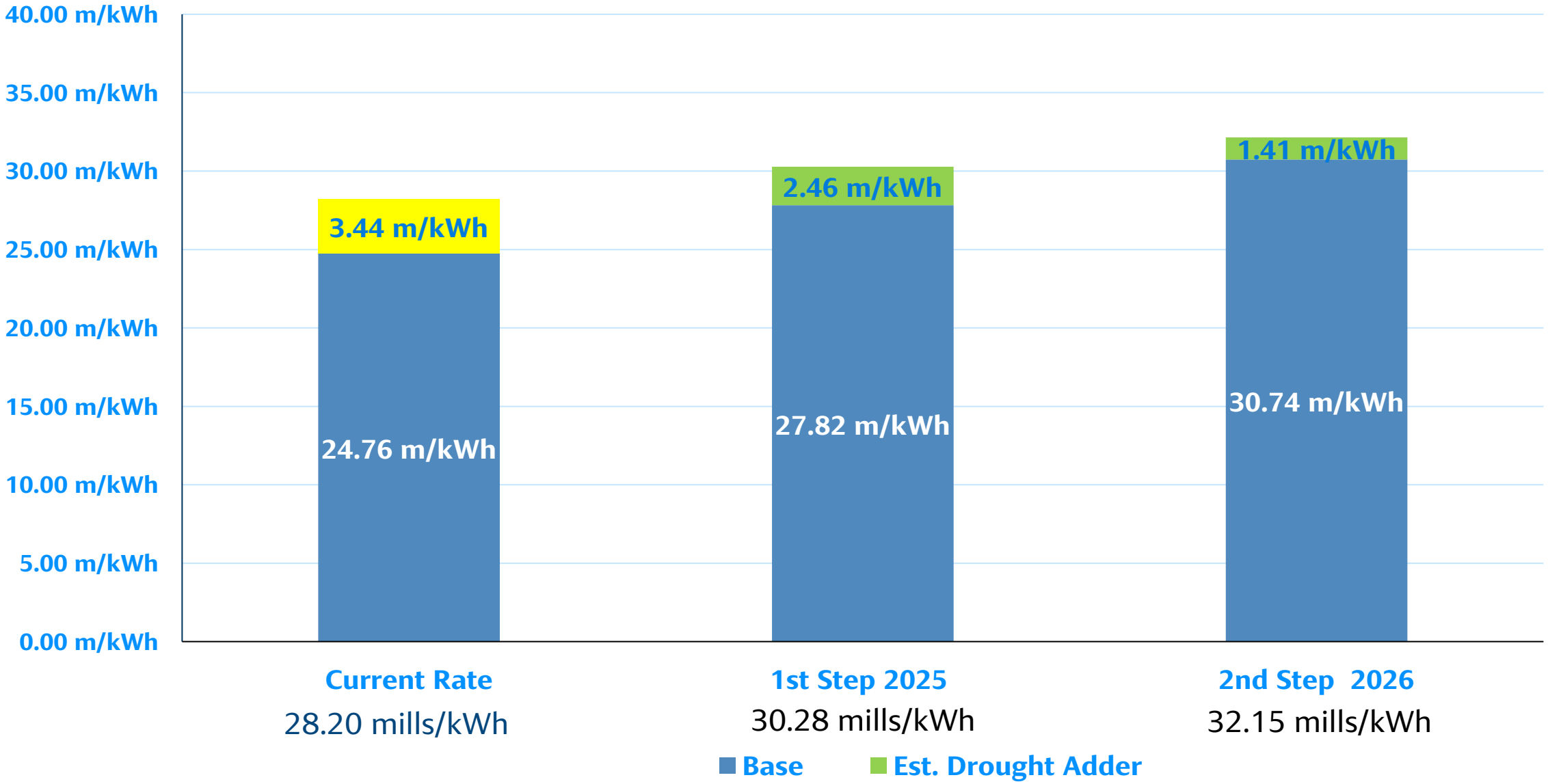
Historical Pick-Sloan Composite Base and Drought Adder Rate Changes (mills/kWh)



