

the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding.

Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed in accordance with the provisions of Section 154.210 of the Commission's regulations (18 CFR 154.210). Anyone filing an intervention or protest must serve a copy of that document on the Applicant. Anyone filing an intervention or protest on or before the intervention or protest date need not serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

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Magalie R. Salas,
Secretary.

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DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. RP96-312-144]

Tennessee Gas Pipeline Company; Notice of Negotiated Rate

November 18, 2004.

Take notice that on November 15, 2004, Tennessee Pipeline Company (Tennessee) tendered for filing a negotiated rate arrangement between Tennessee and Coral Energy Resources, L.P. (Coral).

Tennessee requests that the negotiated rate arrangement between Tennessee and Coral become effective on December 1, 2004, if the Commission issues an order on or before November 19, 2004, otherwise, Tennessee requests that the negotiated rate arrangement become effective on January 1, 2005.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed in accordance with the provisions of Section 154.210 of the Commission's regulations (18 CFR 154.210). Anyone filing an intervention or protest must serve a copy of that document on the Applicant. Anyone filing an intervention or protest on or before the intervention or protest date need not serve motions to intervene or protests on persons other than the Applicant.

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Linda Mityr,
Deputy Secretary.

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DEPARTMENT OF ENERGY

Southwestern Power Administration

Integrated System Power Rates

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of rate order.

SUMMARY: Pursuant to Delegation Order Nos. 00-037.00, effective December 6, 2001, and 00-001-00A, effective September 17, 2002, the Deputy Secretary has approved and placed into effect on an interim basis Rate Order No. SWPA-51, which increases the power rates for the Integrated System pursuant to the following Integrated System Rate Schedules:

Rate Schedule P-04, Wholesale Rates for Hydro Peaking Power

Rate Schedule NFTS-04, Wholesale Rates for Non-Federal Transmission/Interconnection Facilities Service

Rate Schedule EE-04, Wholesale Rate for Excess Energy

The rate schedules supersede the existing rate schedules shown below:

Rate Schedule P-02, Wholesale Rates for Hydro Peaking Power—
(superseded by P-04)

Rate Schedule NFTS-02, Wholesale Rates for Non-Federal Transmission/Interconnection Facilities Service—
(superseded by NFTS-04)

Rate Schedule EE-02, Wholesale Rate for Excess Energy—
(superseded by EE-04)

The effective period for the rate schedules specified in Rate Order No. SWPA-51 is January 1, 2005, through September 30, 2008.

FOR FURTHER INFORMATION CONTACT:
Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6696, gene.reeves@swpa.gov.

SUPPLEMENTARY INFORMATION:

Southwestern Power Administration's (Southwestern) Administrator has determined, based on the 2004 Integrated System Current Power Repayment Study, that existing rates will not satisfy cost recovery criteria specified in Department of Energy Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944. The finalized 2004 Integrated System Power Repayment Studies (PRs), indicate that an increase in annual revenue of \$8,576,164, or 7.5 percent, beginning January 1, 2005, will satisfy cost recovery criteria for the Integrated System projects. The proposed

Integrated System rate schedules would increase annual revenues from \$114,973,800 to \$123,549,964, primarily to recover increased expenditures in operations and maintenance (O&M) and investment. In addition, the PRS indicates the need for an annual increase of \$737,300 in revenues received through the Purchased Power Adder to recover increased purchased energy costs. This rate proposal also includes a provision to continue the Administrator's Discretionary Purchased Power Adder Adjustment, to adjust the purchased power adder annually, of up to \$0.0011 per kilowatt-hour as necessary, at his/her discretion, under a formula-type rate, with notification to the FERC.

The Administrator has followed Title 10, Part 903 Subpart A, of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" in connection with the proposed rate schedule. On June 4, 2004, Southwestern published notice in the **Federal Register**, 69 FR 31608, of a 90-day comment period, together with a Public Information Forum and a Public Comment Form, to provide an opportunity for customers and other interested members of the public to review and comment on a proposed rate increase for the Integrated System. Both public forums were canceled since no one expressed an intention to participate. Written comments were accepted through September 2, 2005. Three comments were received and are addressed in this rate proposal.

Information regarding this rate proposal, including studies and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, Suite 1400, One West Third Street, Tulsa, Oklahoma 74103.

