

Committee, U.S. Department of Energy, Office of Science, Office of Biological and Environmental Research, SC-23/ Germantown Building, 1000 Independence Avenue, SW., Washington, DC 20585-1290. The most current information concerning this meeting can be found on the Web site: <http://www.science.doe.gov/ober/berac/announce.html>.

SUPPLEMENTARY INFORMATION:

Purpose of the Meeting: To provide advice on a continuing basis to the Director, Office of Science of the Department of Energy, on the many complex scientific and technical issues in the development and implementation of the Biological and Environmental Research Program.

Tentative Agenda

- Report on the Life and Medical Sciences Division Committee of Visitors.
- Report on the Office of Advanced Scientific Computing Research/Office of Biological and Environmental Research, Genomics: GTL Metrics.
- Report from the Office of Science.
- Scientific Focus Area (SFA) Rollout and Discussion.
- Report on the Climate Research Grand Challenges.
- Report from the Climate and Environmental Sciences Division Strategic Planning Retreat.
- Overview of Climate Synthesis and Assessment Reports.
- Report from the Office of Biological and Environmental Research.
- News from the Biological Systems Science and the Climate and Environmental Sciences Divisions.
- New business.
- Public Comment.

Public Participation: The one-day meeting is open to the public. If you would like to file a written statement with the Committee, you may do so either before or after the meeting. If you would like to make oral statements regarding any of the items on the agenda, you should contact David Thomassen at the address or telephone number listed above. You must make your request for an oral statement at least five business days before the meeting. Reasonable provision will be made to include the scheduled oral statements on the agenda. The Chairperson of the Committee will conduct the meeting to facilitate the orderly conduct of business. Public comment will follow the 10-minute rule.

Minutes: The minutes of this meeting will be available for public review and copying within 45 days at the BERAC

Web site: <http://www.science.doe.gov/ober/berac/Minutes.html>.

Issued in Washington, DC on August 12, 2008.

Rachel Samuel,

Deputy Committee Management Officer.

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DEPARTMENT OF ENERGY

Western Area Power Administration

Loveland Area Projects—Rate Order No. WAPA-142

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of proposed power rates.

SUMMARY: The Western Area Power Administration (Western) is proposing revised rates for Loveland Area Projects (LAP) firm electric service. LAP consists of the Fryingpan-Arkansas Project (Fry-Ark) and the Pick-Sloan Missouri Basin Program (Pick-Sloan)—Western Division, which were integrated for marketing and rate-making purposes in 1989. Current rates, under Rate Schedule L-F7, expire on December 31, 2012, but are not sufficient to meet LAP revenue requirements. The proposed rates will provide sufficient revenue to pay all annual costs, including interest expenses, and repay the required investment within the allowable period. Western will prepare and make available a brochure that provides detailed information on the proposed rates. The proposed rates, under Rate Schedule L-F8, are scheduled to go into effect on January 1, 2009, and will remain in effect through December 31, 2013, or until superseded. Publication of this **Federal Register** notice begins the formal process for the proposed rate adjustment.

DATES: The consultation and comment period begins today and will end November 13, 2008. Western will present a detailed explanation of the proposed rates at public information forums. Public Information forum dates are:

1. September 9, 2008, 9 a.m. to 10:30 a.m. MDT, Denver, CO.
2. September 10, 2008, 8 a.m. to 9:30 a.m. CDT, Sioux Falls, SD.

Western will accept oral and written comments at public comment forums. Public comment forums will be held on the following dates:

1. September 9, 2008, 11:30 a.m. to 12:30 p.m. MDT, Denver, CO.
2. September 10, 2008, 10:30 a.m. to 12 p.m. CDT, Sioux Falls, SD.

Western will accept written comments any time during the consultation and comment period.

ADDRESSES: Written comments and/or requests to be informed of Federal Energy Regulatory Commission (FERC) actions concerning the rates submitted by Western to FERC for approval should be sent to Mr. James D. Keselburg, Regional Manager, Rocky Mountain Region, Western Area Power Administration, 5555 East Crossroads Boulevard, Loveland, CO 80538-8986, or e-mail at lapfirmadj@wapa.gov. Western will post information about the rate process on its Web site at <http://www.wapa.gov/rm/ratesRM/2009/default.htm>. Western will post comments received via letter 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.

Public information and comment forum locations are:

1. Denver—Ramada Plaza Hotel, 10 East 120th Avenue, Northglenn, CO.
2. Sioux Falls—Holiday Inn, 100 West 8th Street, Sioux Falls, SD.

FOR FURTHER INFORMATION CONTACT: Ms. Sheila D. Cook, Rates Manager, Rocky Mountain Region, Western Area Power Administration, 5555 East Crossroads Boulevard, Loveland, CO 80538-8986, telephone (970) 461-7211, e-mail lapfirmadj@wapa.gov or scook@wapa.gov.