Pick-Sloan Composite Rate Projection



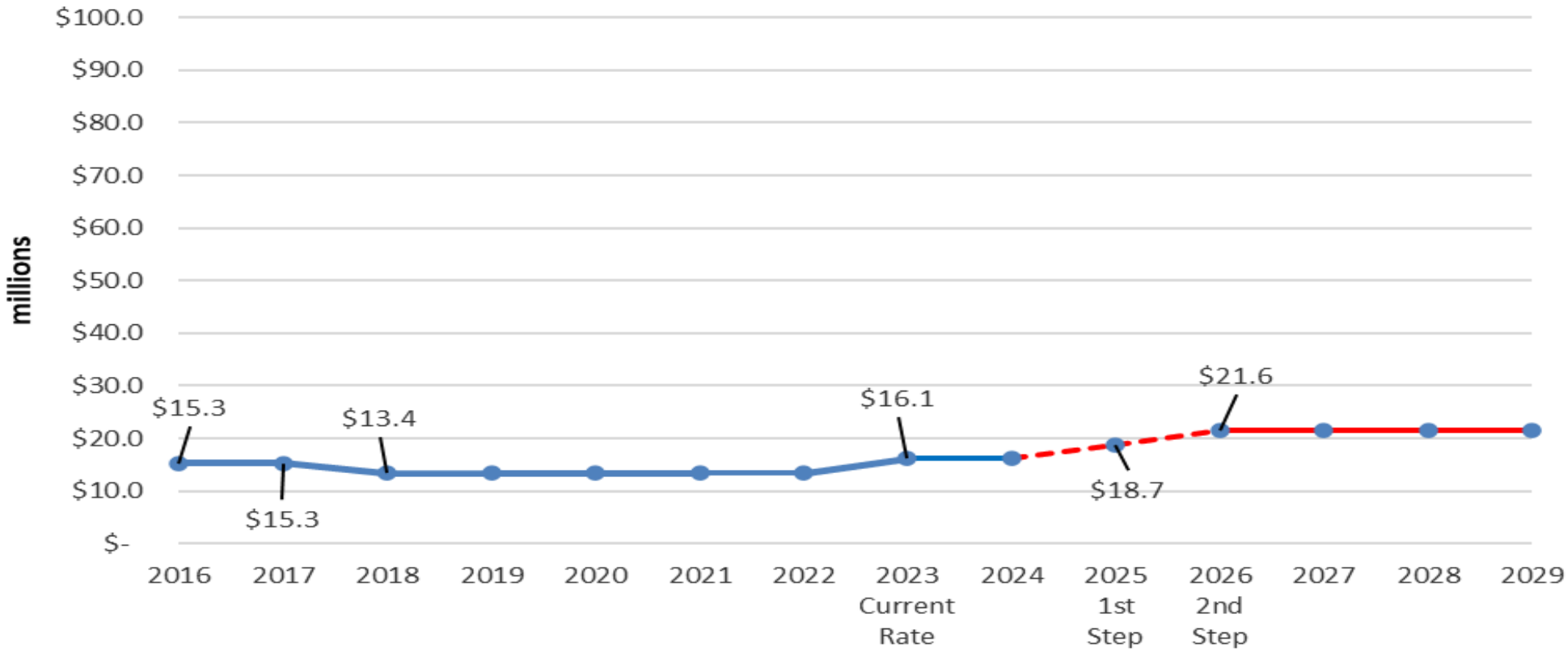
Pick-Sloan Composite by Component



Fry-Ark 2023 PRS

- No outstanding deficits
- 2033 and 2034 continue to be the pinch points in the study – related to the original investment
  - Significant increases in Mount Elbert rehabilitation and cracked rotor replacement costs and increases in O&M are putting pressure on pinch points
  - Using forced payments to pay down the original investment before making some payments towards the rehabilitation and rotor replacements
- Study did not solve at the approved revenue requirement, requires WAPA to adjust our rates to ensure we can recover annual expenses and meet required payments
  - Study solves with a Revenue Requirement of $21.6M
    - ~34% higher than the approved $16.1M

Fry-Ark
Revenue Requirement Projection



Impacts on the Fry-Ark Base Component

- Base Increasing $5.5M in two steps
  - Step 1 January 2025 increasing $2.6M
  - Step 2 January 2026 increasing $2.9M
- Inclusion of FYs 22-23 Audited Financials
- New 6-year Cost Evaluation Period
  - New investments/replacements, Interest, O&M expenses, and Inflationary costs
  - Mount Elbert rehabilitation costs within the rate window ($38.8M)
- Normal Timing Power Purchases for 2024-2027
  - BOR's generation projections are higher than the LAP Post-89 avg.
  - Replacement energy prices in $62 average range

Impacts on the Fry-Ark Drought Adder Component

- No impact – remains at $0
  - BOR's generation projections are higher than the LAP Post-89 avg. LAP system was not considered to be in "drought" condition at the time the generation forecast was completed