Following review of Southwestern's proposal within the Department of Energy, I approved, Rate Order No. SWPA-51, on an interim basis through September 30, 2008, which increases the existing Integrated System annual revenue requirement to \$123,549,964 per year for the period January 1, 2005, through September 30, 2008.

Dated: November 16, 2004.

Kyle E. McSlarrow,
Deputy Secretary.

Order Confirming, Approving and Placing Increased Power Rate Schedules in effect on an Interim Basis

Pursuant to Sections 302(a) and 301(b) of the Department of Energy Organization Act, Public Law 95-91, the functions of the Secretary of the Interior

and the Federal Power Commission under Section 5 of the Flood Control Act of 1944, 16 U.S.C. 825s, relating to the Southwestern Power Administration (Southwestern) were transferred to and vested in the Secretary of Energy. By Delegation Order No. 0204-108, effective December 14, 1983, the Secretary of Energy delegated to the Administrator of Southwestern the authority to develop power and transmission rates, delegated to the Deputy Secretary of the Department of Energy the authority to confirm, approve, and place in effect such rates on an interim basis and delegated to the Federal Energy Regulatory Commission (FERC) the authority to confirm and approve on a final basis or to disapprove rates developed by the Administrator under the delegation. Delegation Order No. 0204-108, as amended, was rescinded and subsequently replaced by Delegation Orders 00-037.00 (December 6, 2001) and 00-001-00A (September 17, 2002). The Deputy Secretary issued this rate order pursuant to said delegations.

Background

FERC confirmation and approval of the following Integrated System (System) rate schedules was provided in FERC Docket No. EF02-4011-000 issued October 22, 2003, for the period October 1, 2002, through September 30, 2006:

Rate Schedule P-02, Wholesale Rates for Hydro Peaking Power—(superseded by P-04)

Rate Schedule NFTS-02, Wholesale Rates for Non-Federal Transmission/Interconnection Facilities Service—(superseded by NFTS-04)

Rate Schedule EE-02, Wholesale Rate for Excess Energy—(superseded by EE-04)

Southwestern Power Administration's (Southwestern), Current Power Repayment Study (PRS) indicates that the existing rates will not satisfy present financial criteria regarding repayment of investment within a 50-year period due to cost adjustments to reflect the final cost allocation approval for the Harry S. Truman Project plus increasing operation and maintenance expenditures and investment for both the U.S. Army Corps of Engineers (Corps) and Southwestern. The revised PRS indicates that an increase in annual revenues of \$8,576,164 is necessary beginning January 1, 2005, to accomplish repayment in the required number of years. Accordingly, Southwestern has prepared proposed rate schedules based on the additional

revenue requirement and the 2004 Rate Design Study.

Informal meetings were held in April and May 2004 with customer representatives to review the repayment and rate design processes and present the basis for an approximately 8 percent annual revenue increase. In May 2004, Southwestern prepared a proposed 2004 PRS for the Integrated System.

Title 10, Part 903, Subpart A of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustment," has been followed in connection with the proposed rate adjustments. More specifically, opportunities for public review and comment on proposed System power rates during a 90-day period were announced by notice published in the **Federal Register** June 4, 2004, (69 FR 31608). A Public Information Forum was scheduled for June 29, 2004, in Tulsa, Oklahoma, and a Public Comment Forum was scheduled for July 27, 2004, also in Tulsa. Both were canceled since no one expressed an intention to attend. Written comments were due by September 2, 2004.

Southwestern mailed copies of the proposed May 2004 PRS and Rate Design Studies to customers and interested parties that requested the data, for review and comment during the formal period of public participation.

Following conclusion of the comment period on September 2, 2004, comments presented during the formal public participation process were reviewed. Once all comments were carefully evaluated and responded to, the 2004 PRS and Rate Design Studies were completed. Changes were made to the 2004 PRS to reflect final audited financial data for FY 2003 and to reflect refinements in cost estimates. The studies were finalized in September 2004. The Administrator decided to submit the rate proposal for interim approval and implementation. The comments resulting from the public participation process and responses, as developed by Southwestern's staff, are contained in this Rate Order.

Discussion

General

The existing rate schedules developed in the 2002 Integrated System PRS were the basis for revenue determination in the September 2004 Integrated System Current PRS. The Current PRS indicates that existing rates are insufficient to produce the annual revenues necessary to accomplish repayment of the capital investment as required by Section 5 of

the Flood Control Act of 1944 and Department of Energy (DOE) Order No. RA 6120.2.

