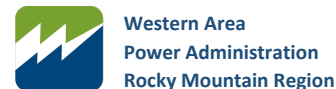


# CATEGORICAL EXCLUSION DETERMINATION



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**Proposed Action Title: Rocky Mountain Region New Formula Rates for the Loveland Area Projects Transmission and Ancillary Services to be Recovered Under the Southwest Power Pool's Open Access Transmission Tariff - Rate Order No. WAPA-219**

**Location: Colorado, Kansas Nebraska, and Wyoming**

**Project Number: 2025-032**

**Expiration Date: In accordance with the rates under Rate Order No. WAPA-219**

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## **A. PROPOSED ACTION DESCRIPTION:**

Western Area Power Administration (WAPA), Rocky Mountain (RM) region proposes new formula rates for the Loveland Area Projects (LAP) transmission and ancillary services for RM's costs to be recovered under the Southwest Power Pool's (SPP) Open Access Transmission Tariff (Tariff) should RM decide to become a member of SPP. If RM decides to become a member of SPP, these new formula rates under Rate Schedules LAPT-ATRR (transmission), LAPT-DCTIE-IMEU (incremental market efficiency use), and LAPT-AS1 (scheduling, system control, and dispatch) will supersede the existing formula rates for transmission and ancillary services under Rate Schedules L-NT1, L-FPT1, L-NFPT1, L-NFJDT, L-UU1, L-AS1, L-AS2, L-AS3, L-AS4, L-AS5, L-AS6, L-AS7, and L-AS9, which expire on September 30, 2026.<sup>1</sup>

The proposed formula rates under Rate Schedules LAPT-ATRR, LAPT-DCTIE-IMEU, and LAPT-AS1 will become effective on the first day of the first full billing period beginning on the latter of (1) when RM officially becomes a member of, and transfers functional control of LAP transmission facilities to, SPP; or (2) the go-live date of the expansion of the SPP Regional Transmission Organization (RTO) into the Western Interconnection (scheduled for April 1, 2026). These formula rates will remain in effect through March 31, 2031, pending confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis or until superseded. If RM does not become a member of SPP, these proposed formula rates will be cancelled and existing formula rates will remain in effect.

### **Background**

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).<sup>2</sup> 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. On March 20, 2025, FERC accepted, subject to condition and further compliance filing, SPP's proposed

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<sup>1</sup> Categorical exclusion determinations issued under "2016-077-Proposed Formula Rate Adjustment for Transmission Ancillary Services and Sale of Surplus" and "2021-088 Rate Change Extension CX-WAPA-197-03262024".

<sup>2</sup> Categorical exclusion determination issued on 10-4-2022.

Tariff, Bylaws, and Membership Agreement revisions. Subject to further approval by the Administrator, RM plans to become a member of SPP.<sup>3</sup>

RM's membership will include RM becoming a Transmission Owner (TO) member of SPP and SPP assuming the balancing authority (BA) responsibilities for RM's Western Area Colorado Missouri (WACM) Balancing Authority (BA) area. WAPA will transfer functional control of eligible LAP transmission facilities to SPP. At such time, LAP transmission and ancillary services and WACM BA ancillary services will no longer be available under WAPA's Tariff, and RM's BA contracts and the existing transmission and ancillary services rate schedules.

LAP transmission and ancillary services will be provided under the SPP Tariff by SPP as the transmission service provider. Accordingly, under Rate Order No. WAPA-219 published in the Federal Register on December 27, 2024 (89 FR 105564), RM proposed new formula rate designs/rate schedules for specific costs to be recovered under the SPP Tariff.

- LAP Annual Transmission Revenue Requirement – Rate Schedule LAPT-ATTR  
RM will use a formula-based rate methodology to calculate its annual transmission revenue requirement (ATTR). The ATTR is derived by annualizing LAP transmission investments that meet the Transmission Facility criteria as identified in Attachment AI to SPP's Tariff and adding transmission-related annual costs, including interest, operation and maintenance (O&M), administrative and general costs, and depreciation. The annual costs will be reduced by applicable revenue credits received by RM under the SPP Tariff. RM will recover transmission-related expenses and investments on a forward-looking basis by using projections to estimate transmission costs for the upcoming rate year, with a true-up of incurred costs in a subsequent year.
- Sidney DC Tie Incremental Market Efficiency Use – Rate Schedule LAPT-DCTIE-IMEU  
SPP's Incremental Market Efficiency Use (IMEU) Charge compensates each West DC Tie TO for the expected loss of life of that owner's West DC Tie facility due to increased utilization of the West DC Ties by the Integrated Marketplace.

