FOR RELEASE: FEBRUARY 15, 1980

REVISED TO PROPOSED POWER RATE INCREASE ANNOUNCED

Robert McPhail, Administrator, Western Area Power Administration (Western) announced today that the proposed power rate increase for electric power generated by the Colorado River Storage Project (CRSP) has been revised to 25.8 percent from the 23.8 percent increase announced last September.

The power and transmission rates for Federal power marketing administrations are established pursuant to various public laws and acts specifically applicable to the project or system involved. Rates must be as low as possible consistent with sound business principles, but they must be high enough to repay the Government's investment with interest, and to repay the portion of the irrigation investment which is beyond the repayment capability of the water users. For the CRSP, power revenues must also be available to construct future participating projects in the four upper basin States of Colorado, Utah, New Mexico and Wyoming.

A power repayment study made for fiscal year 1977 shows that the existing power rate for the CRSP is insufficient to repay the costs assigned to the power function within allowable time periods. This is attributable to rapidly escalating construction and operating expenses, including the costs of purchasing power to supplement the project's hydro generation.

In April 1979, Western initially proposed a rate increase of 38 percent. As a result of the comments on this proposal, coupled with a reanalysis of the basis data in the CRSP repayment study, in September 1979 Western revised its recommendation to 23.8 percent.

However, in a further review, it was ascertained that some of the estimated future investment costs for authorized participating projects in the initial repayment study were based on the January 1976 price level and others on the October 1967 price level. The investment costs of the latter projects have been updated to January 1976, resulting in the current revised increase of 25.8 percent.
The proposed rate adjustment would affect 72 preference customers which include municipalities, rural electric cooperatives, irrigation districts, water conservancy districts, publicly-owned utilities, and State and Federal agencies, over a six-State area: Colorado, Wyoming, New Mexico, Arizona, Utah, and Nevada.

Western is the Federal agency responsible for marketing power generated by the six existing CRSP powerplants. The powerplants are located at storage dams built on the Upper Basin sections of the Colorado River and its tributaries: Morrow Point, Blue Mesa, and Crystal Dams in Colorado; Flaming Gorge Dam in Utah; Fontenelle Dam in Wyoming; and Glen Canyon Dam in Arizona. During fiscal year 1978, a total of 5.8 million megawatthours were sold from the CRSP.

Notification of the proposed rate adjustment was published in the Federal Register on February 15, 1980. Brochures containing background data and explaining the need for the rate adjustment are being mailed to customers and other interested parties.

Written comments concerning the proposed action may be submitted for 30 days after the date of the Federal Register Notice. Comments should be submitted to, and supplemental information may be obtained from, Mr. Al Gabiola, Area Manager, Western Area Power Administration, Salt Lake City Area Office, P.O. Box 11606, Salt Lake City, Utah 84147, phone (801) 524-5493.

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