

PSRP Name: Western Area Power Administration Borrowing Authority, Recovery Act		
PSRP Lead Program Office and/or Laboratory/Site Office: Western Area Power Administration		
PSRP Lead Manager: Tim Meeks		
Phone: (720) 962-7077	E-mail: tmeeks@wapa.gov	Address: P.O. Box 281213 Lakewood, CO 80228-8213

Does this program align with an existing PART program? No

Does this program align with an existing CFDA program? No

Program Title

Western Area Power Administration Borrowing Authority, Recovery Act

1. Objectives:

Program Purpose

Title III, section 301, of the American Recovery and Reinvestment Act of 2009 (Recovery Act) provides Western with \$3.25 billion of borrowing authority for the purpose of constructing, financing, facilitating, planning, operating, maintaining, or studying construction of new or upgraded electric power transmission lines and related facilities with at least one terminus within the area served by Western; and delivering or facilitating the delivery of power generated by renewable energy resources constructed or reasonably expected to be constructed after the date of enactment.

The program requires Western put borrowing authority to work in effectively facilitating the construction of transmission to help move new renewable resources to market.

As such, Western commits to using borrowing authority only as authorized, in accordance with all legal and regulatory requirements; ensuring that reported results and outcomes achieved from its use are accurate and verifiable. Additionally, Western will evaluate key processes and controls associated with the use of borrowing authority to assure overall program effectiveness.

Note: This program complements Western's primary mission of reliably providing power to customers across the West; supporting both Western and DOE priorities by facilitating the development and delivery of renewable energy resources. However, as required by the Recovery Act, Western will separately track, account for and repay projects developed under this new authority, as distinct and separate from Western's current program.

These objectives support the following GPRA Units:

- 10000130 Western Area Power Administration

Public Benefits

The program will create both term and permanent positions while providing for the upgrade and construction of transmission lines to overcome limitations in the high-voltage electrical

transmission system and to bring renewable resources developed in remote areas to energy-consuming population centers. As such, this program supports the accomplishment of the combined national goals of economic stimulus and renewable resource development.

The resulting transmission projects funded under this program will be repaid by those using the new and upgraded facilities to deliver clean, renewable resources to load centers. Future project beneficiaries will repay all costs of the facilities to ensure that Treasury recovers its investment with interest. Western's use of borrowing authority will be executed so as to maximize the value and minimize repayment costs to ratepayers who will benefit from project investments.

These objectives support the following GPRA Units:

- 10000130 Western Area Power Administration

2. Projects and Activities:

The borrowing authority granted to Western in the Recovery Act is for the purpose of facilitating the development of high-voltage transmission lines necessary to bring new renewable energy resources to market. This program will ensure Western efficiently and effectively carries out this authority while providing funding transparency and accountability. Western activities to implement the program include significant interaction, collaboration and coordination with a large number of stakeholders, industry partners, DOE program offices, other Federal agencies and state and local governments to avoid duplication and to best leverage authority and funding for projects developed.

To date, the sole Western Recovery Act funded project, Montana Alberta Tie Ltd., was approved October 27, 2009.

Note: The provisions of Recovery Act that apply to Western provide Treasury borrowing authority rather than authorizing appropriations. This significant difference does make Western's approach to Recovery Act projects different than those DOE Recovery Act projects funded through appropriations. The project selection process and the funding mechanism reflect the unique Western structure. Therefore, Western will not issue any grants or other financial awards involving Recovery Act funds, but will use standard procurement processes to issue any contracts for projects to be funded by loans from the Treasury.

Projects and Activities support the following GPRA Units:

The table below lists the funding amounts for the Program by GPRA unit		
GPRA Unit Name		Borrowing Authority (\$M)
10000130	Western Area Power Administration	3,250

3. Characteristics:

Types of Financial Awards to be used

N/A

Type of Recipient

N/A

Type of Beneficiary

N/A

4. Major Planned Program Milestones:

The Transmission Infrastructure Program Office awarded the Montana Alberta Tie Ltd. (MATL) project on October 27, 2009. MATL is a 214-mile, 230-kV, 300 MW transmission line from a new substation near Lethbridge, Alberta, Canada, to a new substation terminal at NorthWestern Energy's Great Falls Substation near Great Falls, Montana. An additional substation will be constructed approximately at the half-way point of the transmission line near Cut Bank, Montana. This substation will provide the interconnection point for a nearby wind farm.

