

Malmstrom AFB receives hydropower allocation, reducing costs and carbon footprint

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TYNDALL AIR FORCE BASE, Fla. – Malmstrom Air Force Base, Montana, began receiving hydropower from the Western Area Power Administration on Aug. 1. This new allocation, which provides Malmstrom AFB with up to four megawatts of its power through federally owned renewable hydroelectricity generation, significantly reduces the base's annual electricity costs and has the potential to reduce the base's carbon footprint by up to 31 million pounds per year. The result of several years of litigation and negotiations, this achievement was a hard-fought, collaborative effort between WAPA, the Air Force Civil Engineer Center's Utility Rate Management Team, Utility Law Field Support Center and Malmstrom AFB.

The process for getting Malmstrom AFB hydropower began in 2016 when the URMT, in coordination with its expert consulting team from Exeter Associates, discovered another installation was underutilizing its full WAPA hydropower allocation. An affordable and renewable energy source, federal hydropower is available primarily to federal agencies and select government and non-profit groups, as authorized by the Flood Control Act of 1944 and implementing laws and regulations.

"Given its low cost and carbon footprint, getting an allocation of WAPA hydropower can be hard to come by. Naturally, we wanted to make sure we were able to fully utilize our allocation and maximize the benefits to the Air Force," said Nancy Coleal, URMT chief.

The URMT determined that to optimize the Air Force's share of federal hydropower, the unused portion of the allocation should be moved to Malmstrom AFB, another installation in WAPA's Upper Great Plains region that could benefit financially and environmentally from the hydropower. The allocation will also benefit the community and Malmstrom AFB's electric provider by bringing in a carbon-free power source that can be shaped to match the base's demand on the electric system, freeing up other renewable power sources during peak demand, while also reducing the utility's need to purchase more expensive wholesale power from outside the state during these times.

Once it was decided that Malmstrom AFB would be an ideal location for the unused hydropower allocation, the URMT attempted to discuss the logistics of the allocation with Malmstrom AFB's local electric provider. Unfortunately, the parties were unable to come to an agreement regarding the hydropower allocation because the utility believed there were legal obstacles preventing the delivery of WAPA hydropower to Malmstrom AFB.

In 2018, after learning the utility had filed a rate case before the Montana Public Service Commission, the URMT asked the ULFSC, the Air Force's utility litigation and legal support team, to intervene in the rate case and request the Commission's approval of the hydropower allocation. The URMT and ULFSC collaborated to develop testimony, cross-examination strategy, and legal briefs that explained to the Commission not only that the Air Force, as a unique federal customer, is legally allowed to receive WAPA hydropower, but also that the hydropower allocation would benefit the utility's other customers as it would displace the need for more expensive power purchase agreements the utility was using to obtain power. Consequently, all customers would see lower costs.

"The ULFSC worked diligently with the URMT to craft a litigation position the Commission could understand and support," Coleal said.

The ULFSC worked with the utility and other parties in the rate case to reach a settlement on several contested issues, avoiding a majority of the requested rate increase and resulting in fair and stable rates for Malmstrom AFB and the surrounding community. However, despite the partial settlement, the utility continued to oppose the Air Force's position on the WAPA hydropower allocation throughout the rate case proceeding, arguing it violated state law.

"Ultimately, the ULFSC's brilliant research and argument to the Commission won its approval," Coleal said. The utility unsuccessfully requested reconsideration of the Commission's ruling, which directed the utility to engage in negotiations with the Air Force to develop an arrangement under which Malmstrom AFB could receive a portion of its load from WAPA. In the end, the utility worked with WAPA on wholesale agreements that overcame the legal obstacles, enabling negotiations with the Air Force to move ahead.

The URMT took the lead on negotiations and worked with the utility, WAPA, and Malmstrom AFB to come up with a solution that would maximize the benefits to both the base and utility.

"The expertise of the URMT and its expert consultants in WAPA hydropower allocations and Ms. Coleal's strong working relationship with WAPA proved to be instrumental in the negotiations," said Maj. Holly Buchanan, a utility litigation attorney at the ULFSC.

Thanks to the URMT's efforts, WAPA and the utility were able to reach an agreement on how Malmstrom AFB could receive its hydropower allocation and entered into a Service Agreement for Network Integration Transmission. This agreement was subsequently approved by the Federal Energy Regulatory Commission earlier this summer.

Although not a typical situation, the result highlights the power of teamwork and persistence.

"The time and effort we all put in proved to be worth it for the Air Force," Buchanan said.

The new WAPA allocation for Malmstrom AFB will result in lower energy bills and a reliable, clean, renewable energy source for the base.

"By lowering its energy bill, Malmstrom AFB can now spend more of its operations and maintenance budget defending America with combat-ready Airmen and nuclear forces," Buchanan said.