A Revised PRS was prepared based on \$8,576,164 of additional annual revenue beginning January 1, 2005, to satisfy repayment criteria.

In Southwestern's 2004 Rate Proposal, two noteworthy issues are described in detail. The issues are: (1) the final approval of the Harry S. Truman (Truman) project cost allocation, and (2) the rate design procedures for implementing the revenue increase.

Harry S. Truman Final Cost Allocation

The final approval of the Truman cost allocation was issued by the Corps on May 3, 2003. Estimates for the cost allocation adjustments are included in this PRS. The Corps will make adjustments to Operation and Maintenance Expenses, Interest and Investment to reflect the change in joint-use percentages. The Corps has indicated that adjustments will be made to the Corps' FY 2004 power reports and reflected on their FY 2004 financial statements, which will be reviewed and certified by the auditors. The adjustments will then be included in the historical actual data in the 2005 PRS.

Change to Rate Design Procedures

Several customers requested Southwestern to consider assigning the revenue increase to the peaking energy rate in lieu of the capacity rate. This alternative was requested to help some customers pass on the increased costs from Southwestern as a fuel cost adjustment to their customers without the need for a formal rate increase. Southwestern presented proposed alternative rate designs that might meet the customers' needs, while at the same time meeting Southwestern's repayment requirements together with the most recent rate design process. The customers that attended a meeting at which Southwestern made this presentation reached a consensus that they would prefer that Southwestern submit the rate design incorporating the changes in the energy rate in the proposed rate filing. The change in the rate design resulted in little, if any, impact on customers as compared with the most recent rate design process.

Rates were designed to recover the additional revenue requirements. The monthly demand charge for the sale of Federal hydroelectric power has increased. The energy charge was separated into a peaking energy charge and a supplemental energy charge, both of which reflected increases over the current base energy rate. The transformation charge, though paid by a

few customers having 69 kV and below deliveries, has increased and affects revenues as well. In addition, transmission charges for non-Federal, firm service have increased. The increases to both transformation and transmission charges are due to including projected additions and replacements to Southwestern's aging transmission facilities since the last rate change.

In accordance with FERC's Order No. 888, Southwestern will continue charging separately for five ancillary services and offering network transmission service.

In accordance with FERC's Order No. 888, Southwestern will continue charging separately for five ancillary services and offering network transmission service. Southwestern's rate design has separated the five ancillary services for all transmission service. Two ancillary services, Scheduling, System Control and Dispatch Service together with Reactive and Voltage Support Service, are required for every transmission transaction. These charges are also a part of the capacity rate for Federal power. This is consistent with Southwestern's long-standing practice of charging for the sale and delivery of Federal power in its Federal demand charge. The three remaining ancillary services will be made available to any transmission user within Southwestern's control area, including Federal power customers. The rate schedules for Peaking Power and Non-Federal Transmission Service reflect these charges. Network transmission service is provided to those, also within Southwestern's control area, who request the service, but for non-Federal deliveries only, and who contracted with Southwestern for this service prior to the Southwest Power Pool offering Network Service. The rate for and application of this service are identified in the Non-Federal Transmission/Interconnection Facilities Service Rate Schedule, NFTS-04.

With respect to the Purchased Power Adder (Adder), Southwestern is proposing, as in all previous proposals beginning with the 1983 implementation of the purchased power rate component, that the Adder be set equal to the current average long-term purchased power rate requirement. As shown in the Rate Design Study, the amount is determined by dividing the estimated total average direct purchased power costs by Southwestern's total annual contractual 1200-hour peaking energy commitments to the customers (exclusive of contract support arrangements). In this rate proposal, the

resulting Adder is \$0.0028 per kWh of peaking energy. The total revenue created through application of this Adder would enable Southwestern to cover its average annual purchased power costs.

Comments and Responses

The Southwestern Power Administration (Southwestern) responded to numerous questions to which responses were provided during the public participation period which are included in the background information. In addition, Southwestern received comments from three entities during the public participation process. Those comments and Southwestern's responses are summarized into five general areas of concern, and are as follows:

Control Costs

Comments

Southwestern and the Corps should schedule future needed work so as not to cause a rate increase by doing all the work in the same fiscal year. The commenter suggests that the big projects be leveled out over time to achieve this end.

