

6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Loveland Area Projects--Notice of Order Confirming and Approving an Extension of the Firm Electric Service Rate for Rate Order No. WAPA-82

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Rate Order.

SUMMARY: This action is to extend the existing Loveland Area Projects (LAP) firm electric service rate, Rate Order No. WAPA-51, through January 31, 2001. The existing firm electric service rate will expire January 31, 1999. This notice of an extension of a rate is issued pursuant to 10 CFR 903.23. Rate Order No. WAPA-51 is extended under Rate Order No. WAPA-82.

FOR FURTHER INFORMATION CONTACT: Mr. Daniel Payton, Rates Manager, Rocky Mountain Customer Service Region, Western Area Power Administration,

P.O. Box 3700, Loveland, CO 80539-3003, telephone (970) 490-7442, or e-mail (dpayton@wapa.gov).

SUPPLEMENTARY INFORMATION: By Amendment No. 3 to Delegation Order No. 0204-108, published November 10, 1993 (58 FR 59716), the Secretary of Energy delegated (1) the authority to develop long-term power and transmission rates on a nonexclusive basis to the Administrator of the Western Area Power Administration (Western); (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 (FERC).

Pursuant to Delegation Order No. 0204-108 and existing Department of Energy procedures for public participation in power rate adjustments at 10 CFR part 903, Western's LAP firm electric service rate was submitted to FERC for confirmation and approval on January 10, 1994. On July 14, 1994, in Docket No. EF94-5181-000 at

68 FERC ¶ 62,040, FERC issued an order confirming, approving, and placing into effect on a final basis the firm electric service rate for the LAP. The LAP consists of the Pick-Sloan Missouri Basin Program, Western Division and the Fryingpan-Arkansas Project. The rate, Rate Order No. WAPA-51, was approved for the 5-year period beginning February 1, 1994, and ending January 31, 1999.

Western proposed to extend the existing rate of \$2.85/kilowattmonth for

capacity and the rate of 10.85 mills/kilowatthour for energy. The existing rates are sufficient to recover project expenses (including interest) and capital requirements through January 31, 2001. Increased revenue from good hydrologic conditions and lower operation and maintenance expenses over the cost-evaluation period have made this possible. For the Pick-Sloan Missouri Basin Program, the ratesetting study projected the deficit to peak at \$178 million in fiscal year (FY) 1994 and to be repaid in FY 2002. The deficit actually peaked at \$171 million in FY 1993 and was totally repaid in FY 1997. The Fryingpan-Arkansas Project recorded its first principal payment of \$2.8 million on the investment in FY 1996. In FY 1997, the principal payment for this project was \$2.9 million. No principal payments were projected during this time period in Docket No. EF94-5181-000. The total revenue

requirement of \$44.3 million is sufficient to cover the expenses and capital requirements through January 31, 2001.

Western, therefore, has decided to extend the existing rate pursuant to 10 CFR 903.23.

In accordance with 10 CFR 903.23(a)(2), Western did not have a

consultation and comment period. The notice of an extension of the firm electric service rate was published in the Federal Register on August 18, 1998. Western is submitting the notice of rate order 30 days after that publication.

Following review of Western's proposal within the Department of Energy,

I approved Rate Order No. WAPA-82, which extends the existing Loveland Area Projects firm electric service Rate Schedule L-F4 on an interim basis through

January 31, 2001.

Dated:

Elizabeth A. Moler

Deputy Secretary