Rate Proposals

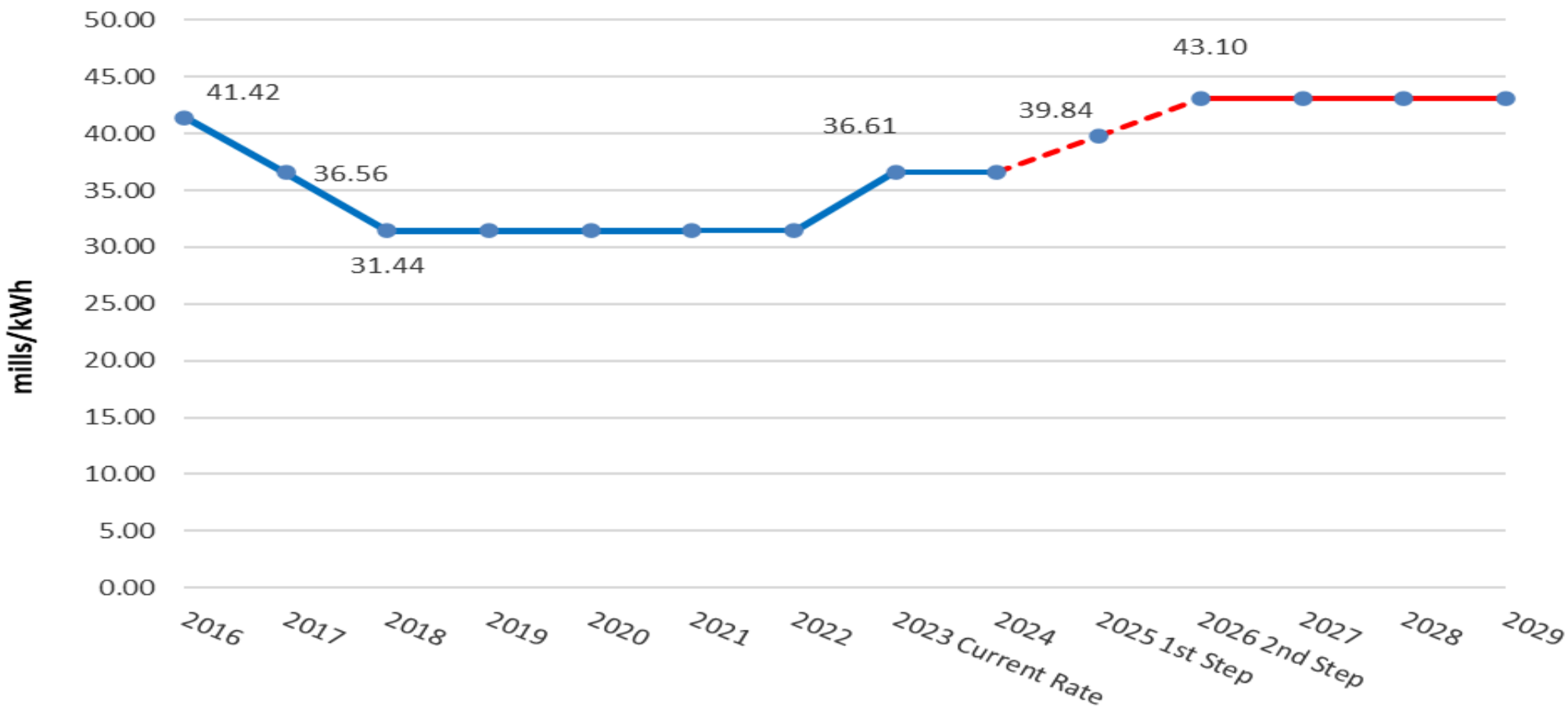
Loveland Area Projects
Rate Proposal

LAP Changes

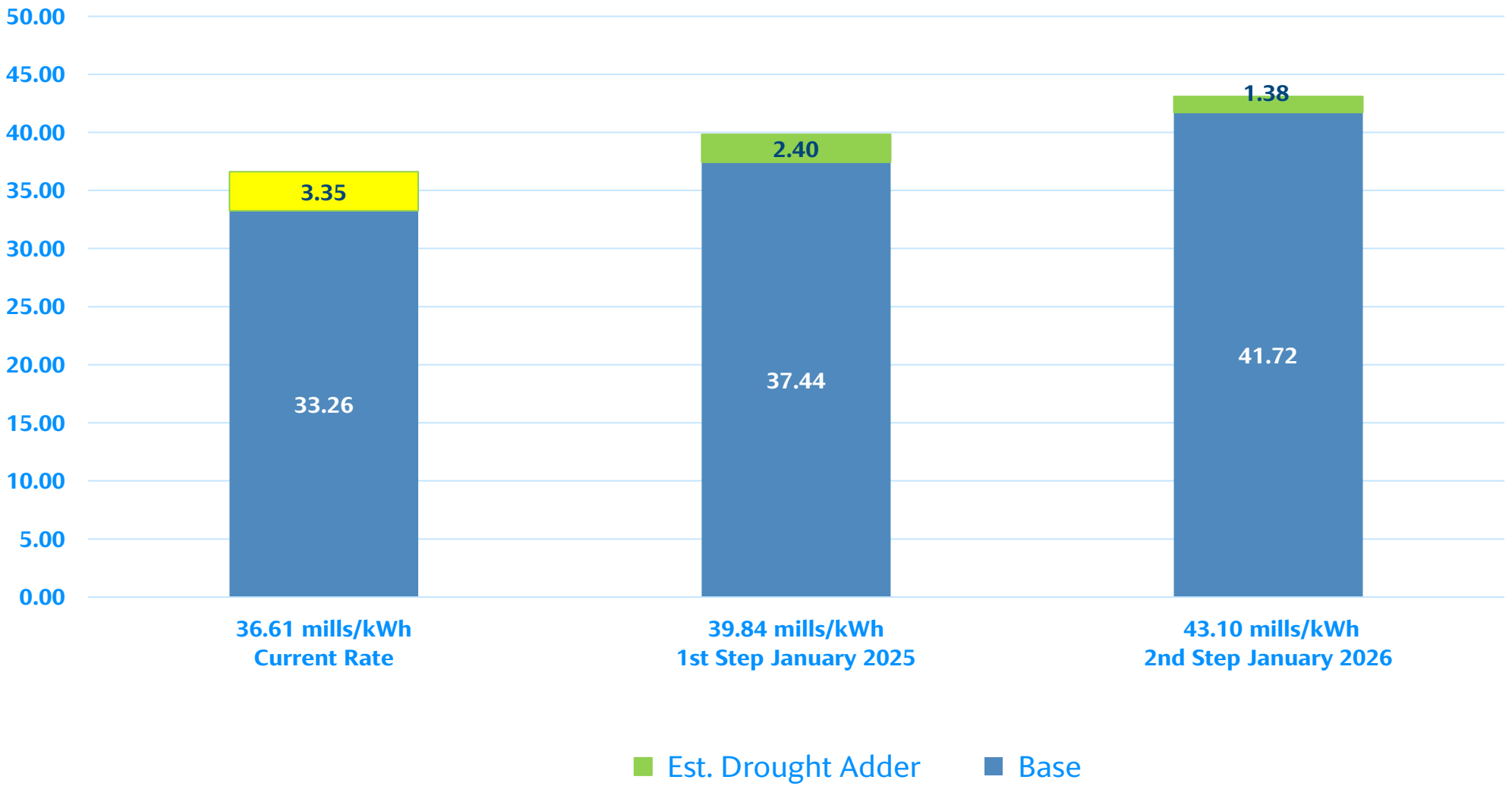
- Composite Rate increasing an estimated 6.49 mills/kWh or 17.7%
  - from 36.61 to 43.10 mills/kWh
- Implementing over a two-year period/in two steps
  - Increasing 3.23 mills/kWh in Jan. 2025
  - Increasing another 3.26 mills/kWh Jan. 2026

