ENVIRONMENTAL ASSESSMENT

PROPOSAL TO MARKET
PROVO RIVER PROJECT POWER
SALT LAKE CITY AREA

DEC 27 1984

JUSTI

BACKGROUND

On October 1, 1987, the Western Area Power Administration (Western) integrated the hydropower facilities of the Colorado River Storage Project (CRSP), the Collbran Project, and the Rio Grande Project as the Salt Lake City Area (SLCA) Integrated Projects (Integrated Projects) for marketing and ratemaking purposes. Western did not integrate the Provo River Project (PRP) at that time due to questions regarding the use of power revenues to pay the Provo River Water Users Association (Water Users) obligation to the United States. The PRP is operated by the Provo River Water Users Association for water delivery purposes, with incidental hydropower generation. The PRP generates 5 megawatts (MW) of electrical capacity and an average of 23,000,000 kilowatt-hours (kWh) of energy annually. It has been functionally integrated with the CRSP since 1963.

In December 1993, Western proposed to change the way it markets power and energy produced by the PRP and to include it as one of the Integrated Projects. During the comment period on the proposal, comments were received which indicated that customers of Western's Integrated Projects did not support inclusion of the PRP in the Integrated Projects. These Integrated Projects customers were concerned that integration with the PRP would require them to pay for municipal and industrial water development.

MASTER

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Western has decided to modify its original proposal, and now proposes to market this power and energy independent of the Integrated Projects. Capacity and energy produced by the PRP would be allocated to those members of Intermountain Consumers Power Association (ICPA) and Utah Municipal Power Agency (UMPA) located in Utah and Wasatch Counties in Utah. ICPA and UMPA are hereinafter referred to as customers.

Power would be allocated to these customers proportional to their load. Separate power sales contracts would be offered to the prospective customers. Customers would pay all of the annual expenses of the project including an amount to assist the Water Users in repayment of the United States original investment in the PRP. In return, customers will receive all of the marketable output of the PRP.

NEED STATEMENT

Western operates under legal requirements to market the greatest practicable amount of power and energy that can be sold at firm power rates, consistent with other project purposes. PRP power is presently purchased as nonfirm energy; Western has identified a means of improving the value of the electrical power produced by the PRP by marketing this power as a firm resource. Western needs to change the way this power is presently sold in order to sell it as a firm resource.

ALTERNATIVES CONSIDERED INCLUDING THE PROPOSED ACTION

No Action Alternative: This alternative would continue the current practice of having the Integrated Projects purchase the nonfirm electrical output of the PRP as firming energy and use it to serve Western's Integrated Projects'

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load. The PRP power is not presently marketed, and no firm capacity is claimed.

Currently, the nonfirm energy produced by the PRP is delivered directly to Utah Power and Light's (UP&L) transmission system to serve Western's loads in Utah. UP&L gives Western a billing credit for this energy. No separate allocations of this PRP power are made to any utilities.

ALTERNATIVE 1: Integration of the PRP with the Integrated Projects

This alternative would fully integrate the PRP with the Integrated Projects. Under this alternative, Western would identify the marketable amount of capacity and energy available from the PRP and make this power available to customers as a firm resource (only energy would be available in the winter season). The PRP power would be sold to customers at the Integrated Projects firm power rates. Essentially, existing power being purchased as nonfirm energy would become a 5-MW firm resource allocated to specific customers.

PRP power would be allocated to eligible preference customers whose service areas are largely located within the Provo River drainage basin. These have been identified as members of UMPA and ICPA located in Utah and Wasatch Counties. Specifically, these are the cities of Heber, Lehi, Springville, Payson, Strawberry, Provo, Salem, and Spanish Fork and the Strawberry Water Users Association.

ALTERNATIVE 2: Separate PRP Marketing

This alternative would market the PRP separately from the Integrated Projects. The main difference between this alternative and Alternative 1 is essentially of accounting; the PRP electrical power would be sold under its own separate

rate, which would be set to meet the specific requirements of the PRP, and would be lower than the Integrated Projects rate. The PRP customers would annually provide Western with sufficient monies to meet the PRP revenue requirements, which are the same regardless of the alternative. The PRP power would be allocated exactly as in Alternative 1. This alternative is Western's proposed action.