SUPPLEMENTARY INFORMATION: The proposed rates for LAP firm electric service are designed to recover an annual revenue requirement that includes investment repayment, interest, purchase power, operation and maintenance, and other expenses. The projected annual revenue requirement for firm electric service is allocated equally between capacity and energy.

Rate Schedule L-F7 for firm electric service was approved for a 5-year period beginning January 1, 2008, and ending December 31, 2012.¹ Under the current Rate Schedule L-F7 for 2008, the composite rate is 32.42 mills per kilowatthour (mills/kWh), the firm energy rate is 16.21 mills/kWh, and the firm capacity rate is \$4.25 per kilowattmonth (kWmonth). This Rate Schedule is formula based, providing for an increase in the Drought Adder

¹ WAPA-134 was approved by the Deputy Secretary of Energy on November 1, 2007 (72 FR ¶ 64,061), and confirmed and approved by FERC on a final basis on May 16, 2008, in Docket No. EF08-5181-000 (123 FERC ¶ 62,137).

rate component of up to 2 mills/kWh without a formal public process.

This proposed rate adjustment reflects a rate increase based on the Fry-Ark and Pick-Sloan—Western Division (P-SMBP—WD) revenue requirements derived from the Fiscal Year 2007 Power Repayment Studies (PRSs). The PRSs set the LAP revenue requirement for 2009 for firm electric service at \$75.9

million, which is a 14.9 percent increase. The current firm composite rate, including a 2 mills/kWh increase provided for under the Drought Adder formula rate component, is not sufficient to meet the LAP revenue requirement. Given the need for a Base rate component increase and the size of the Drought Adder rate component increase, Western is required to initiate

a formal public process.² Western has prepared the proposed rate schedule for firm electric service (LF-8) for consideration and comment during this public process. A comparison of the existing revenue requirement and rates and the proposed revenue requirement and rates under L-F8 are listed in Table 1.

TABLE 1—PROPOSED LAP FIRM ELECTRIC SERVICE REVENUE REQUIREMENT AND RATES

| Firm electric service | Existing rates as of 2008 L-F7 | Proposed rates ¹ (January 1, 2009) L-F8 | Percent change |
|---------------------------|--------------------------------|--|----------------|
| Revenue Requirement | \$66.1 million | \$75.9 million | 14.9 |
| Composite Rate | 32.42 mills/kWh | 37.24 mills/kWh | 14.9 |
| Firm Energy Rate | 16.21 mills/kWh | 18.62 mills/kWh | 14.9 |
| Firm Capacity Rate | \$4.25/kWmonth | \$4.88/kWmonth | 14.9 |

¹ The proposed rates are subject to adjustment prior to publication in the final Notice of Order Concerning Power Rates. Adjustments, if any, would be based on revisions to the Drought Adder rate component due to changes in hydrological conditions.

Under Rate Schedule L-F8, Western is proposing to continue to identify its firm electric service revenue requirement using Base and Drought Adder rate components and provide for an annual increase in the Drought Adder rate component of up to 2 mills/kWh. The Base rate component is a revenue requirement that includes annual operation and maintenance expenses, investment repayment and associated interest, normal timing power purchases, and transmission costs. Western's normal timing power purchases are purchases due to operational constraints (e.g., management of endangered species habitat, water quality, navigation, etc.) and are not associated with the current

drought. The Drought Adder rate component is a formula-based revenue requirement that includes costs attributable to the present drought conditions. The Drought Adder rate component includes costs associated with future non-timing purchases of additional power to meet firm obligations not covered with available system generation due to the drought, previously incurred deficits due to purchased power debt that resulted from non-timing power purchases made during this drought, and the interest associated with the previously incurred and future drought debt. The Drought Adder rate component is designed to repay Western's drought debt within 10 years from the time the debt was

incurred, using balloon-payment methodology. For example, the drought debt incurred by Western in 2007 will be repaid by 2017.

The annual revenue requirement calculation will continue to be summarized by the following formula: Annual Revenue Requirement = Base Revenue Requirement + Drought Adder Revenue Requirement. Under this proposal, effective January 1, 2009, the LAP revenue requirement equals \$75.9 million and is comprised of a Base revenue requirement of \$49.9 million plus a Drought Adder revenue requirement of \$26 million. A comparison of the current rate components and the proposed rate components are listed in Table 2.

TABLE 2—SUMMARY OF LAP RATE COMPONENTS

| | Existing rates as of 2008 L-F7 | | Proposed rates ¹ (January 1, 2009) L-F8 | |
|---------------------|--------------------------------|----------------|--|----------------|
| | Firm energy | Firm capacity | Firm energy | Firm capacity |
| Base | 11.92 mills/kWh | \$3.13/kWmonth | 12.23 mills/kWh | \$3.21/kWmonth |
| Drought Adder | 4.29 mills/kWh | \$1.12/kWmonth | 6.39 mills/kWh | \$1.67/kWmonth |
| Total LAP | 16.21 mills/kWh | \$4.25/kWmonth | 18.62 mills/kWh | \$4.88/kWmonth |

¹ The proposed rates are subject to adjustment prior to publication in the final Notice of Order Concerning Power Rates. Adjustments, if any, would be based on revisions to the Drought Adder rate component due to changes in hydrological conditions.