- Note: the Drought Adder components used to calculate this overall Composite Rate change are estimates and are subject to change based upon updated AOP/generation models and revised drought costs

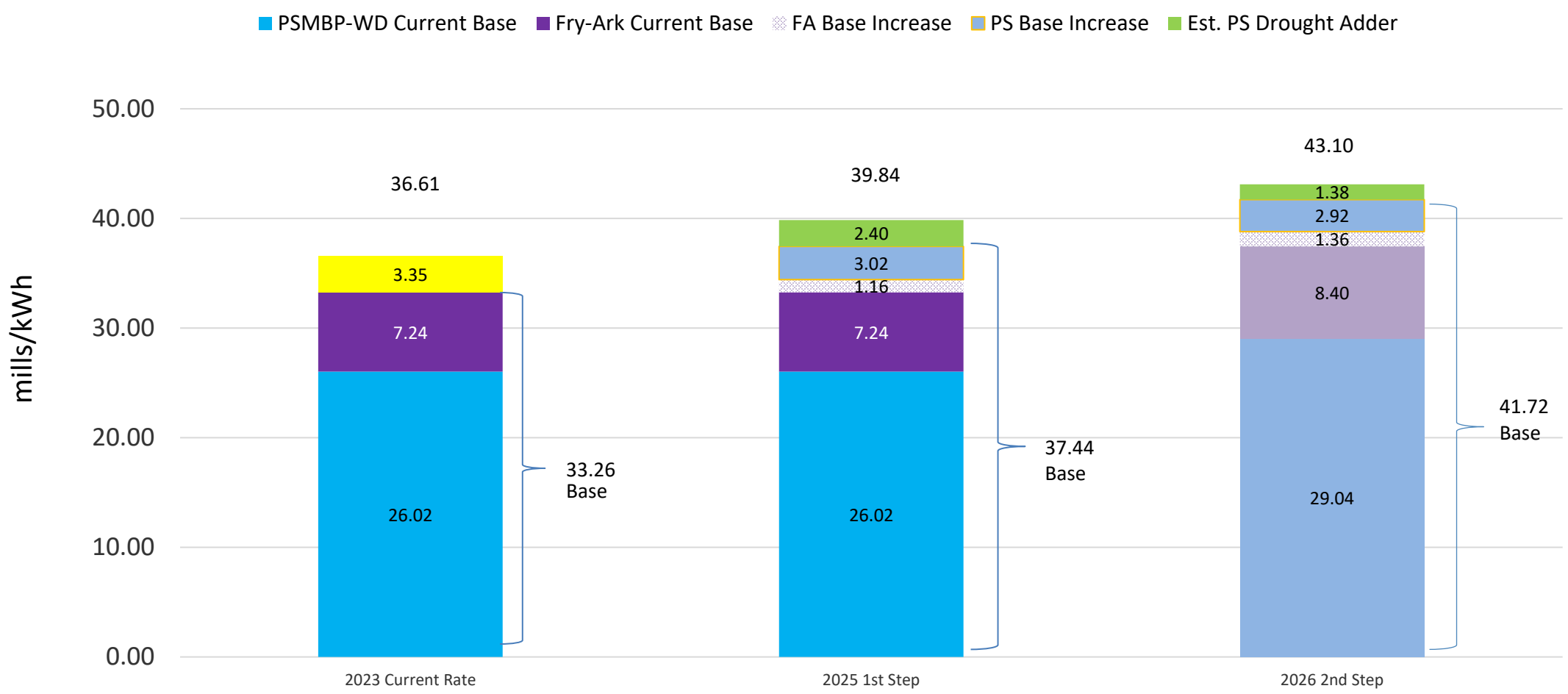
LAP
Composite Rate Projection



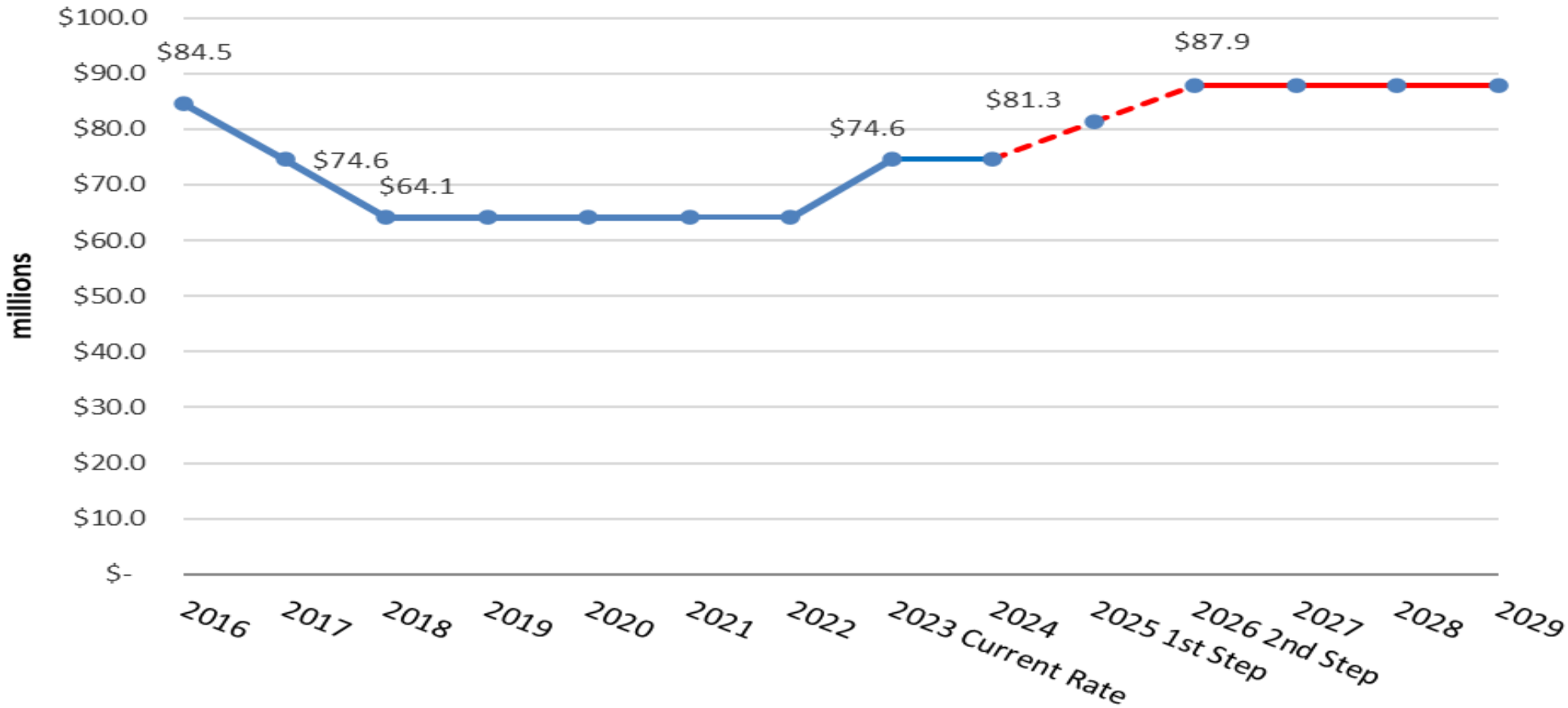
LAP Proposed Composite Rate
Base and Drought Adder Components



LAP Composite - Base and Drought Adder by Project



LAP
Revenue Requirement Projection



LAP - Revenue Requirements

LAP Firm Electric Service	Current Under L-F12 As of Jan. 1, 2023 (in million $)	Proposed Under L-F13 First Step As of Jan. 1, 2025 (in million $)	First Step Percent Change	Proposed Under L-F13 Second Step As of Jan. 1, 2026 (in million $)	Second Step Percent Change
Total Revenue Requirement[1]	$74.6	$81.3	9.0%	$87.9	8.1%
Pick-Sloan--WD	$58.5	$62.6	7.0%	$66.3	5.9%
Fry-Ark	$16.1	$18.7	16.1%	$21.6	15.5%
Base Component	$67.8	$76.4	12.7%	$85.1	11.4%
Pick-Sloan--WD	$51.7	$57.7	11.6%	$63.5	10.1%
Fry-Ark	$16.1	$18.7	16.1%	$21.6	15.5%
Drought Adder Component[2]	$6.8	$4.9	-27.9%	$2.8	-42.9%
Pick-Sloan--WD	$6.8	$4.9	-27.9%	$2.8	-42.9%
Fry-Ark	$0.0	$0.0	0.0%	$0.0	0.0%

[1] Proposed values are estimates only based on using final base and estimated drought adder components.
[2] Proposed values are estimates that may change during the existing annual drought adder adjustment process.