DESCRIPTION OF THE ENVIRONMENTAL CONSEQUENCES

Since Western does not control the operation of Deer Creek Dam, and no changes to the operations of the dam are proposed as part of any of the alternative marketing actions, there will be no "downstream" impacts on the natural environment, recreational resources, or cultural and historical resources. No additional power would be generated. The effect of the proposed action is to reclassify an existing power resource and sell it in a different manner to specific customers. There would be minor socioeconomic impacts and impacts on energy consumption, which are addressed in this section.

No Action Alternative: The PRP produces 5-MW of electrical capacity and an average of 23,000,000-kWh of electrical energy. This is purchased by the SLCA/Integrated Projects and used to meet firm load requirements, the cost has been about \$200,000 annually over the last 10 years. This purchase arrangement would continue under no action. In addition, the Integrated Projects would pay \$100,000 as its contractual payment to the Water District. This alternative is the baseline against which the other two alternatives were compared.

Alternative 1: Integration of the PRP with the Integrated Projects

The adoption of this alternative would amount to a financial savings to the

electrical utilities who would stand to receive the allocation of PRP power. The savings would amount to an estimated average annual amount of \$339,600 (1994 \$) (the calculation of this savings is described in the Appendix: Table UTILITY.WK1). This savings amounts to 1.1 percent of the impacted utilities' estimated total annual expenditures.

When this savings is looked at from the household level, it appears to have less of an effect. The average customer living in Provo's service area, for example, would experience an estimated annual savings of \$8.12. This would be the largest savings of all impacted utilities. This would be 0.64 percent of the average household's electrical expense.

Alternative 2: Separate PRP Marketing

The adoption of this alternative would also amount to a financial saving to the impacted utilities. This alternative would result in a financial saving similar to Alternative 1 for the potential PRP customers.

The total saving from this alternative to the impacted utilities is estimated to be \$376,973 (see Appendix: Table UTILITY.WK2). This would be approximately 1.3 percent of the total electrical cost of the impacted utilities.

On the household level, this alternative would amount to an estimated annual savings of \$9.29 for a typical resident living in Provo City's service area. This would be about 0.73 percent of the average resident's annual electrical bill.

OTHER ENVIRONMENTAL CONSIDERATIONS

Typically, if the price of a service or product falls, more of it is demanded.

An estimate of the increased amount of electrical energy was estimated and is included in the Appendix, Tables SPERCUST.WK1 and SPERCUST.WK2. The percentage increase would be very small (less than 0.5 percent). Meaningful estimates of how such a small increase might impact electrical generation, fossil fuel use, or local air quality cannot be made, but very minor shifts attributable to the change in the marketing of PRP power would be expected. Because the PRP resource is presently being marketed, any shifts would largely be offset within the marketing region. Therefore, beyond the price elasticity of demand estimates given on the two tables cited, further analysis was not conducted.

List of Agencies and Persons Consulted

Government Agencies

U. S. Bureau of Reclamation
Utah Division of Wildlife
U. S. Fish and Wildlife Service

Public Interest Groups

Colorado River Energy Distributor Association
Intermountain Consumer Power Association
Utah Municipal Power Association
Utah Association of Municipal Power Systems
Stone-Fly Society
Central Utah Water Conservancy District
Salt Lake Metropolitan Water District
Provo Water Users Association

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APPENDIX

UTILITY . W K 1

VERSION: 20-Sep-94

Total Utility Savings of PRP Resource vs. Market Rate Cost

Three Year Average of Retail Sales

		Retail Sales (kWh)			Average
		1990	1991	1992	
UMPA	Provo	485,921,000	508,610,000	516,477,000	503,669,333
	Salem	8,826,000	8,612,000	8,612,000	8,683,333
	Spanish Fork	55,000,000	63,900,000	69,540,000	62,813,333
	UMPA Total	549,747,000	581,122,000	594,629,000	
ICPA	Heber	48,684,762	50,649,887	51,594,440	50,309,696
	Lehi	20,768,391	24,242,104	24,354,177	23,121,557
	Payson	39,483,898	43,721,078	43,527,991	42,244,322
	Springville	101,863,749	109,107,519	117,348,107	109,439,792
	Strawberry	30,124,629	31,768,170	32,611,874	31,501,558
	ICPA Total	240,925,429	259,488,758	269,436,589	