Response

Southwestern agrees with the commenter and will make every effort to assure that its forecasts of future needed work represent what Southwestern will be able to achieve in a particular year. Southwestern has coordinated future Corps activities with a joint Corps/Southwestern/Customer Group to assure that the Corps levels out its large projects, if practical, and includes in each year's projections no more than what it believes it will be able to accomplish in that year. Balancing the need to ensure that the hydroelectric facilities are in good serviceable condition and the cost of keeping those facilities in that condition is an on-going concern continually monitored by the two agencies. Southwestern supports performance of large maintenance efforts in phases where feasible. Further, by the nature of the power repayment study process, large project costs incurred in any year (except the last year of the Cost Evaluation Period (CEP)) would have little effect on the need for a rate increase. Southwestern is careful to avoid incorporating such cost variations in the last year of the CEP.

Unfunded Retirement, Health, and Life Insurance Benefits

Comments

One commenter acknowledges that inclusion of "unfunded" Civil Service

Retirement System (CSRS)/Health/Life Insurance Benefits as a cost in Southwestern's rates was raised in Southwestern's 2002 rate case before the FERC. However, the commenter states that they will continue to raise this issue until all federal agencies that are self-supporting pay for these future funding shortfalls in the same manner as the Power Marketing Administrations. Another commenter does not oppose the inclusion of "unfunded" CSRS costs in the rates, but believes that Southwestern should: (1) Properly account for the additional interest effects of the revenues collected for future retirements; (2) credit Southwestern's balance to be repaid with compounded interest from the collected funds; and (3) not repay investments without consideration of customer deposits.

Response

The Federal Accounting Standards Advisory Board issued Statement of Federal Financial Accounting Standards (SFFAS) #5 (September 1995) which provides guidance on how to determine and handle accounting treatment of these post retirement costs. In FY1998 Southwestern began recording values for the post retirement benefits, based on cost factors provided by the Office of Personnel Management (OPM). OPM provides, annually, cost factors for computing these unfunded post retirement expenses in three areas; pensions, health insurance and life insurance.

OPM's actuarial calculations are based in large measure on its assumptions about the future. Both economic (inflation, interest rates, and future salary levels) and demographic (e.g., rates of retirement, mortality, and separation) assumptions are included in the calculations.

SFFAS #5 (paragraph 59) states, "For pension and other retirement benefits, the expense is recognized at the time the employees' services are rendered."

SFFAS #5 (paragraph 74) states, "The Federal employer entity should recognize a pension expense in its financial report that equals the service cost. Service cost is defined as the actuarial present value of benefits attributed by the pension plan's benefit formula to services rendered by employees during an accounting period. The term is synonymous with normal cost."

Financial Accounting Standards Interpretation Number 4; Accounting for Pension Payments in Excess of Pension Expense: Changes in normal costs due to re-estimates of demographic and economic assumptions should be

accounted for by the recording entity. The effect of the change should be recognized in current and future years.

OPM takes an annual snap shot of what the normal cost would be to determine the uncaptured (unfunded) post retirement costs. This process involves a review of actuarial data for both retirees and current employees, with the retirement cost factor only being applied to current Federal employees in the CSRS retirement system. The unfunded amounts for health and life apply to all current employees.

This post retirement cost is an annual cost of operations and is recorded as part of each agency's annual operation and maintenance cost. It is not an expense deferred to a future period, as Paragraph 59 of SFFAS #5 clearly defines it as a current year cost. It is recorded as such in Southwestern's financial records.

Southwestern agrees with the comment that it should properly account for the additional interest effects of the revenues collected and believes that we are currently doing so. As stated in the 2002 Integrated System rate case, Southwestern's existing procedure imputes an interest credit at current year interest rates on all revenues received—which would include revenues received to repay CSRS costs. The effect of the interest credit carries throughout the entire repayment period. Likewise, annual costs, such as the unfunded costs at issue here, will also incur an interest charge. Regarding the issue of applying revenues received for CSRS expenses to Southwestern's debt, the application of revenues is specified by DOE Order 6120.2 (paragraph 8c(3)) which states "Annual revenues will be first applied to the following recovery of costs during the year in which they occurred: operation and maintenance (O&M), purchased and exchanged power, transmission service and other, and interest expense and any appropriation amortization of revenue bonds. Remaining revenues are available for amortization * * *" Therefore, Southwestern applies its revenues received to cover the CSRS expenses (a current year cost) before it applies any revenue toward the amortization of the Federal investment.