² Under the current Rate Schedule, Western had the option of increasing the Drought Adder rate component by up to 2 mills/kWh outside of a

formal public process, and only initiating the formal public process for the Base rate component increase and the incremental increase of the

Drought Adder rate component above 2 mills/kWh. Instead, Western has opted to initiate the formal public process for this rate increase.

Continuing to identify the firm electric service revenue requirement using Base and Drought Adder rate components will assist Western in the presentation of the impacts of the drought, demonstrate repayment of the drought related costs in the PRSs, and allow Western to be more responsive to changes in drought related expenses. Western will continue to charge and bill its customers firm electric service rates for energy and capacity, which are the sum of the Base and Drought Adder rate components.

Western reviews its firm electric service rates annually. Western will review the Base rate component after the annual PRS is completed, generally in the first quarter of the calendar year. If an adjustment to the Base rate component is necessary, Western will initiate a public process pursuant to 10 CFR part 903 prior to making an adjustment.

In accordance with the original implementation of the Drought Adder rate component, Western will continue to review the Drought Adder rate component each September to determine if drought costs differ from those projected in the PRS, and, if so, whether an adjustment, either incremental or decremental, to the Drought Adder rate component is necessary. Western will notify customers by letter each October of the planned incremental or decremental adjustment and implement the adjustment in the January billing cycle. Although decremental adjustments to the Drought Adder rate component will occur as drought costs are repaid, the adjustments cannot result in a negative Drought Adder rate component. To give customers advanced notice, Western will conduct a preliminary review of the Drought Adder rate component in early summer and notify customers by letter of the estimated change to the Drought Adder rate component for the following January, with the final Drought Adder component adjustment verified with notification in the October letter to the customers. Implementing the Drought Adder rate component adjustment on January 1 of each year will help keep the drought deficits from escalating as quickly, will lower the interest expense due to drought deficits, will demonstrate responsible deficit management, and will provide prompt drought deficit repayments.

As a part of the current and proposed rate schedules, Western provides for a formula-based adjustment of the Drought Adder rate component of up to 2 mills/kWh. The 2 mills/kWh cap is intended to place a limit on the amount the Drought Adder formula can be

adjusted relative to associated drought costs without having to go through a public process to recover costs attributable to the Drought Adder formula rate for any one-year cycle.

During informal discussions with its customers prior to the commencement of this rate adjustment process, Western discussed the possibility of implementing a two-step rate adjustment for the Base rate component to address operational and maintenance costs as well as normal inflationary cost that would be entered into the PRSs from the FY 2010 work plans. Western has reevaluated the benefits of the two-step rate adjustment and concluded that due to the unpredictability of the hydrological conditions, rising fuel costs and proposed changes in the electric transmission industry, it is more prudent to forego a two-step rate adjustment and continue the annual customer consultations and possible annual rate adjustments. Therefore, Western is not proposing a two-step rate adjustment in this public process.

Due to continued below normal hydropower generation, Western may need to use the Continuing Fund (Emergency Fund) to pay for unanticipated purchased power and wheeling expenses necessary to meet its contractual obligations for the sale and delivery of power to its customers. Should Western utilize this funding mechanism, Western will replenish the Continuing Fund (Emergency Fund) in accordance with law and Western's associated repayment policy, dated March 15, 2007.³

Legal Authority

Since the proposed rates constitute a major adjustment as defined by 10 CFR part 903, Western will hold public information forums and public comment forums. Western will review all timely public comments and make amendments or adjustments to the proposal as appropriate. Proposed rates will be forwarded to the Deputy Secretary of Energy for approval on an interim basis.

Western is establishing firm electric service rates for LAP 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; section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s);

³ Western's Continuing Fund (Emergency Fund) Policy can be found at <http://www.wapa.gov/powerm/pdf/repaypolicy.pdf>.

and other acts that specifically apply to the projects 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 FERC. Existing Department of Energy (DOE) procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

Availability of Information

All brochures, studies, comments, letters, memorandums, e-mail, or other documents that Western initiates to develop the proposed rates are available for inspection and copying at the Rocky Mountain Regional Office, located at 5555 East Crossroads Boulevard, Loveland, Colorado. Many of these documents and supporting information are also available on Western's Web site under the "Rates" section located at <http://www.wapa.gov/rm/ratesRM/2009/default.htm>.

Ratemaking 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 parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021), Western is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.

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: August 5, 2008.

Timothy J. Meeks,
Administrator.

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