LAP – Proposed Rates Summary

LAP Firm Electric Service	Current Under L-F12 As of Jan. 1, 2023 (in million $)	Proposed Under L-F13 First Step As of Jan. 1, 2025[1]	First Step Percent Change	Proposed Under L-F13 Second Step As of Jan. 1, 2026[1]	Second Step Percent Change
LAP Composite Rate (mills/Kilowatt-hour)	36.61	39.84	8.8%	43.10	8.2%
Firm Capacity Rate ($/kilowatt-month)	$4.80	$5.22	8.8%	$5.65	8.2%
Firm Energy Rate (mills/kilowatt-hour)	18.31	19.92	8.8%	21.55	8.2%

[1] Proposed values are estimates only based on using final base and estimated drought adder components.

LAP – Proposed Charge Components

	Proposed Under L-F13 First Step As of Jan. 1, 2025			Proposed Under L-F13 Second Step As of Jan. 1, 2026		
	Base Component	Drought Adder Component[1]	Total Charge[2]	Base Component	Drought Adder Component[1]	Total Charge[2]
Firm Capacity ($/kilowatt-month)	$4.91	$0.31	$5.22	$5.47	$0.18	$5.65
Firm Energy (mills/kWh)	18.72	1.20	19.92	20.86	0.69	21.55

[1] Proposed values are estimates that may change during the existing annual drought adder adjustment process.
[2] Proposed values are estimates only based on using final base and estimated drought adder components.

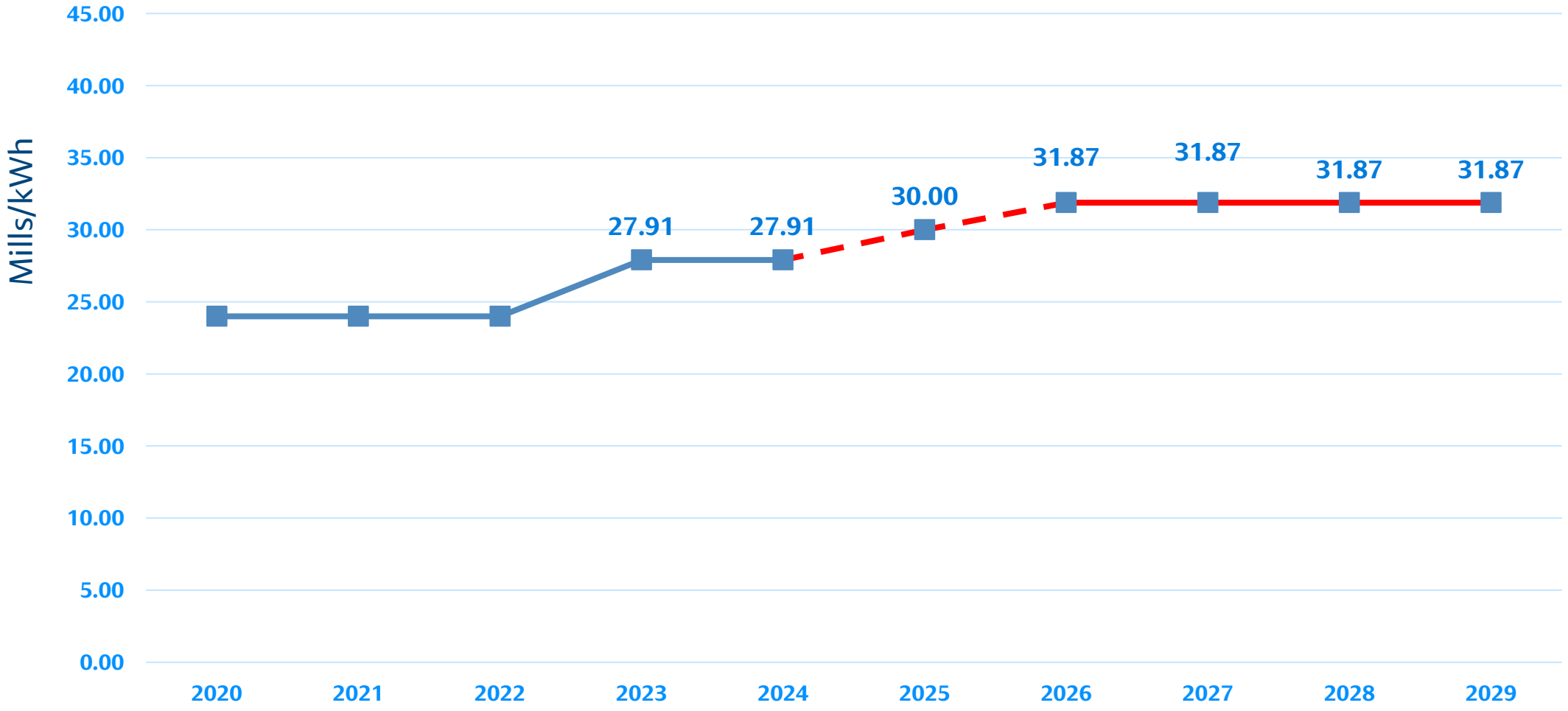
Pick-Sloan Missouri Basin Program--Eastern Division (P-SMBP--ED) Rate Proposal