Three Year Average of Capacity Allocation

		Summer Peak (kW)			Average
		1990	1991	1992	
UMPA	Provo	103,673	103,713	110,433	105,940
	Salem	1,668	1,540	1,829	1,679
	Spanish Fork	11,399	12,652	13,276	12,442
	UMPA Total	116,740	117,905	125,538	
ICPA	Heber	6,333	6,588	7,085	6,669
	Lehi	4,945	5,200	5,303	5,149
	Payson	8,150	8,707	9,297	8,718
	Springville	17,914	17,942	17,912	17,923
	Strawberry	5,954	5,523	5,555	5,677
	ICPA Total	43,296	43,960	45,152	

Future Allocation of PRP Firm Energy and Capacity Summer Season

		kWh	kW	Total PRP Resource	
UMPA	Provo	9,135,000	3,045	Energy	15,000,000
	Salem	210,000	70	Capacity	5,000
	Spanish Fork	1,155,000	385		
	UMPA Total	10,500,000	3,500		
	Percentage	70.00%	70.00%		
ICPA	Heber	900,000	300	Energy Costs (\$/kWh)	
	Lehi	405,000	135	Summer Comp	\$0.0350
	Payson	720,000	240	Winter Non-Fir	\$0.0180
	Springville	1,935,000	645	SLC/IP Rate	\$0.0084
	Strawberry	540,000	180	Project Costs	\$100,000
	ICPA Total	4,500,000	1,500		
	Percentage	30.00%	30.00%	Capacity Costs	
				(\$/kW-Year)	\$22.58
				Potential Allocation	
				Summer	15,000,000
				Winter	8,000,000

	Average Sales	Entitlement kWh	Percentage of Sales
UMPA			
Provo	503,669,333	9,135,000	1.814%
Salem	8,683,333	210,000	2.418%
Spanish Fork	62,813,333	1,155,000	1.839%
UMPA Total	575,166,000	10,500,000	1.826%

ICPA			
Heber	50,309,696	900,000	1.789%
Lehi	23,121,557	405,000	1.752%
Payson	42,244,322	720,000	1.704%
Springville	109,439,792	1,935,000	1.768%
Strawberry	31,501,558	540,000	1.714%
ICPA Total	256,616,925	4,500,000	1.754%

Total Customer Savings Through PRP Resource

Summer Season	Market Price	PRP Energy	PRP Capacity	Total Savings
Resource	15,000,000	15,000,000	5,000	
Cost	\$0.0350	\$0.0084	\$22.6800	
Total	\$525,000	\$126,000	\$113,400	\$285,600

Winter Season	Market Price	PRP Energy	PRP Capacity	Total Savings
Resource	8,000,000	8,000,000		
Cost	\$0.0180			
Total	\$144,000	\$100,000	\$0	\$44,000

Total, Both Seasons	\$669,000	\$226,000	\$113,400	\$329,600
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Individual Customer Savings Through PRP Resource

UMPA	Average Sales	Composite Ra	Potential Cost	% of Total Sal	Savings	% Saved
Provo	503,669,333	0.035	\$17,628,427	87.57%	\$202,040	
Salem	8,683,333	0.035	\$303,917	1.51%	\$3,483	
Spanish Fork	62,813,333	0.035	\$2,198,467	10.92%	\$25,197	
UMPA Total	575,166,000	0.035	\$20,130,810	100.00%	\$230,720	1.146%

ICPA						
Heber	50,309,696	0.035	\$1,760,839	19.60%	\$19,385	
Lehi	23,121,557	0.035	\$809,255	9.01%	\$8,909	
Payson	42,244,322	0.035	\$1,478,551	16.46%	\$16,278	
Springville	109,439,792	0.035	\$3,830,393	42.65%	\$42,169	
Strawberry	31,501,558	0.035	\$1,102,555	12.28%	\$12,138	
ICPA Total	256,616,925	0.035	\$8,981,592	100.00%	\$98,880	1.101%

Entitlement as a Percentage of Average Total Sales

UMPA	Average Sales	Entitlement kWh	Percentage of Sales
Provo	503,669,333	9,135,000	1.814%
Salem	8,683,333	210,000	2.418%
Spanish Fork	62,813,333	1,155,000	1.839%
UMPA Total	575,166,000	10,500,000	1.826%

