

DEPARTMENT OF ENERGY

Western Area Power Administration

Pacific Northwest-Pacific Southwest Intertie Project--Point-to-Point Transmission Services Rates for the 230/345-kV Transmission System.

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Rate Adjustments.

SUMMARY: The Western Area Power Administration's (Western) Desert Southwest Region (DSW) is initiating a rate adjustment process for point-to-point transmission services on the 230/345-kV system of the Pacific Northwest-Pacific Southwest Intertie Project (AC Intertie). This action is necessary to recover annual costs (including interest expense) and capital requirements. The existing rate schedule was placed into effect on February 1, 1996, under Rate Order WAPA-71 which was approved on a final basis by the Federal Energy Regulatory Commission (FERC) on July 24, 1996.

The proposed rate and its impact are explained in greater detail in a rate brochure which will be made available to all interested parties. Network transmission services and ancillary services which comply with FERC Order Nos. 888 and 888a may be obtained through Western's Open Access Tariff published on January 6, 1998 (63 FR 521).

The proposed rate is scheduled to go into effect on October 1, 1998. This Federal Register notice initiates the formal process for the proposed rate.

DATES: Submit comments on or before [**Insert date** 90 days after date of publication in the Federal Register].

The forum dates are:

1. Public information forum, May 4, 1998, 10 a.m. MST, Phoenix, Arizona.
2. Public comment forum, June 1, 1998, 10 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:

Proposed AC Intertie Transmission Rate

The proposed firm transmission service rate for the AC Intertie 230/345-kV transmission system is \$12.00 per kilowattyear (kWyr). The existing rate is \$6.58 per kWyr. The proposed rate represents an 82-percent increase. The increase in the rate is necessary to demonstrate repayment for the 230/345-kV transmission system and the 500-kV transmission system. Looking at the AC Intertie as a whole, two primary issues have prompted the proposed rate. First, costs from the planning phase of the canceled Northwest portion of the project must be repaid. In 1969, the Department of the Interior discontinued its funding prior to completion. When the Pacific Northwest participants subsequently withdrew support, a decision was made to abandon the project. The proposed transmission rate accounts for the recovery of the abandoned project costs.

The second issue is revenue from firm transmission service on the 500-kV transmission system is less than projected. Western has estimated that it will take approximately 10 years for the 500-kV transmission system to be subscribed to a level sufficient to meet revenue repayment requirements. Western's AC Intertie Power Repayment Study (PRS) reflects a revenue contribution for the 500-kV transmission system equivalent to the sale of 62.5 megawatts (MW) during the first year, increased by 100 MW each year during the 10-year period. The study concludes that the proposed rate for firm transmission service on the 230/345-kV AC Intertie transmission system is necessary to meet repayment requirements of the AC Intertie Project over this 10-year period.

Western proposes, through this rate adjustment process, to supersede only the rate for firm point-to-point transmission service on the 230/345-kV system placed in effect under Rate Order WAPA-71. The rate for firm point-to-point transmission service on the 230/345-kV system includes the cost for the scheduling, system control and dispatch service.

Authorities

Since the proposed rates constitute a major rate adjustment as defined in 10 CFR § 903.2, both a public information forum and a public comment forum will be held. After review of public comments, Western will recommend the proposed rates or revised proposed rates for approval on an interim basis by the Deputy Secretary of DOE.

The proposed point-to-point transmission service rates for the 230/345-kV AC Intertie system are being established pursuant to the Department of Energy Organization Act (42 U.S.C. §§ 7101, et seq.) and the Reclamation Act of 1902 (43 U.S.C. §§ 371, 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)) and section 8 of the Act of August 31, 1964 (16 U.S.C. § 837g).

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 Western; (2) the authority to confirm, approve, and place such rates in 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 such rates to the FERC. Existing DOE procedures for public participation in power rate adjustments (10 CFR Part 903) became effective on September 18, 1985 (50 FR 37835).

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 that 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 will be made available for inspection and copying at Western's Desert Southwest Regional Office, 615 South 43rd Avenue, Phoenix, Arizona.

Dated: March 25, 1998

Michael S. HacsKaylo
Acting Administrator