P-SMBP--ED Rate Changes

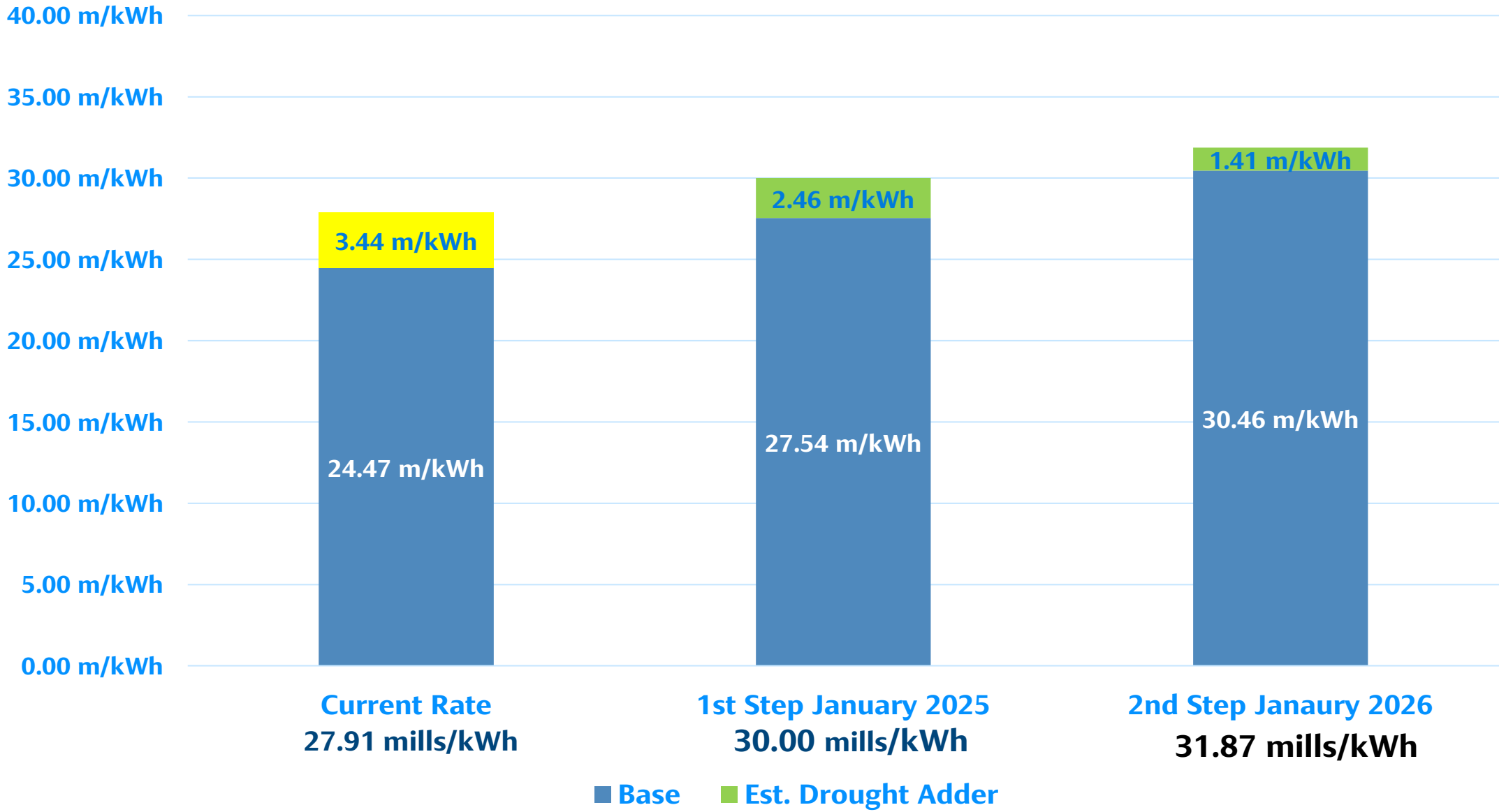
- Composite Rate increasing an estimated 3.96 mills/kWh or 14.2%
  - from 27.91 to 31.87 mills/kWh
- Implementing over a two-year period/in two steps
  - Increasing 2.09 mills/kWh in Jan. 2025
  - Increasing another 1.87 mills/kWh Jan. 2026

- Note: the Drought Adder components used to calculate this overall Composite Rate change are estimates and are subject to change based upon updated AOP/generation models and revised drought costs

P-SMBP--ED Composite Rate Historical and Projected



P-SMBP--ED Proposed Rates for January 2025 and 2026



P-SMBP--ED Revenue Requirement Components

Firm Power Service	Current Jan. 1, 2023 (in million $)	Proposed Step 1 Jan. 1, 2025 (in million $)	First Step Percent Change	Proposed Step 2 Jan. 1, 2026 (in million $)	Second Step Percent Change
Total Revenue Requirement	$268.4	$288.1	7.4%	$306.0	6.2%
Base Component	$235.4	$264.5	12.4%	$292.4	10.5%
Drought Adder Component	$33.0	$23.6	-28.5%	$13.6	-42.4%

[1] Proposed values are estimates that may change during the existing annual drought adder adjustment process.
[2] Proposed values are estimates only based on using final base and estimated drought adder components.