ICPA			
Heber	50,309,696	900,000	1.789%
Lehi	23,121,557	405,000	1.752%
Payson	42,244,322	720,000	1.704%
Springville	109,439,792	1,935,000	1.768%
Strawberry	31,501,558	540,000	1.714%
ICPA Total	256,616,925	4,500,000	1.754%

Total Customer Savings Through PRP Resource

Summer Season	Market Price	PRP Energy	PRP Capacity	Total Savings
Resource	15,000,000	15,000,000	5,000	
Cost	\$0.0350	\$0.0063	\$29,2000	
Total	\$525,000	\$95,235	\$146,000	\$283,765

Winter Season	Market Price	PRP Energy	PRP Capacity	Total Savings
Resource	8,000,000	8,000,000		
Cost	\$0.0180	\$0.0063		
Total	\$144,000	\$50,792	\$0	\$93,208

Total, Both Seasons	\$669,000	\$146,027	\$146,000	\$376,973
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Individual Customer Savings Through PRP Resource

UMPA	Average Sales	Composite Ra	Potential Cost	% of Total Sa	Savings	% Saved
Provo	503,669,333	0.035	\$17,628,427	87.57%	\$231,079	
Salem	8,683,333	0.035	\$303,917	1.51%	\$3,984	
Spanish Fork	62,813,333	0.035	\$2,198,467	10.92%	\$28,818	
UMPA Total	575,166,000	0.035	\$20,130,810	100.00%	\$263,881	1.311%

ICPA						
Heber	50,309,696	0.035	\$1,760,839	19.60%	\$22,172	
Lehi	23,121,557	0.035	\$809,255	9.01%	\$10,190	
Payson	42,244,322	0.035	\$1,478,551	16.46%	\$18,617	
Springville	109,439,792	0.035	\$3,830,393	42.65%	\$48,230	
Strawberry	31,501,558	0.035	\$1,102,555	12.28%	\$13,883	
ICPA Total	256,616,925	0.035	\$8,981,592	100.00%	\$113,092	1.259%

UTILITY . W K 2

VERSION: 20-Sep-94

Total Utility Savings of PRP Resource vs. Market Rate Cost

Three Year Average of Retail Sales

		Retail Sales (kWh)			
UMPA		1990	1991	1992	Average
	Provo	485,921,000	508,610,000	516,477,000	503,669,333
	Salem	8,826,000	8,612,000	8,612,000	8,683,333
	Spanish Fork	55,000,000	63,900,000	69,540,000	62,813,333
	UMPA Total	549,747,000	581,122,000	594,629,000	

ICPA

	Heber	48,684,762	50,649,887	51,594,440	50,309,696
	Lehi	20,768,391	24,242,104	24,354,177	23,121,557
	Payson	39,483,898	43,721,078	43,527,991	42,244,322
	Springville	101,863,749	109,107,519	117,348,107	109,439,792
	Strawberry	30,124,629	31,768,170	32,611,874	31,501,558
	ICPA Total	240,925,429	259,488,758	269,436,589	

Three Year Average of Capacity Allocation

		Summer Peak (kW)			
UMPA		1990	1991	1992	Average
	Provo	103,673	103,713	110,433	105,940
	Salem	1,668	1,540	1,829	1,679
	Spanish Fork	11,399	12,652	13,276	12,442
	UMPA Total	116,740	117,905	125,538	

ICPA

	Heber	6,333	6,588	7,085	6,669
	Lehi	4,945	5,200	5,303	5,149
	Payson	8,150	8,707	9,297	8,718
	Springville	17,914	17,942	17,912	17,923
	Strawberry	5,954	5,523	5,555	5,677
	ICPA Total	43,296	43,960	45,152	

Future Allocation of PRP Firm Energy and Capacity Summer Season

UMPA	kWh	kW	Total PRP Resource	
	Provo	9,135,000	Energy	15,000,000
	Salem	210,000	Capacity	5,000
	Spanish Fork	1,155,000		
	UMPA Total	10,500,000		
	Percentage	70.00%		
			Energy Costs (\$/kWh)	
			Summer Com	\$0.0350
			Winter Non-Fir	\$0.0180
			SLC/IP Rate	\$0.0063
			Project Costs	\$100,000
			Capacity Costs	
			(\$/kW-Year)	\$29.20
			Potential Allocation	
			Summer	15,000,000
			Winter	8,000,000

