

accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 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 on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant and all the parties in this proceeding.

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.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, DC. There is an "eSubscription" link on the Web site that enables subscribers to receive e-mail notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please e-mail FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.
Comment Date: 5 pm Eastern Time on February 8, 2008.

Kimberly D. Bose,
Secretary.

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DEPARTMENT OF ENERGY

Western Area Power Administration

Washoe Project—Rate Order No. WAPA-136

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Non-Firm Power Formula Rate.

SUMMARY: The Western Area Power Administration (Western) is proposing a minor rate adjustment for non-firm energy from the Stampede Powerplant (Stampede), of the Washoe Project, located in Sierra County, California. The current rate expires September 30, 2010. The proposed formula rate will provide sufficient revenue to repay all annual

costs, including interest expense, and repayment of required investment within the allowable period. Western will prepare a brochure that provides detailed information on the formula rate to all interested parties. The proposed formula rate, under Rate Schedule SNF-7, is scheduled to go into effect August 1, 2008, and will remain in effect through July 31, 2013. Publication of this **Federal Register** notice begins the formal process for the proposed rate.

DATES: The consultation and comment period begins today and will end March 7, 2008. Western will accept written comments any time during the consultation and comment period.

ADDRESSES: Send written comments to Ms. Sonja A. Anderson, Power Marketing Manager, Sierra Nevada Customer Service Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, CA 95630-4710, e-mail sanderso@wapa.gov. Western will post information about the rate process on its Web site at <http://www.wapa.gov/sn/marketing/rates/>. Western will post official comments received via letter, facsimile, and e-mail to its Web site after the close of the comment period. Western must receive written comments by the end of the consultation and comment period to ensure they are considered in Western's decision process.

FOR FURTHER INFORMATION CONTACT: Mr. Sean Sanderson, Rates Manager, Sierra Nevada Customer Service Region, Western Area Power Administration, 114 Parkshore Drive, Folsom, CA 95630-4710, (916) 353-4466, e-mail sander@wapa.gov.

SUPPLEMENTARY INFORMATION: The proposed formula rate for Stampede's non-firm power is designed to recover an annual revenue requirement that includes investment repayment, interest, purchase power (if applicable), reimbursable operation and maintenance (O&M) expenses, and other expenses.

The Deputy Secretary of Energy approved Rate Schedule SNF-6, a non-firm power formula rate on August 16, 2005.¹

The proposed formula rate for Stampede power is:

$$\text{Stampede Annual Transferred PRR} = \text{Stampede Annual PRR} - \text{Stampede Revenue.}$$

¹ Rate Order No. WAPA-119, 70 FR 51035, August 29, 2005, and the Commission confirmed and approved the rate schedule on May 4, 2006, under FERC Docket EF05-5161-000 (115 FERC ¶ 62,137). Approval for Rate Schedule SNF-6 covered 5 years beginning October 1, 2005, and ending on September 30, 2010.

Where: Stampede Annual Transferred Power Revenue Requirement (PRR) = Stampede Annual PRR as identified as a cost transferred to the Central Valley Project (CVP).

Stampede Annual PRR = the total PRR for Stampede required to repay all annual costs, including interest, and the investment within the allowable period.

Stampede Revenue = Revenue from applying the Stampede Energy Exchange Account (SEEA) rate to project generation.

To serve project use loads and effectively market the energy from Stampede, Western has contracted with a third party (Contractor) that provides for an SEEA. The SEEA is an annual energy exchange account for Stampede energy. Under this contract, the Contractor accepts delivery of all energy generated from Stampede and integrates this generation into its resource portfolio. The monthly calculation of revenue from Stampede energy received by the Contractor is credited into the SEEA at the SEEA rate. Western can use the SEEA to benefit project use facilities and market energy from Stampede to CVP preference entities.

In the SEEA, the revenues from sales (generation revenues) made at the SEEA rate are reduced by the project use and station service power costs and SEEA administrative costs. Western applies the ratio of project use costs to the generation revenue recorded in the SEEA to determine a non-reimbursable percentage. One hundred percent minus this non-reimbursable percentage establishes a reimbursable percentage. This reimbursable percentage is then applied to the appropriate power-related costs to determine the reimbursable costs for repayment. The reimbursable costs are then netted against generation revenues made at the SEEA rate. As stipulated under the 2004 CVP Power Marketing Plan, any remaining reimbursable costs, to include interest and annual capital costs, are then transferred to the CVP for incorporation into the CVP PRR.

