

# Responses to Outstanding Questions from Integrated System Rate Forum

1/22/2025

This document provides responses to outstanding questions asked at the December 18, 2024, Public Comment and Information Forum for the proposed Integrated System rate. References to the Draft 2023 Integrated System Power Repayment Study and Rate Design Study (Draft 2023 Study) are in bold and are publicly available at <https://www.energy.gov/swpa/rate-schedule-actions>. Each question is stated as captured in the final transcript of the forum, including the applicable page number of the transcript which is available at the above website.

1. Questions: "...Can you just briefly explain what has caused the driver between 2022 and 2023 in that large difference in column 15 for total investments?" (transcript page 28) and "Is there any way we could get a - - just some sort of accounting of what those additions are?" (transcript page 65):

Reference line item 15 on **page A-7 of Draft 2023 Study / PDF page 10 of "First Section" document**, both the "2022 STUDY" and "2023 STUDY" columns "Total Investment" is a summation of three values: the line item 16 "Total Major Replacements" value, U.S. Army Corps of Engineers (Corps) Project Additions, and Southwestern Power Administration (Southwestern) Transmission Additions. Additions are one-time capital investments specified in the Draft 2023 Study for fiscal year (FY) 2023 through FY 2027, as well as the Construction Work In Progress (CWIP) for both Southwestern and the Corps as stated on the joint financial statements for the Southwestern Federal Power System.

The main reasons for cost increases to the Total Investment estimates in the Draft 2023 Study as compared to the 2022 Power Repayment Study are increases in the estimated costs of Replacements and Additions based on actual recent cost increases experienced, as well as increases in the construction cost indexes used by Southwestern to inflate the estimated cost of Replacements and Additions to current year dollars (2023, in the Draft 2023 Study).

The table below summarizes Corps and Southwestern Additions assumptions used in the Draft 2023 Study.

<b>Project</b>	<b>2023 Total</b>	<b>Description</b>
Beaver	\$3,320,000	Sump pump and penstock rehab
Blakley Mountain	\$350,000	GSU rehab
Broken Bow	\$975,000	Oil containment, maintenance platform
Bull Shoals	\$475,000	Unit 5 cavitation repair
Cannon	\$550,000	Turbine sizing and fire suppression Phase 1
Dardanelle	\$9,157,600	Flood wall repairs (joint cost), draft tube liner and cavitation repair
DeGray	\$515,000	GSU repair, cavitation repair
Denison	\$10,000,000	Temp wall, and penstock repairs
Ft. Gibson	\$12,034,000	Facilities light and replacement windows, bridge repair
Truman	\$7,190,000	Turbine sizing study, stub shaft repair, cavitation repair, reliability updates
Norfork	\$4,861,000	HD gate mechanical rehab
Ozark	\$200,000	Index testing
Kerr	\$850,000	Sequential event recorder and synchronizer, sewage rehab
Stockton	\$800,000	Crane drum repair, reliability updates

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Table Rock	\$964,960	Penstock painting, cavitation repairs
Tenkiller	\$200,000	Replacement lighting
Webbers Falls	\$9,169,641	Tainter gate rehab, stilling basin repairs
Whitney	\$660,000	Erection bay door rehab
Corps One-Time Investments Subtotal	\$62,272,201	Sum of above project one-time investments.
Corps CWIP Total	\$16,756,210	Capital projects in progress as of 9/30/2022 and the labor costs assigned to those capital projects; examples are draft tube and bridge crane replacements, generator rewinds.
<b>Corps Additions Total</b>	<b>\$79,028,411</b>	<b>Sum of Corps one-time investments and CWIP. See page L-16 of Draft 2023 Study / PDF page 173 of “Last Section” document, Total Project Scheduled Additions, sum of years 2023 – 2027, Total Project Investment column.</b>
Southwestern Transmission One-Time Investments Subtotal	\$33,581,339	Tulsa HQ building costs, Spectrum additional costs, communication tower additions.
Southwestern CWIP Total	\$18,366,100	Capital projects in progress as of 9/30/2022 and the labor costs assigned to those capital projects; examples are substation relay replacements, disconnect switch replacements, conductor upgrades and circuit breaker replacements.
<b>Southwestern Additions Total</b>	<b>\$51,947,439</b>	<b>Sum of one-time investments and CWIP. See page L-41 of Draft 2023 Study / PDF page 198 of “Last Section” document, Transmission Investment Additions FY 23-27, Total Investment column.</b>
<b>Total Additions</b>	<b>\$130,975,850</b>	Sum of “Corps Additions Total” and “Southwestern Additions Total”
Total Major Replacements	\$2,768,080,800	<b>See page A-7 of Draft 2023 Study / PDF page 10 of “First Section” document, line 16, 2023 STUDY</b>
Total Investment	\$2,899,056,650	Sum of Total Additions and Total Major Replacements. <b>See page A-7 of Draft 2023 Study / PDF page 10 of “First Section” document, line 15, 2023 STUDY</b>

- Request: “...Can we please have electronic copies, Word and Excel of the PRS and the RDS?” (transcript page 42):

In accordance with 10 C.F.R. 903, Southwestern has made available the supporting data Southwestern relied upon in developing its proposed Integrated System rate. All such information is available on Southwestern’s website at <https://www.energy.gov/swpa/rate-schedule-actions>. Southwestern made the data available in a

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format that promotes security of the data and ease of access. All parties are welcomed and encouraged to review said information. If you are having difficulty accessing the available information, please feel free to contact us.

- 3. Question: “In the forward projection for both the rate repayment study as well as the rate design study, are you assuming any capacity uprates to projects or retirements or reductions in capacity of projects in those studies?” (transcript page 46):

The following table summarizes uprates, retirements, and reductions in capacity (derates and outages) assumed in the FY 2023 Resource Analysis, which informed the FY 2023 Power Repayment Study and associated Rate Design Study.

FY	Uprates	Retirements	Derates	Outages
2023	None	None	Eufaula 1 (24 MW) Greers Ferry 2 (40 MW) RS Kerr 2 (26 MW) RS Kerr 4 (20 MW)	Beaver 2 Bull Shoals 3 & 4 Keystone 2 Ozark 3 RS Kerr 3 Webbers Falls 1
2024	None	None	Bull Shoals 3 (35 MW) Eufaula 1 (24 MW) RS Kerr 2 (26 MW)	Greers Ferry 2 RS Kerr 4 Webbers Falls 1
2025	None	None	Bull Shoals 3 (35 MW) Eufaula 1 (24 MW) RS Kerr 2 (26 MW)	Dardanelle 1 Norfolk 1 RS Kerr 4
2026	None	None	Bull Shoals 3 (35 MW)	Dardanelle 2 Eufaula 1 Norfolk 2 RS Kerr 2
2027	None	None	Bull Shoals 3 (35 MW)	Dardanelle 3 Eufaula 3 RS Kerr 1