ICPA

	Heber	900,000	300	
	Lehi	405,000	135	
	Payson	720,000	240	
	Springville	1,935,000	645	
	Strawberry	540,000	180	
	ICPA Total	4,500,000	1,500	
	Percentage	30.00%	30.00%	

S U P E R C U S T . W K 1

Annual Savings per Customer from PRP Integration
1992 Revenue and Customer Data

Total Winter Savings	\$285,600
Total Summer Savings	\$44,000
UMPA's Portion (70%)	\$230,720
ICPA's Portion (30%)	\$98,880

UMPA	Customers	Total Revenue	Total Sales (MWh)	Avg. Nominal Rate	PRP Allocation (MWh)	% of PRP Allocation	Savings	Savings/Customer	Revenues/Customer	Percent Saved
Provo	24,722	\$31,406,000	505,319	62.15	9,135	67.00%	\$200,726	\$8.12	\$1,270.37	0.639%
Salem	810	\$902,000	8,989	67.12	210	2.00%	\$4,614	\$5.70	\$743.21	0.767%
Spanish F	4,006	\$4,944,000	66,600	74.23	1,155	11.00%	\$10,677	\$2.72	\$1,234.15	0.220%
Total	29,538	\$36,952,000	580,888	63.61	10,500				Average=	0.542%

ICPA	Customers	Total Revenue	Total Sales (MWh)	Avg. Nominal Rate	Allocation (MWh)	% of Allocation	Savings	Savings/Customer	Revenues/Customer	Percent Saved
Heber	4,315	\$2,991,000	45,179	66.20	900	20.00%	\$19,776	\$4.56	\$693.16	0.661%
Lehi	2,607	\$1,790,000	24,354	73.50	405	9.00%	\$6,899	\$3.41	\$666.61	0.497%
Payson	3,085	\$2,790,000	43,663	63.90	720	16.00%	\$15,821	\$5.13	\$904.38	0.567%
Springvill	5,400	\$6,543,000	107,632	60.66	1,935	43.00%	\$42,518	\$7.67	\$1,211.67	0.650%
Strawberr	2,209	\$2,383,000	32,524	73.27	540	12.00%	\$11,666	\$5.37	\$1,078.77	0.496%
Total	17,616	\$16,497,000	253,552	65.06	4,500				Average=	0.575%

Price Elasticity of Demand Elasticity=(% Demand)/(% Price)

UMPA	Elasticity	Price	Demand
Provo	0.3449	0.639%	0.220%
Salem	0.4361	0.767%	0.336%
Spanish F	0.7000	0.220%	0.154%

ICPA	Elasticity	Price	Demand
Heber	0.4424	0.661%	0.293%
Lehi	0.5076	0.497%	0.252%
Payson	0.6186	0.567%	0.351%
Springvill	0.6385	0.650%	0.415%
Strawberr	0.6597	0.496%	0.328%

Total winter savings is calculated using a market rate of 35 mills/kWh, a PRP rate of 8.4 mills/kWh and a capacity charge of \$22.58/kW-year. Total summer savings is calculated using a market rate of 18 mills/kWh and a PRP rate using the predetermined \$100,000 project cost. For further detail see spreadsheet "PRP Economic Analysis."
UMPA's and ICPA's portion= summer and winter savings * utility's percentage of allocation (70% or 30%)

Customers= Number of retail customers for utility in 1992. Total Revenues= Total 1992 retail revenues for utility.
Total Sales= Total 1992 retail sales in MWh. Average Nominal Rate= Total Revenues/Total Sales.
PRP Allocation= Predetermined marketing allocation. % of PRP Allocation= Utility's % of total UMPA or ICPA allocation.
Savings= % of PRP Allocation*UMPA or ICPA's dollar portion of savings. Savings/Customer= Customers/Savings.
Revenues/Customer= Revenues/Customer. Percent Saved= (Savings/Customer)/(Revenues/Customer).