Increased Corps O&M Expenses

Comments

Commenters state that the Corps' expenses continue to spiral upward annually—unchecked and that Southwestern should obtain information from the Corps that would support the

projected O&M expenses, not just rely on unexplained assurances that the O&M is justified.

Response

Projections for Corps O&M are developed by the Corps and provided to Southwestern annually. The Corps makes projections of its base O&M costs using historical information and planning documents, and also includes projections for large maintenance items for each of the projects that they expect to complete. These projections are made in current year dollars and do not include inflation. Southwestern reviews this information, questioning the Corps where inconsistencies seem to occur, clarifying its understanding of the cost estimates, and adjusting the estimates to future year dollars based on the Gross Domestic Product Index to incorporate inflationary expectations.

The Corps' base O&M expenses are largely related to salaries. During recent years, all Federal employees have received approximately a 4 percent increase in salaries annually, together with the increased costs of benefits incurred for these employees. These personnel costs are included in the base estimates for O&M. These base estimates, together with the large maintenance items have resulted in actual increased O&M costs for the Corps. Although the Corps has historically, in total, been fairly accurate, its projections for O&M costs for the past four years have been less than what was recorded as expended on its financial statements. The Corps has confirmed that the past few years' projections were based on anticipated reductions in funding, but realized it was underestimating and has been increasing its estimates to better reflect its expected expenditures. Southwestern agrees with the Corps that the increased estimates of O&M costs better reflect its expenditures. The Corps' O&M costs are not anticipated to decrease so long as all phases of project rehabilitations and a backlog of maintenance remain to be completed on the projects.

Southwestern has no oversight authority with regard to Corps expenditures for O&M activities, but is responsible for repaying the Corps' power-related costs pursuant to the Flood Control Act of 1944. The Corps is responsible for managing their organization. Southwestern agrees that such costs should be prudently and timely incurred at reasonable levels consistent with sound business principles. Southwestern has inquired further of the Corps and has been advised that the Corps believes that its FY 2004 O&M estimates fairly represent

the minimum expenditure level expected for the projects' O&M and that this level of expenditure is expected to be reflected on its financial statements. The Corps believes that its internal controls, accounting system reviews, audits and funding procedures effectively provide the needed level of justification, consistency and control of its O&M expenditures.

Isolated Projects and Bundled Rates

Comment

One Commenter stated the belief that the customers who take power from Narrows, Denison and Whitney pay bundled rates, without receiving any benefit from Southwestern's transmission system. These customers pay other providers for the same services and should receive a credit from Southwestern for incurring the extra costs that a typical Southwestern customer does not pay. These customers agree with paying Southwestern for the services they receive, but do not believe they should be paying for transmission and ancillary services that they do not use. In addition, they believe they should receive credit for incurring costs that the typical Southwestern customer does not.

Response

Southwestern's position on this issue has not changed from its 1997 and 2002 Integrated System rate package responses. Southwestern's sales of Federal power and energy are based on a "postage-stamp" type rate, which is based on the financial integration of all the projects marketed under the Integrated System, as well as various components of Southwestern's transmission system. The capacity rate for all Federal power customers includes a transmission component and the two required ancillary services. The transmission component of this rate has been set to assure that Southwestern charges itself the same rates it charges for the use of the transmission system for wheeling non-Federal power.

The customers who receive the total output of specific Corps projects that are presently electrically isolated from Southwestern's primary interconnected system requested, at the time of their contract renewal, financial integration of such projects into the Integrated System to receive certain benefits, including lower costs. Such customers receive a number of benefits from their project purchases that other Federal customers do not, such as overload capacity, condensing, greater scheduling flexibility, and an exclusion from paying the Purchased Power Adder

because of their obligation to meet Southwestern's 1200 hour minimum delivery requirement. Such projects also include components of Southwestern's transmission system and switchyard facilities used to deliver power and energy from the dams, and the costs of such facilities are recovered under the Integrated System rates. Revenues from all sales within the Integrated System are applied toward repayment of all Federal investment for all projects, regardless of their electrical integration status.

