

DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project - Proposed Firm Power Service Base Charge

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Base Charge Adjustment.

SUMMARY: The Western Area Power Administration (Western) Desert Southwest Region (DSW) is announcing the fiscal year (FY) 1998 annual rate adjustment process for FY 1999 Revenue Requirements and Rates under Rate Order WAPA-70 for firm power service for the Boulder Canyon Project (BCP). The annual rate adjustments are a requirement of the ratesetting methodology of WAPA-70 which was approved on a final basis by the Federal Energy Regulatory Commission (FERC) on April 19, 1996. The existing rate schedule was placed into effect on November 1, 1995. The power repayment study indicates the proposed Base Charge herein for BCP firm power service is necessary to provide sufficient revenue to pay all annual costs (including interest expense), plus repayment of required investment within the allowable time period. The proposed Base Charge for firm power service is expected to become effective October 1, 1998. This Federal Register notice initiates the formal process for the proposed Base Charge.

DATES: Submit comments on or before [Insert date 90 days after date of publication in FEDERAL REGISTER].

The forums dates are:

1. Public information forum, May 14, 1998, 10:30 a.m. MST, Phoenix, Arizona.
2. Public comment forum, June 11, 1998, 10:30 a.m. MST, Phoenix, Arizona.

ADDRESSES: Written comments should be sent to, Mr. J. Tyler Carlson, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457. The public forums will be held at the Desert Southwest Regional Office, 615 South 43rd Avenue, Phoenix, Arizona.

FOR FURTHER INFORMATION CONTACT: Mr. Maher A. Nasir, Rates Team Lead, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, telephone (602) 352-2768.

SUPPLEMENTARY INFORMATION: In accordance with established rate design principles for the BCP, Western has established a proposed Base Charge, consisting of an Energy Dollar and Capacity Dollar, and has established a Forecast Energy Rate and Forecast Capacity Rate. The proposed Base Charge for BCP firm power is based on an Annual Revenue Requirement of \$49,728,625. The proposed Base Charge consists of an Energy Dollar (energy component) amount of \$26,439,847 and a Capacity Dollar (capacity component) amount of \$23,288,777. The Forecast (proposed) Energy Rate is 5.3242 mills/kilowatthour (mills/kWh), and the Forecast (proposed) Capacity Rate is \$0.9947 per kilowatt per month (\$/kWmo).

The existing BCP firm power Base Charge is based on an Annual Revenue Requirement of \$43,479,183, consisting of an Energy Dollar (energy component) amount of \$22,527,359 and a Capacity Dollar (capacity component) amount of

\$20,951,824. The existing BCP energy rate is 4.41 mills/kWh and capacity rate is \$0.89/kWmo.

Authorities

Since the proposed rates constitute a major rate adjustment as defined by the procedures for public participation in general rate adjustments, as cited below, both a public information forum and a public comment forum will be held. After review of public comments, Western will recommend proposed charges/rates for approval on a final basis by the Deputy Secretary of DOE pursuant to Rate Order No. WAPA-70.

The power rates for the BCP are established pursuant to the Department of Energy Organization Act (42 U.S.C. §§ 7101, et seq.), the Reclamation Act of 1902 (43 U.S.C. §§ 391, et seq.), as amended and supplemented by subsequent enactments, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. § 485h(c)), the Colorado River Basin Project Act of 1968 (43 U.S.C. §§ 1501, et seq.), the Colorado River Storage Project Act (43 U.S.C. §§ 620, et seq.), the Boulder Canyon Project Act (43 U.S.C. §§ 617, et seq.), the Boulder Canyon Project Adjustment Act (43 U.S.C. §§ 618, et seq.), the Hoover Power Plant Act of 1984 (43 U.S.C. §§ 619, et seq.), the General Regulations for Power Generation, Operation, Maintenance, and Replacement at the BCP, Arizona/Nevada (43 CFR Part 431) published in the Federal Register at 51 FR 23960 on July 1, 1986, and the General Regulations for the Charges for the Sale of Power From the BCP, Final Rule (10 CFR Part 904) published in the Federal Register at 50 FR 37837 on September 18, 1985, and the DOE financial reporting policies, procedures, and methodology (DOE Order No. RA 6120.2 dated September 20, 1979).

By Amendment No. 3 to Delegation Order No. 0204-108, published November 10,

1993 (58 FR 59716), the Secretary of Energy (Secretary) delegated: (1) the authority to develop long-term power and transmission rates on a nonexclusive basis to the Administrator of Western; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove power rates to FERC.

Regulatory Procedure Requirements

Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980, 5 U.S.C. §§ 601-612, requires Federal agencies to perform a regulatory flexibility analysis if a proposed rule is likely to have a significant economic impact on a substantial number of small entities. Western has determined that this action relates to rates or services offered by Western and, therefore, is not a rule within the purview of the act.

Environmental Compliance

In compliance with the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. §§ 4321, et seq.; Council on Environmental Quality Regulations, 40 CFR Parts 1500-1508; and DOE NEPA Regulations, 10 CFR Part 1021, Western has determined this action is categorically excluded from the preparation of an environmental assessment or an 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.

Availability of Information:

All brochures, studies, comments, letters, memorandums, and other documents made or kept by Western for the purpose of developing the proposed rates for energy and capacity are and will be made available for inspection and copying at Western's Desert Southwest Regional Office, 615 South 43rd Avenue, Phoenix, Arizona.

Dated: April 10, 1998

Michael S. HacsKaylo
Acting Administrator