

ACTION BRIEF

BOARD OF DIRECTORS



Agenda Number 9.b.i

CONTACT: Jeff Ritter 623-869-2423 jritter@cap-az.com
Darrin Francom 623-869-2276 dfrancom@cap-az.com

MEETING DATE: Thursday, June 1, 2023

AGENDA ITEM: Discussion and Consideration of Action to Approve the WAPA One Transmission Rate (*Power^*) - Ritter

RECOMMENDATION: Staff recommend that Amendment No. 2 to WAPA contract No. 13-DSR-12421, as presented, be approved by the Board and authorize the General Manager, or her designee, to sign the agreement and move to the One Transmission Rate.

FISCAL IMPLICATIONS: No

Impact on Budget:

None

Additional spending authority requested: None

Impact on Reserves:

None

Impact on Rates:

Moving to the One Transmission Rate is expected to reduce Fixed OM&R costs for CAP.

LINKAGE TO STRATEGIC PLAN, POLICY, STATUTE OR GUIDING PRINCIPLE:

2022 CAWCD Board Strategic Plan

Power: *Building a reliable, diversified, and sustainable energy portfolio*

PREVIOUS BOARD ACTION/ACTIVITY:

September 2022 FAP Committee Power Programs Report on WAPA Combined Rates

May 2023 FAP Committee Action Item for One Transmission Rate

ISSUE SUMMARY/DESCRIPTION:

Western Area Power Administration (WAPA) is responsible for the administration, operation, and maintenance of transmission systems associated with Federal hydro power projects. Costs for this work are recovered through assessment of a transmission rate: a fee paid by transmission customers based on capacity reservation. In the Desert Southwest region, WAPA operates four transmission systems, each with its own rate. As the rates for these systems have coalesced over the last few years, WAPA has begun the process of consolidating to one rate for all customers / projects: the One Transmission Rate (OTR). Moving to the OTR is expected to result in significant cost savings for CAP, which will impact the Fixed OM&R portion of the Water Rate. WAPA estimates that transition to the OTR will occur by the end of 2023.

SUGGESTED MOTION:

I move that the Board authorize the General Manager, or her designee, to sign Amendment No. 2 to WAPA contract No. 13-DSR-12421 and move to the One Transmission Rate.

ATTACHMENTS:

1. Current WAPA Contract
2. Proposed WAPA Contract Amendment