Final transmission line and substation designs were completed in April 2010. Substation construction is planned to begin in May 2010, followed by transmission construction starting in June 2010. The project construction is to be completed by May 2011.

These milestones support the following GPRA Units:

- 10000130 Western Area Power Administration

5. Monitoring and Evaluation:

I. Corporate Controls

Recovery Leadership & Operations - The DOE Recovery Office is the central point for implementation and execution of Recovery Act activities. A Recovery Operations Team will oversee implementation management, such as monitoring project status, evaluating cost and schedule progress, ensuring thorough reporting, coordinating with external entities, and holding monthly performance and review meetings with senior departmental managers on the implementation status of specific recovery projects.

Recovery Funding Oversight, Performance - In addition to DOE's standard funds control mechanisms, Recovery Act funds are subject to additional process controls to ensure funds are not co-mingled, are tracked to enable reporting, and are spent responsibly. DOE recovery funds are released for implementation in a staged approach. Programs develop initial project plans which include performance metrics which require management approval.

Office of Risk Analysis (ORA) - DOE's ORA helps programs ensure that internal controls are in place, effective, and support the risk based approach to managing Recovery Act activities. OIR programs are being implemented or expanded to ensure the Recovery Act objectives are met and DOE managers and partners are both held accountable for successful execution and also have the appropriate tools to ensure that success. These programs include coordinating DOE's "Internal Control Acknowledgment" program, conducting agency wide assessments and analyses and performing oversight of Recovery Act programs, including site and field visits. ORA worked with key impacted programs to produce initial vulnerability assessments identifying potential program specific and cross-cutting risks to ensure successful execution.

II. Western Processes

In implementing the requirements of the Recovery Act, the Transmission Infrastructure Program Office will:

In implementing the requirements of the Recovery Act, with regard to the MATL project, the Transmission Infrastructure Program Office has/is:

- Developed a project plan with milestones and deliverables to track progress.
- Monitoring individual project status, evaluating cost and schedule progress, ensuring comprehensive reporting, coordinating with external entities, and hold monthly/periodic performance and review meetings with Western management on the implementation status of the construction phase.
- Ensuring funds are maintained and tracked separately, and spent responsibly and as mandated in the Recovery Act.
- Established internal controls and perform oversight on Recovery Act activities and projects to ensure successful execution, and that Western managers and project partners are accountable.

6. Measures:

Western has well-established capital investment evaluation, approval and monitoring processes and will now include performance targets for the MATL project. Once the MATL project is commercially operational, the following measures will be applied.

Measure Text

1. Renewable Resources Delivery
2. System Reliability
3. Repayment of Investment
4. Increased Transfer Capability

Measure Type

1. Renewable Resources Delivery (Outcome)
2. System Reliability (Outcome)
3. Repayment of Investment (Outcome)
4. Increased Transfer Capability (Outcome)

Measure Frequency

Reported annually

Direction of Measure

NA

Unit of Measure

1. Renewable Resources Delivery - MWs
2. System Reliability - Control Performance Standards (CPS1&2) – numeric standards
3. Repayment of Investment - dollars
4. Increased Transfer Capability - capacity

Explanation of Measure

1. Renewable Resources Delivery - Quantify/Increase the amount of renewable energy resources brought to market through the use of Western's borrowing authority - (MW)
2. System Reliability - Meet North American Electric Reliability Corporation (NERC) Control Performance Standards (CPS) of CPS1>100 and CPS2>90 and meet or exceed industry averages. CPS1 measures a generating system's performance at matching supply to changing demand requirements and supporting desired system frequency in one minute increments. CPS2 measures a generating system's performance at limiting the magnitude of generation and demand imbalances in ten minute increments.
3. Repayment of Investment - Meet planned repayment to the Treasury for investment and operating costs for all power investments.
4. Increased Transfer Capability – Determine the increase in transfer capability from a transmission project/in a particular area.