Since 1994, the Sierra Pacific Power Company (Sierra), through Contract 94-SAO-00010 (Contract 00010), has served as the Contractor for integrating Stampede generation into its resource portfolio and serving station service and project use loads in Sierra's service territory. The current rate schedule (SNF-6) links the current non-firm power formula rate to Contract 00010 and the management of the SEEA. In addition, the index that was used in Rate Schedule SNF-6 to set the "floor rate" was contained in Contract 00010.

On May 10, 2007, the Truckee-Donner Public Utilities District (Truckee Donner) and the City of Fallon (Fallon), two preference customers located within Sierra's control area, entered into a contract with Western that replaces Contract 00010. This new contract with Truckee Donner and Fallon (TDF), Contract 07-SNR-01026 (Contract 01026), uses a market index methodology as the basis for valuing Stampede generation. The effective date of Contract 01026 was August 1, 2007. The change in contractors and the "floor rate" definition makes it necessary for Western to initiate a new rate case to revisit the formula rate. In this proposed rate design, Western is using a general term of "Contractor" in the

development of the proposed formula rate and resulting rate schedule in order to provide flexibility in the event the contractor changes in the future.

As indicated above, the non-reimbursable portion of the annual O&M costs are defined as the ratio of project use costs (i.e., costs to serve project use loads) divided by the generation revenue from the Stampede Powerplant (annual generation valuation). Beginning in August 2007, due to the change in the SEEA rate, Western anticipates a reduction in the non-reimbursable percentage for the Washoe Project. This condition will subsequently increase reimbursable costs to the preference power customers. Western estimates that the reimbursable O&M costs could increase between

\$85,000 and \$223,000 annually due to the change in generation revenues.

The proposed formula rate will materially increase the Stampede Revenue for repayment of the Washoe Project. As a general comparison, the floor rate under the terminated Sierra Contract 00010 was \$17.89 per megawatt hour (MWh). Western estimates that the floor rate under the current TDF Contract would have ranged from \$29.85 to \$42.71 per MWh.² The table below provides further comparison of fiscal year (FY) 04-07 Stampede revenues between Sierra's terminated contract and the new TDF Contract. This information illustrates the significance of the change in the SEEA rate.

TABLE 1.—COMPARISON OF GENERATION REVENUES BETWEEN THE SIERRA AND TDF CONTRACT

FY	Total Stampede gen (MWh)	Sierra Contract 00010 (Terminated)	TDF Contract 01026 (current)			Difference between SEEA rate and floor rate revenues ¹
		Calculated floor rate revenue	Calculated SEEA rate revenue (on-peak)	Calculated SEEA rate revenue (off-peak)	Total calculated SEEA rate revenue	
2004	9,586	\$171,500	\$234,171	\$152,256	\$386,427	\$214,927
2005	7,831	140,102	160,005	102,583	262,588	122,487
2006	16,142	288,788	334,916	193,352	528,268	239,480
2007	11,239	201,070	220,580	138,285	358,865	157,794

¹ For illustrative purposes, the Sierra contract calculations are presumed to exist for the entire year.

Annual Stampede generation usually creates sufficient revenues in the SEEA to pay project use and station service costs. Due to the low floor rate used to credit the SEEA under the Sierra contract, low Stampede generation resulted in insufficient funds in the SEEA in some fall and winter months to

cover the payment of project use and station service costs. In these cases, the U.S. Fish and Wildlife Service (FWS) was required to use its Federal appropriation to pay for its project use loads' electric service bills. Under the new contract, Western anticipates that generation valuation will be greater than

in the past, which will reduce FWS's burden of payment and protect project use loads from incurring additional costs as a result of its monthly power costs exceeding SEEA balances.

Estimates of revenues and expenses are listed in Table 2.

TABLE 2.—COMPARISON OF EXISTING AND PROPOSED NON-FIRM POWER FORMULA RATE COMPONENTS
 ([Based on a 5-year average for FY 2008-2012])¹

Component ²	Existing floor rate (\$)	Proposed SEEA rate ² (\$) (effective August 1, 2008)	Percent change
Stampede Revenue	214,680	560,064	161
Expenses:			
O&M (reimbursable only)	0	233,207	2332
Project Use	239,723	239,723	0
Interest	213,993	211,626	-1
Capital Repayment	584,164	584,508	0
Total Expenses	1,037,880	1,269,064	22
Stampede Annual Transferred PRR (Stampede Revenue—Total Expenses)	(832,200)	(709,000)	-14

¹ Existing and proposed rates are based on a historical generation average. The difference between the two rates is (1) different generation valuation rates and (2) different reimbursable percentages as a result of the generation value.