Southwestern is not required by FERC Order No. 888 or Order No. 2000 to offer unbundled services to its customers. Section 5 of the Flood Control Act of 1944 sets forth the statutory requirements for the sale and delivery of Federal power and energy. Furthermore, based on DOE policy, "each of the PMAs that own transmission facilities will publish generally applicable open access wholesale transmission tariffs and will take service itself under such tariffs. The tariffs will include rates, terms, and conditions, and will offer transmission services, including ancillary services, to all entities eligible to seek a transmission order under section 211 of the Federal Power Act * * *" Southwestern has complied with this policy in separating its non-Federal transmission service and to provide for ancillary services.

There is no overriding factor that compels Southwestern to change its previous determination that those customers who are presently electrically isolated from Southwestern's primary interconnected system do, in fact, derive benefit from the projects themselves and the transmission system and related facilities, and the power rate charged to the customers reflects such benefits. The parties expressing these concerns voluntarily and knowingly entered into long-term contractual arrangements to receive the benefits of these projects at integrated system rates. Based on prior FERC orders, we believe it is inappropriate for the parties again to seek, through the rate development process, to overturn what was done by their request and for their benefit through mutually agreeable bilateral contracts.

Alternative Rate Design

Comment

A commenter has stated that an alternative rate design was adopted by Southwestern without informed customer input.

Response

Several customers asked Southwestern to consider assigning the 2004 Integrated System revenue increase to the peaking energy rate in lieu of the capacity rate. The requested action was intended to help some customers pass on the increased costs from Southwestern through their fuel cost adjustments without having to formally increase their rates. Southwestern presented proposed alternative rate designs that might meet the customers' needs and at the same time meet Southwestern's repayment requirements, together with the most recent rate design process, at a special meeting held several weeks after the request. Many of the customers and a representative of the commenter were in attendance. The attendees reached a consensus that they would prefer that Southwestern submit the alternative rate design currently in the proposed rate filing. All customers and interested parties had a formal 90-day public comment period in which to review the proposed rate filing and provide comments. Only one commenter expressed any opposition to the proposed rate design based on the increased costs to them. Several customers verbally indicated their appreciation of the consideration of the customer request by Southwestern.

Because of the commenter's concern regarding increased costs to customers as a result of the proposed rate design, Southwestern reviewed the proposed rate design and determined that in separating the base energy rate between peaking energy and supplemental energy, some of the costs associated with the supplemental energy rate were incorrectly assigned to the peaking energy rate. As a result, the rates were adjusted to more accurately reflect the appropriate cost assignment. Southwestern then estimated the financial impacts to the customers and determined that the currently proposed rate design will meet Southwestern's repayment requirements and not cost the customers and, in particular, the commenter, any more than what it would have cost them under the previous rate design.

Other Issues

Other issues are discussed in the Administrator's Record of Decision.

Availability of Information

Information regarding this rate proposal, including studies, comments and other supporting material, is available for public review and comment in the offices of Southwestern

Power Administration, One West Third Street, Tulsa, OK 74101.

Administrator's Certification

The September 2004 Revised Power Repayment Study indicates that the increased power rates will repay all costs of the Integrated System including amortization of the power investment consistent with the provisions of Department of Energy Order No. RA 6120.2. In accordance with Delegation Order No. 00-037.00, December 6, 2001, and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed System rates are consistent with applicable law and the lowest possible rates consistent with sound business principles.

Environment

The environmental impact of the proposed System rates was evaluated in consideration of DOE's guidelines for implementing the procedural provisions of the National Environmental Policy Act and was determined to fall within the class of actions that are categorically excluded from the requirements of preparing either an Environmental Impact Statement or an Environmental Assessment.

Order

In view of the foregoing and pursuant to the authority delegated to me the Deputy Secretary of Energy, I hereby confirm, approve and place in effect on an interim basis, effective January 1, 2005, the following Southwestern Integrated System Rate Schedules, which shall remain in effect on an interim basis through September 30, 2008, or until the FERC confirms and approves the rates on a final basis.

Dated: November 6, 2004.

Kyle E. McSlarrow,
Deputy Secretary.