Year

Information for completed projects is summer 2011

Original Program Target

N/A

Revised Full Program Target

Information for completed projects is summer 2011

Target (incremental change in performance)

N/A (New program is being established and implemented).

Actual

N/A (New program is being established and implemented).

Goal Lead

Tim Meeks, Administrator, Western Area Power Administration

These measures support the following GPRA Units:

- 10000130 Western Area Power Administration

7. Transparency and Accountability:

DOE leverages its existing corporate systems to track and report on Recovery Act activities and to ensure effective funds management. The DOE's iManage Data Warehouse (IDW) is a corporate enterprise system integrating financial, budgetary, procurement, and program information to monitor project execution. Each Recovery Act program is tracked using unique Treasury Appropriation Fund Symbols, and each component project is identified by a unique Project Identification Code.

The IDW is a central data warehouse linking common data elements from each of the Department's corporate business systems and serving as a "knowledge bank" of information about portfolios, programs or projects including budget execution, accumulated costs, performance achieved, and critical milestones met. The IDW contains information from multiple corporate systems and will be a tool used to meet information needs for Recovery Act oversight and reporting to Recovery.gov.

The Performance Measure Manager (PMM) is the Department's performance tracking system. PMM tracks high-level budgetary performance and is being expanded to accommodate Recovery Act performance tracking needs. Performance evaluations will be organized and reported along with results from the Department's annual budgetary activities in the Annual Performance Report and posted on: www.energy.gov/recovery. Performance results will be uploaded into the IDW for required agency reporting.

See DOE's Agency Wide Recovery Plan for additional information on DOE's financial and performance tracking mechanisms, found here: www.energy.gov/recovery.

As specific to Western, please refer to the Monitoring and Evaluation Section (#5 above) for project-specific details. Western is committed to ensuring regular access to clear and transparent financial information and opportunities for input into Western's cost and program decisions.

Western will prepare quarterly and annual financial statements/reports which conform to generally accepted accounting principles and are a fair representation of program operations in all material respects. These documents will be made available to the general public on our external website. The annual report will be audited as part of the annual financial statement audit.

Western will leverage its existing risk management processes and oversight practices, including key controls over financial management reporting of Recovery Act activities in Western's A-123 review process.

8. Federal Infrastructure Investments:

The Recovery Act provided Western with borrowing authority to build transmission infrastructure (e.g. power lines and related facilities). However, these funds will not be used to build or rehabilitate Federal buildings, and, as such, the provisions for reporting do not apply.

9. Barriers Major Implementation Issues for Implementation Appropriation:

Western originally identified major implementation issues as barriers, or potentially problematic in establishing our Transmission Infrastructure Program and Office in a timely manner. Specific issues included:

- Establishing an agreement with the Treasury Department governing the borrowing of funds
- Conducting two public processes (policies and practices, and Requests for Interest), as required by the Recovery Act
- Hiring staff to accommodate the increased workload while continuing our current programs

Status: Western has successfully established the Transmission Infrastructure Program (TIP), announcing the final program in the *Federal Register* on May 14, 2009, and has a funding agreement in place with the Treasury. As a result, we are evaluating projects identified as part of the public process, and have put borrowing authority to work in financing the construction of the MATL transmission line that will move new renewable resources to market.

All efforts were accomplished leveraging existing staff prior to staffing the program office. Initially, we encountered problems in hiring an Industry Economist, but the office was fully functional by October 30, 2009.

No additional barriers have been identified specific to the implementation project.

However, as part of our risk management analysis, we identified potential threats to program/project success and accomplishment, developing management and mitigation strategies to address each.

10. Environmental Review Compliance

Western Area Power Administration will incorporate NEPA review and compliance with other environmental requirements into its decision-making process as proposals for use of Recovery Act borrowing authority are identified. For NEPA compliance, proposals may require an environmental impacts statement, environmental assessment, or other review consistent with DOE NEPA regulations (10 CFR Part 1021) and established WAPA procedures.