

Calculation of FERC project Fees Under the Current Law

Fees are calculated based on the **theoretical horsepower**

This is calculated by the following equation:

$$\text{THP} = \frac{\text{HEAD (feet)} \times \text{FLOW (cfs)}}{8.8}$$

The first 1,000 HP are charged at **\$0.32** per HP

The next 9,000 HP are charged at **\$0.064** per HP

All HP above 10,000 are charged at **\$0.032** per HP

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2 Kinds of Discounts in the Law

1. Provided for projects that are primarily irrigation projects
 2. Provided to projects that have not completed their full generation potential.
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Irrigation districts are assumed to operation an average of 6 months out of the year. Therefore their **total HP fee** is reduced by **50%**.

Simple math...

Fees are calculated at regular rates then the total is multiplied by **0.5**

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Projects that are not fully develop, are charged full HP-based fees for the portion (% HP) of the project that is developed.

Projects are then charged 50% of the HP-based fees for the undeveloped portion of the theoretical HP that is not currently being utilized at

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Example of the undeveloped discount

Project A:

A project has a theoretical HP = **100,000 HP** and is **75%** developed.

75% calculation	1,000 HP charged at \$0.32	= \$ 320
	9,000 HP charged at \$0.064	= \$ 576
	65,000 HP charged at \$0.032	= \$ 2,080
	<u>75,000 HP</u>	<u>\$ 2,976</u>

25% calculation	1,000 HP charged at $\$(0.32/2) = 0.16$	= \$ 160
	9,000 HP charged at $\$(0.064/2) = 0.032$	= \$ 288
	15,000 HP charged at $\$(0.032/2) = 0.016$	= \$ 240
	<u>25,000 HP</u>	<u>\$ 688</u>

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\$ 3,664



Questions?

NEW Proposed Calculation of FERC project Fees

Fees are collected through calculation of 3 tiers of THP

1,000 HP *charged at \$?*
9,000 HP *charged at \$?*
>10,000 HP *charged at \$?*

Current discussion is to maintain the current 3 tiers but possibly adjust the rates.

The current fee calculator allows adjustment of these rates.

NEW Proposed Calculation of FERC project Fees

Additional calculated fee proposed:

– based on the phase in which a project is in based on the license term.

- * **Prelicense** = the **10** years prior to the license expiration date.
 - * **Implementation** = the **10** years after relicensing date.
 - * **Post-Implementation** = from **Year 11** until the project is considered in the prelicense phase (varies by license term)
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The new fee calculator allows for both THP-based calculation and an additional Phase-based calculation.

To meet the request to provide consistent billing each year - Each project is assessed a fee per year for the phase in which the project is in. Projects are assessed the 10-year average Phase-based fee. (2018 – 2027)

NEW Proposed Calculation of FERC project Fees

The Fee Calculator can be modified to meet a total desired revenue.

Example inputs:

THP-based fee rates			
THP range	< 1000	>1000 & <10000	> 10000
Proposed Fee Unit	0.36	0.055	0.014
Current Fee Unit	0.32	0.064	0.032

Phase-based fee rates - Annual		
Prelicense Multiplier	Implementation Multiplier	Post-implementation Multiplier
3	2	0.75

Target Annual Revenue	Calculated Annual Revenue
\$ 518,076.80	\$ 518,566.27
Fixed value based on fees collected in FY2014	Changes with edits to variables