RM will use a loss-of-life for each eligible group of Sidney DC Tie equipment due to expected market operation impacts, and provide a levelized annual estimate to SPP. The loss-of-life calculations are based upon impact metrics directly related to the increased market use for each of the Sidney DC Tie equipment groups eligible for cost recovery. The IMEU Share calculations are based upon the change in the estimated depreciation expense due to the loss of life predicted for each group of Sidney DC Tie equipment. Cost estimates are calculated on a forward-looking basis by using projections to determine costs for the upcoming rate year, with a true-up of incurred costs in a subsequent year.

- Scheduling, System Control, and Dispatch Service – Rate Schedule LAPT-AS1  
Scheduling, System Control, and Dispatch (SSCD) Service is required to operate a TO's SPP Tariff facilities and schedule movement of power through, out of, within, or into one or both of

<sup>3</sup> WAPA's Colorado River Storage Project Management Center also plans to become a member of the SPP RTO, and WAPA's Upper Great Plains region plans to expand membership participation in the SPP RTO. These regions are implementing new formula rate designs/rate schedules under separate Rate Order Nos. WAPA-220 and WAPA-218, respectively.



the SPP BA areas and certain parts of the transmission system not located within a SPP BA area. These functions are conducted by the RM Operations staff on behalf of the LAP and Colorado River Storage Project (CRSP) TOs. RM will use a formula-based rate methodology to calculate its annual revenue requirement (ARR) for SSCD Service. RM's overall ARR for SSCD Service is allocated between RM and the CRSP region. RM's transmission portion of its allocation of the SSCD ARR will be collected under Rate Schedule LAPT-AS1 and the CRSP region's allocation of the SSCD ARR will be collected by the CRSP region under their applicable rate(s).

In consideration of 10 CFR part 1021 subpart D, B.4.3, the rate methodologies under this rate adjustment process will not affect the generation projects and operations will remain within normal operating limits.

A full description of this rate action can be found in the following document(s):

Notice of Proposed Rates - Rate Order No. WAPA-219 and Customer Rate Brochure which can be found electronically at

<https://www.wapa.gov/about-wapa/regions/rm/rm-rates/2026-rate-adjustment-rto-trans-and-anc-svcs/> and <https://www.oasis.oati.com/LAPT/index.html>.

## **B. NUMBER AND TITLE OF THE CATEGORICAL EXCLUSION BEING APPLIED:**

(See text in 10 CFR 1021, Subpart D.)

### **B.4.3 Electric Power Marketing Rate Changes**

Rate changes for electric power, power transmission, and other products or services provided by a Power Marketing Administration that are based on a change in the revenue requirements, if the operations of generation projects would remain within normal limits.

## **C. REGULATORY REQUIREMENTS 10 CFR 1021.410 (b):** (See full text in regulation)

☒ The proposed action fits within a class of actions that is listed in Appendix A or B of 10 CFR 1021.

To fit within the classes of actions listed in Appendix B, a proposal must be one that would not:

(1) threaten a violation of applicable statutory, regulatory, or permit requirements for environment, safety, and health, or similar requirements of the Department of Energy (DOE) or Executive Orders; (2) require siting and construction or major expansion of waste storage, disposal, recovery, or treatment facilities (including incinerators), but the proposal may include categorically excluded waste storage, disposal, recovery, or treatment actions or facilities; (3) disturb hazardous substances; pollutants; contaminants; or Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)-excluded petroleum and natural gas products that preexist in the environment such that there would be uncontrolled or unpermitted releases; (4) have the potential to cause significant impacts on environmentally sensitive resources, including, but not limited to, those listed in paragraph B(4) of 10 CFR 1021, Subpart D, Appendix B; (5) involve genetically engineered organisms, synthetic biology, governmentally designated noxious weeds, or invasive species, unless the proposed activity would be contained or confined in a manner designed and operated to prevent



unauthorized release into the environment and conducted in accordance with applicable requirements, such as those of the Department of Agriculture, the Environmental Protection Agency, and the National Institutes of Health.

☒ There are no extraordinary circumstances related to the proposal that may affect the significance of the environmental effects of the proposal.

☒ The proposal has not been improperly segmented, and the proposal is not connected to other actions with potentially significant impacts, is not related to other proposed actions with cumulatively significant impacts, and is not precluded by 40 CFR 1506.1 or 10 CFR 1021.211.

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#### **D. DETERMINATION:**

WAPA follows the regulations at 40 C.F.R. Parts 1500–1508, in addition to the Department of Energy’s regulations implementing NEPA at 10 C.F.R. Part 1021 to meet the agency’s obligations under NEPA, 42 U.S.C. §§ 4321 et seq.

Based on my review of information conveyed to me and in my possession (or attached) concerning the proposed action, as NEPA Compliance Officer (as authorized under DOE Order 451.1B), I have determined that the proposed action fits within the specified class(es) of action, the other regulatory requirements set forth above are met, and the proposed action is hereby categorically excluded from further NEPA review.

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Signature and Date

James Wood, Regional Environmental Manager  
Rocky Mountain Region  
Western Area Power Administration