Price Elasticity of Demand figures were taken from a Pat Bilan model of these specific utilities.
Elasticity=(% Demand)/(% Price)

SUPER CUST. WK 2

Annual Savings per Customer from PRP Integration
1992 Revenue and Customer Data

Total Winter Savings	na
Total Summer Savings	na
Total Savings (both)	\$376,873
UMPA's Portion (70%)	\$263,881
ICPA's Portion (30%)	\$113,092

UMPA	Customers	Total Revenue	Total Sales (MWh)	Avg. Nominal Rate	PRP Allocation (MWh)	% of PRP Allocation	Savings	Savings/Customer	Revenues/Customer	Percent Saved
Provo	24,722	\$31,406,000	506,319	62.16	9,135	87.00%	\$229,577	\$9.29	\$1,270.37	0.731%
Salem	810	\$802,000	5,999	67.12	210	2.00%	\$5,276	\$6.52	\$743.21	0.877%
Spanish Fork	4,006	\$4,944,000	66,800	74.23	1,155	11.00%	\$12,440	\$3.11	\$1,234.15	0.252%
Total	29,538	\$36,852,000	580,866	63.61	10,500				Average=	0.620%

ICPA	Customers	Total Revenue	Total Sales (MWh)	Avg. Nominal Rate	Allocation (MWh)	% of Allocation	Savings	Savings/Customer	Revenues/Customer	Percent Saved
Heber	4,315	\$2,891,000	45,179	66.20	900	20.00%	\$22,618	\$5.24	\$693.16	0.756%
Lahi	2,607	\$1,790,000	24,364	73.50	405	9.00%	\$10,176	\$3.90	\$686.61	0.569%
Payson	3,065	\$2,790,000	43,683	63.90	720	16.00%	\$16,095	\$5.27	\$904.36	0.649%
Springville	5,400	\$6,543,000	107,532	60.66	1,935	43.00%	\$46,630	\$8.61	\$1,211.67	0.743%
Strawberry	2,209	\$2,363,000	32,524	73.27	540	12.00%	\$13,571	\$6.14	\$1,076.77	0.569%
Total	17,616	\$16,467,000	253,552	66.06	4,900				Average=	0.657%

Price Elasticity of Demand Elasticity=(% Demand)/(% Price)

UMPA	Elasticity	Price	Demand
Provo	0.3449	0.731%	0.252%
Salem	0.4381	0.877%	0.364%
Spanish Fork	0.7000	0.252%	0.176%

ICPA	Elasticity	Price	Demand
Heber	0.4424	0.756%	0.335%
Lahi	0.5076	0.569%	0.269%
Payson	0.6186	0.649%	0.401%
Springville	0.6385	0.743%	0.475%
Strawberry	0.6567	0.569%	0.376%

Total winter savings is calculated using a market rate of 35 mills/kWh, a PRP rate of 8.4 mills/kWh and a capacity charge of \$22.55/kW-year. Total summer savings is calculated using a market rate of 16 mills/kWh and a PRP rate using the predetermined \$100,000 project cost. For further detail see spreadsheet "PRP Economic Analysis."
UMPA's and ICPA's portion= summer and winter savings * utility's percentage of allocation (70% or 30%)

Customers= Number of retail customers for utility in 1992. Total Revenues= Total 1992 retail revenues for utility.
Total Sales= Total 1992 retail sales in MWh. Average Nominal Rate= Total Revenues/Total Sales.
PRP Allocation= Predetermined marketing allocation. % of PRP Allocation= Utility's % of total UMPA or ICPA allocation.
Savings= % of PRP Allocation*UMPA or ICPA's dollar portion of savings. Savings/Customer= Customers/Savings.
Revenues/Customer= Revenues/Customer. Percent Saved= (Savings/Customer)/(Revenues/Customer).

Price Elasticity of Demand figures were taken from a Pat Bilan model of these specific utilities.
Elasticity=(% Demand)/(% Price)

DEPARTMENT OF ENERGY

Western Area Power Administration

Proposal to Market Provo River Project Power, Salt Lake City Area Office

AGENCY: Western Area Power Administration, DOE.

ACTION: Finding of no significant impact.

SUMMARY: The Department of Energy (DOE), Western Area Power Administration (Western), prepared an environmental assessment (EA) entitled: Environmental Assessment: Proposal to Market Provo River Project Power, Salt Lake City Area (DOE/EA-0999), for its proposal to market firm electrical power from the Provo River Project (PRP), located on the Provo River in Central Utah. The power generated by this existing facility is presently being sold as nonfirm energy.