P-SMBP--ED Proposed Rates Summary

P-SMBP--ED Firm Power Service	Current Under P-SED-F14/ P-SED-FP14 As of Jan. 1, 2023	Proposed Under P-SED-F15/ P-SED-FP15 As of Jan. 1, 2025[1]	First Step Percent Change	Proposed Under P-SED-F15/ P-SED-FP15 As of Jan. 1, 2026[1]	Second Step Percent Change
P-SMBP--ED Composite Rate (mills/kilowatt-hour)	27.91	30.00	7.5%	31.87	6.2%
Firm Demand ($/kilowatt-month)	$6.20	$6.60	6.5%	$7.00	6.1%
Firm Energy (mills/kilowatt-hour)	15.27	16.55	8.4%	17.60	6.3%
Firm Peaking Demand ($/kilowatt-month)	$5.70	$6.05	6.1%	$6.40	5.8%
Firm Peaking Energy[2/] (mills/kilowatt-hour)	15.27	16.55	8.4%	17.60	6.3%

[1/] Proposed values are estimates only based on using final base and estimated drought adder components.
[2/] Firm peaking energy is normally returned. This will be assessed in the event firm peaking energy is not returned.

	Proposed Charges Under Rate Schedules P-SED-F15 and P-SED-FP15 First Step As of January 1, 2025			Proposed Charges Under Rate SchedulesP-SED-F15 and P-SED-FP15 Second Step As of January 1, 2026		
	Base Component	Drought Adder Component 1/	Total Charge 2/	Base Component	Drought Adder Component 1/	Total Charge 2/
Firm Demand ($/kilowatt-month)	$6.05	$0.55	$6.60	$6.70	$0.30	$7.00
Firm Energy (mills/kWh)	15.21	1.34	16.55	16.80	0.80	17.60
Firm Peaking Demand ($/kilowatt-month)	$5.55	$0.50	$6.05	$6.10	$0.30	$6.40
Firm Peaking Energy (mills/kWh)	15.21	1.34	16.55	16.80	0.80	17.60

1/ Proposed values are estimates that may change during the existing annual drought adder adjustment process.
2/ Proposed values are estimates only based on using final base and estimated drought adder components.

Sale of Surplus Products
LAP and P-SMBP--ED

Sale of Surplus Products

- No Changes being proposed to existing rate schedules L-M3 and P-SM2
  - Surplus energy & capacity products include:
    - Energy
    - Reserves
    - Regulation
    - Frequency Response
  - Requirements
    - Separate agreement(s) with Marketing Offices – not to exceed 1 year
  - Charge
    - Based on market rates plus administrative costs

Annual Drought Adder Review Schedule

Drought Adder Review Schedule for 2024

- Finalize annual Power Repayment Studies (Feb-March)
- Determine if Base and/or Drought Adder needs adjustment via formal rate adjustment
- Corps snowpack is final—new generation projections April 15th
- Perform preliminary review of Drought Adder early summer – notify customers of estimated change to the rate

- **Perform second review of Drought Adder in September**
- **Notify customers in October of Drought Adder change to be implemented January 2025**

P-SMBP--ED

Materials will be posted to Website:
www.wapa.gov/about-wapa/regions/ugp/ugp-rates/2025-firm-rate-adjustment/

Contact:
Linda Cady-Hoffman
UGP Rates Manager
Phone: 406-702-4791
E-mail: cady@wapa.gov

LAP

Materials will be posted to Website:
www.wapa.gov/about-wapa/regions/rm/rm-rates/2025-rate-adjustment–firm-electric-service

Contact:
Sheila Cook
RMR Rates Manager
Phone: 970-685-9562
E-mail: scook@wapa.gov

Question and Answer Session

Panel

Sheila Cook
RMR Rates Manager

Bart Barnhart
RMR Regional Manager

Parker Wicks
Power Marketing Manager for RMR

Linda Cady-Hoffman
UGP Rates Manager

Lloyd Linke
UGP Regional Manager

Lori Frisk
Power Marketing Manager for UGP

This concludes today's Public Information Forum

Please provide comments via e-mail
no later than August 27, 2024,
and/or at the
Virtual Public Comment Forum
August 7, 2024, from 11:00 am MDT to no later than noon MDT

P-SMBP--ED	**LAP**
E-mail: UGPFirmRate@wapa.gov	E-mail: lapfirmadj@wapa.gov

Western Area Power Administration

Welcome

Pick-Sloan Missouri River Basin Program--Eastern Division & Loveland Area Projects

Proposed 2025 FES Rate Adjustment Public Comment Forum

Forum will begin at 11:00 a.m. MDT

Western Area Power Administration

Pick-Sloan Missouri River Basin Program--Eastern Division
&
Loveland Area Projects

Proposed 2025 FES Rate Adjustment
Public Comment Forum

To comment on the record, please raise your virtual hand to be recognized by the Moderator

Western Area Power Administration

Pick-Sloan Missouri River Basin Program--Eastern Division
&
Loveland Area Projects
Proposed 2025 FES Rate Adjustment

The Public Comment Forum Has Ended

Please provide comments via e-mail no later than August 27, 2024

P-SMBP--ED

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