² Amounts represent the 5-year averages of each component.

² This estimated floor rate was calculated using historical hourly generation and market rate information.

Western will review the PRR for the Stampede Powerplant semiannually in or around March and September each year. According to the existing rate procedures for the CVP, Western will review the CVP PRR in March and September of each year (71 FR 45821). The CVP rate procedures stipulate that Western will analyze the CVP financial data from October through February, to the extent information is available, as well as forecasted data for March through September. In the case of Stampede, Western will use the most

current Power Repayment Study (PRS) and the disposition of the SEEA account up through February and estimate March through September and other financial data, to the extent information is available, to determine the amount of costs to be included in the CVP PRR. In September, when the next review occurs, Western will use the same methodology to include costs in the CVP PRR for the following year. At the time Western makes a final decision regarding this proposed formula rate, to the extent that updated financial data is

made available, Western will update the PRS supporting the proposed rate. Based on estimated expenses and projected Stampede revenues, the Stampede Annual Transferred PRR for October 2008 through September 2009 (FY 2009), the first full year of the proposed rate, is estimated to be \$480,000.

A comparison of existing and proposed rates and revenue requirement follows:

TABLE 3.—COMPARISON OF EXISTING AND PROPOSED RATES AND REVENUE REQUIREMENT WASHOE PROJECT, STAMPEDE POWERPLANT

Non-firm energy rates and PRR	Existing rates	Proposed rates (effective 8/1/08)	Percent change
Floor Rate (Mills/kWh)	0.01789 \$/kWh	N/A	N/A.
SEEA Rate—Average	N/A	0.04667 \$/kWh	N/A.
Stampede Annual Transferred PRR (5-year average).	\$823,200	\$709,000	– 14

Legal Authority

Stampede Powerplant is a feature of the Washoe Project authorized by Congress in 1956 and is located on the Little Truckee River in Sierra County, California (70 Stat.775 (1956)). The powerplant has a maximum operating capability of 3,650 kilowatts (kW) with an estimated annual generation over the past 12 years of 12-million KWh. Since Stampede Powerplant has an installed capacity of less than 20,000 kW and generates less than 100 million kWh annually for sale, the proposed rate constitutes a minor rate adjustment. Western has determined that it is not necessary to hold a public information or comment forum for this proposed minor rate adjustment as defined by 10 CFR part 903.23(a). After review of public comments, and possible amendments or adjustments, Western will recommend the Deputy Secretary of Energy approve the proposed rate on an interim basis.

Western is establishing the proposed non-firm power formula rate for non-firm energy for the Stampede Powerplant under the Department of Energy Organization Act (42 U.S.C. 7152); the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the project involved.

By Delegation Order No. 00–037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to Western’s

Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to the Federal Energy Regulatory Commission. Existing Department of Energy (DOE) procedures for public participation in power rate adjustments are published in Title 10 of the Code of Federal Regulations in Part 903.

Pursuant to paragraph 1.5 of Delegation Order No. 00–037.00, Western’s Administrator approved the power formula rate for the sale of short-term, non-firm power to Truckee Donner and Fallon effective August 1, 2007. The Administrator’s approval provided interim rate authority between the effective date of the new contract (August 1, 2007) and the effective date of the proposed rate (August 1, 2008). The Administrator’s approval will expire on July 31, 2008, or upon approval of this proposed rate that supersedes Rate Order No. WAPA–119, whichever occurs earlier.

Availability of Information

All brochures, studies, comments, letters, memorandums, or other documents that Western initiates or uses to develop the proposed rates are available for inspection and copying at the Sierra Nevada Regional Office, located at 114 Parkshore Drive, Folsom, California. Many of these documents and supporting information are also available on the Web site under the “Current Rates” section located at

<http://www.wapa.gov/sn/marketing/rates/>.

Regulatory Procedure Requirements

Environmental Compliance

In compliance with the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321, *et seq.*); the Council on Environmental Quality Regulations for implementing NEPA (40 CFR 1500–1508); and DOE NEPA Regulations Implementing Procedures and Guidelines (10 CFR part 1021), Western has determined this action is categorically excluded from the preparation of an environmental assessment or environmental impact statement.

Determination Under Executive Order 12866

Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Dated: January 17, 2008.

Timothy J. Meeks,
Administrator.

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