[FR Doc. 04-26039 Filed 11-23-04; 8:45 am]

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DEPARTMENT OF ENERGY

Southwestern Power Administration

Sam Rayburn Dam Power Rate Schedules

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of rate order.

SUMMARY: Pursuant to Delegation Order Nos. 00-037.00, effective December 6, 2001, and 00-001.00A, effective September 17, 2002, the Deputy Secretary has approved and placed into effect on an interim basis Rate Order No.

SWPA-52, which increases the power rate for the Sam Rayburn Dam Project (Rayburn) pursuant to the following Sam Rayburn Dam Rate Schedule:

Rate Schedule SRD-04, Wholesale Rates for Hydro Power and Energy Sold to Sam Rayburn Dam Electric Cooperative, Inc., (Contract No. DE-PM75-92SW00215)

The effective period for the rate schedule specified in Rate Order No. SWPA-52 is January 1, 2005, through September 30, 2008.

FOR FURTHER INFORMATION CONTACT: Mr. Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6696, gene.reeves@swpa.gov.

SUPPLEMENTARY INFORMATION: The existing hydroelectric power rate for the Rayburn project is \$2,013,024 per year. The rate was approved on a final basis by the Federal Energy Regulatory Commission on January 31, 2003, for the period October 1, 2002, through September 30, 2006. The 2004 Rayburn Power Repayment Studies indicate the need for an increase in the annual rate of \$500,676, or 24.9 percent beginning January 1, 2005.

The Administrator, Southwestern Power Administration (Southwestern) has followed Title 10, Part 903 Subpart A, of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" (Part 903) in connection with the proposed rate schedule. On July 21, 2004, Southwestern published notice in the **Federal Register**, 69 FR 43580, of a 90-day comment period, together with a Public Information Forum and a Public Comment Forum, to provide an opportunity for customers and other interested members of the public to review and comment on a proposed rate increase for the Rayburn project. Both public forums were canceled when no one expressed an intention to participate. Written comments were accepted through October 19, 2004. One comment was received from Gillis & Angley, Counsellors at Law, on behalf of Sam Rayburn Municipal Power Agency and Vinton Public Power Authority, (organizations within Sam Rayburn Dam Electric Cooperative, Inc.) which stated that they had no objection to the proposed rate adjustment.

Information regarding this rate proposal, including studies and other supporting material, is available for public review and comment in the offices of Southwestern Power

Administration, One West Third Street, Tulsa, Oklahoma 74103.

Following review of Southwestern's proposal within the Department of Energy, I approved Rate Order No. SWPA-52, on an interim basis, which increases the existing Rayburn rate to \$2,513,700, per year, for the period January 1, 2005, through September 30, 2008.

Dated: November 16, 2004.

Kyle E. McSlarrow,
Deputy Secretary.

[Rate Order No. SWPA-52]

Order Confirming, Approving and Placing Increased Power Rate Schedule in Effect on an Interim Basis

Pursuant to Sections 302(a) and 301(b) of the Department of Energy Organization Act, Pub. L. 95-91, the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944, 16 U.S.C. 825s, relating to the Southwestern Power Administration (Southwestern) were transferred to and vested in the Secretary of Energy. By Delegation Order No. 0204-108, effective December 14, 1983, the Secretary of Energy delegated to the Administrator of Southwestern the authority to develop power and transmission rates, delegated to the Deputy Secretary of the Department of Energy the authority to confirm, approve, and place in effect such rates on an interim basis and delegated to the Federal Energy Regulatory Commission (FERC) the authority to confirm and approve on a final basis or to disapprove rates developed by the Administrator under the delegation. Delegation Order No. 0204-108, as amended, was rescinded and subsequently replaced by Delegation Orders 00-037.00 (December 6, 2001) and 00-001-00A (September 17, 2002). The Deputy Secretary issued this rate order pursuant to said delegations.

Background

The Sam Rayburn Dam Project (Rayburn) is located on the Angelina River in the State of Texas in the Neches River Basin. Since the beginning of its operation in 1965, it has been marketed as an isolated project, under contract with Sam Rayburn Dam Electric Cooperative, Inc. (Contract No. DE-PM75-92SW00215).

In the FERC Docket No. EF03-4021-000, issued January 31, 2003, for the period October 1, 2002, through September 30, 2006, the FERC confirmed and approved the current annual Sam Rayburn Dam rate of \$2,013,024.