The EA identifies and evaluates the potential environmental effects from the proposed action and two alternatives. Under the no action alternative, Western would continue its present practice of selling PRP nonfirm energy to the Salt Lake City Area (SLCA) Integrated Projects (Integrated Projects) via a billing credit arrangement with Utah Power and Light. Under Alternative 1, the PRP would be fully integrated with the Integrated Projects, and be sold as a firm resource at Integrated Projects' rates. Alternative 2, the preferred alternative, would have PRP power sold separately from the Integrated Projects to entities located within the Provo River drainage. All of these alternatives are essentially a change in how a given amount of existing hydropower resource is marketed.

There will be no "downstream" environmental impacts due to the fact that Western proposes no change in the operation of the Deer Creek Powerplant.

Therefore, no impacts are expected from this proposed action on fish and wildlife, on cultural and historic sites, or on recreation in and around the Provo River.

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SUPPLEMENTARY INFORMATION: Western prepared an EA entitled: Environmental Assessment: Proposal to Market Provo River Project Power, Salt Lake City Area Office (DOE/EA-0999), for its proposal to market firm electrical power from the Provo River Project (PRP), located on the Provo River in Central Utah. The EA was prepared in accordance with the National Environmental Policy Act of 1969 (NEPA), the Council on Environmental Quality regulations for compliance with procedural provisions of NEPA (40 CFR Parts 1500-1508), and DOE NEPA Implementing Regulations (10 CFR Part 1021).

Western administers the power marketing and transmission functions for federally generated electricity in 15 Western States. The SLCA of Western performs the agency's mission in parts of Colorado, New Mexico, Texas, Utah,

Arizona, Wyoming, and Nevada. The SLCA markets the electrical power from the SLCA/Integrated Projects and from the Provo River Project.

The PRP has the Deer Creek Dam and Powerplant as its main features. These are located on the Provo River near Heber City in Central Utah. Since the construction of the larger Colorado River Storage Project (CRSP), the electrical generation of the PRP has been operationally integrated with that of the CRSP. In 1987, the CRSP, the Rio Grande Project, and the Collbran Project were formally integrated to form the Integrated Projects. The PRP was not integrated due to issues regarding repayment of the Provo River Water Users Association's obligation to the Bureau of Reclamation.

Western considered marketing PRP power by integrating it with the Integrated Projects. Economic savings would be similar under this alternative as under the proposed action. Western does not propose this because of a concern by other Integrated Projects' customers that integration with the PRP would require Integrated Projects' customers to pay for municipal and industrial water development.

Western also considered no action: continuation of treating the PRP power as a source of purchase power for the Integrated Projects. Western does not propose this because of its legal mandate to market the greatest practicable amount of firm power possible, and because of the savings that the marketing of the PRP will give to recipient utilities.

Western now proposes to separately market the electrical power from the PRP to preference utilities which have service areas in the counties of the Provo River drainage. Specifically, Western proposes to market firm capacity and

energy to utility members of the Utah Municipal Power Authority (UMPA) and the Intermountain Consumer's Power Association (ICPA).

There will be no downstream environmental impacts due to the fact that Western proposes no change in the operation of the Deer Creek Powerplant. The PRP is operated by the Provo River Water Users Association for water delivery purposes, with incidental hydropower generation. Therefore, no impacts are expected from this proposed action on fish and wildlife, on cultural and historic sites, or on recreation in and around the Provo River. No additional power would be generated. The effect of the proposed action is to reclassify an existing power resource and sell it in a different manner to specific customers. There would be minor socioeconomic impacts and impacts on energy consumption.

Minimal economic impacts are expected from the proposed action. The sale of firm power from the PRP will financially benefit the utilities which would be recipients of this power. However, the savings is estimated to be in the range of 1 percent for the recipient utilities. The EA noted that none of the alternatives considered would result in greater than a 1.3 percent savings in the electrical energy outlays of the impacted utilities and no greater than \$9.29 annual in electrical expenses for a typical household in the service areas of any impacted utilities. There is no net regional change in the amount of power sold, and negligible changes in the amount of electricity consumed.

DETERMINATION: Based on the analysis contained in the EA, Western has determined that the proposed action is not a major Federal action significantly affecting the quality of the human environment within the

meaning of NEPA. The preparation of an environmental impact statement is, therefore, not required and Western is issuing this finding of no significant impact.

Issued at Golden, CO _____ November 8, 1994 _____.

J. M. Shafer
Administrator