determination of rolled-in versus incremental rate treatment is required in light of Transwestern's use of its existing Part 284 rates. Accordingly, Transwestern respectfully requests that the Commission provide for a shorter notice period for the filing of protests or motions to intervene so that the Commission could issue a preliminary determination by January 19, 1996, and a final certificate by March 31, 1996.

Any person desiring to be heard or to make any protest with reference to said application should on or before October 26, 1995, file with the Federal Energy Regulatory Commission, Washington, DC 20426, a motion to intervene or a protest in accordance with the requirements of the Commission's Rules of Practice and Procedure (18 CFR 385.214 or 385.211) and the Regulations under the Natural Gas Act (18 CFR 157.10). All protests filed with the Commission will be considered by it in determining the appropriate action to be taken but will not serve to make the protestants parties to the proceeding. Any person wishing to become a party to a proceeding or to participate as a party in any hearing therein must file a motion to intervene in accordance with the Commission's Rules.

Take further notice that, pursuant to the authority contained in and subject to jurisdiction conferred upon the Federal Energy Regulatory Commission by Sections 7 and 15 of the Natural Gas Act and the Commission's Rules of Practice and Procedure, a hearing will be held with further notice before the Commission or its designee on this application if no motion to intervene is filed within the time required herein, if the Commission on its own review of the matter finds that a grant of the certificate is required by the public convenience and necessity. If a motion for leave to intervene is timely filed, or if the Commission on its own motion believes that a formal hearing is required, further notice of such hearing will be duly given.

Under the procedure herein provided for, unless otherwise advised, it will be unnecessary for Transwestern to appear or be represented at the hearing.

Lois D. Cashell,

Secretary.

[FR Doc. 95–25637 Filed 10–16–95; 8:45 am]

BILLING CODE 6717–01–M

[Project No. 459–051 & –060 Missouri]

Union Electric Company; Notice of Availability of Environmental Assessment

October 11, 1995.

In accordance with the National Environmental Policy Act of 1969 and the Federal Energy Regulatory Commission's regulations, 18 CFR Part 380 (Order No. 486, 52 FR 47910), the Office of Hydropower Licensing (OHL) reviewed two applications for dredging two sites on the Lake of the Ozarks at the Osage Project. The applicants propose to excavate:

459–051: approximately 1,700 cubic yards (cy) of material from two areas, for the purpose of providing boat access to an existing boat dock and proposed boat ramp.

459–060: approximately 1,284 cy of material for three existing single family boat docks, one existing multi-family boat dock, and boat access lanes for each dock.

The proposed excavations will occur on project lands on the Lake of the Ozarks, in Camden and Morgan Counties, Missouri. The primary purpose of the excavation activities is to provide boat access to project waters for private recreational use. The staff prepared an Environmental Assessment (EA) for the actions. In the EA, staff concludes that approval of the non-project use of project lands would not constitute a major federal action significantly affecting the quality of the human environment.

Copies of the EA are available for review in the Reference and Information Center, Room 3308, of the Commission's offices at 941 North Capitol Street, N.E., Washington, D.C. 20426.

Lois D. Cashell,

Secretary.

[FR Doc. 95–25634 Filed 10–16–95; 8:45 am]

BILLING CODE 6717–01–M

[Project No. 11442–001 Washington]

Weeden's Hydro; Notice of Surrender of Preliminary Permit

October 11, 1995.

Take notice that Weeden's Hydro, Permittee for the West Cady Creek Project No. 11442, has requested that its preliminary permit be terminated. The preliminary permit for Project No. 11442 was issued February 3, 1994, and would have expired January 31, 1997. The project would have been located in the Snoqualmie—Mt. Baker National Forest, on West Cady Creek, in Snohomish County, Washington.

The Permittee filed the request on September 18, 1995, and the preliminary permit for Project No. 11442 shall remain in effect through the thirtieth day after issuance of this notice unless that day is a Saturday, Sunday, or holiday as described in 18 CFR 385.2007, in which case the permit shall remain in effect through the first business day following that day. New applications involving this project site, to the extent provided for under 18 CFR Part 4, may be filed on the next business day.

Lois D. Cashell,

Secretary.

[FR Doc. 95–25633 Filed 10–16–95; 8:45 am]

BILLING CODE 6717–01–M

Western Area Power Administration

Parker-Davis Project—Notice of Rate Order No. WAPA–68

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Rate Order—Parker-Davis Project Firm Electric Service Rate and Firm and Non-Firm Transmission Rate Adjustments.

SUMMARY: Notice is given of the confirmation and approval by the Deputy Secretary of the Department of Energy (DOE) of Rate Order No. WAPA–68 and Rate Schedules PD–F5, PD–FT5, PD–NFT5, and PD–FCT5 placing decreased firm power rates for capacity and energy and decreased firm and non-firm transmission rates from the Parker-Davis Project (P–DP) of the Western Area Power Administration (Western) into effect on an interim basis. The interim rates, called the provisional rates, will remain in effect on an interim basis until the Federal Energy Regulatory Commission (FERC) confirms, approves, and places them into effect on a final basis, or until they are replaced by other rates.

Western is requesting approval to place into effect a rate decrease in the firm power rates for capacity and energy and a rate decrease for firm and nonfirm transmission service from the P–DP. Four major changes are affecting the rates for the P–DP system

The first change is in the costs apportionment study. This change was suggested by the P–DP customers and was a collaborative effort between all of Western's P–DP customers, Western and the Bureau of Reclamation (Reclamation). The new costs apportionment study more accurately allocates the P–DP's total power related costs and revenue between generation and transmission. In the previous

ratesetting study for Step Two rates, the apportionment percentages between generation and transmission were approximately 26 percent and 74 percent, respectively. Based upon a reallocation of these costs, the appointment percentages between generation and transmission are approximately 16 percent and 84 percent, respectively.

The second change concerns the ratesetting methodology. This change has also been made in response to questions and concerns voiced by Western's P–DP customers. Previously, rates were set using the traditional pinch-point methodology, where 50 years of data was analyzed and rates were based on the year in which the revenue requirement was the highest. Under the proposed methodology, revenue requirements are determined for the next five years. In addition, a compound interest amortization schedule is prepared for all investments, including replacements, thus ensuring project repayment. By October 1 of each year, new rates for the following five year period will be determined and implemented.

The third change concerns the determination of interest offsets. An interest offset is a credit that is made toward interest expense. Western has decided to handle interest offsets consistently with the other Federal power marketing administrations. The main difference between the new method and the old method is that the old method calculated interest offsets on only the principal that was repaid in the current year. The new method calculates interest offsets on both principal and interest for the current year.

The final change is in the area of cost containment. Western and its customers have participated in many collaborative, or partnership, efforts since the last P–DP rate process. Western has significantly increased its customer's input into its engineering and future construction program, its maintenance activities, and in its financial planning and budget planning activities. This collaborative effort has resulted in a significant decrease in both future operation and maintenance expenses and capital expenses.

A comparison of existing and provisional rates follows:

COMPARISON OF EXISTING AND PROVISIONAL POWER AND TRANSMISSION RATES

	Step 2 of the existing rates, October 1, 1995, through January 31, 1999	Proposed rates October 1, 1995 [1]	Percent change
Composite Rate [2] (mills/kWh)	12.01	6.33	−47.29
Firm Capacity Charge ($/kW/month) PD–F5	$2.63	$1.92	−27.00
Firm Energy Charge (mills/kWh) PD–F5	6.01	1.95	−67.55
Firm Transmission Service ($/kW/year) PD–FT5	$12.55	$11.51	−8.29
Nonfirm Transmission Service (mills/kWh) PD–NFT5	2.39	2.19	−8.37
Transmission Service for SLCA/IP PD–FCT5	$6.27 per kW-Season	$5.76 per kW-Season	−8.13

[1] A new rate will be determined each year on September 1, based upon the proposed new ratesetting methodology. These rates represent FY 1996 only.

[2] The Composite Rate is the total of the Firm Capacity Charge, the Firm Energy Charge and the Firm Transmission Service, all expressed on a mills/kWh basis.

DATES: Rate Schedules PD–F5, PD–FT5, PD–FCT5, and PD–NFT5 will be placed into effect on an interim basis on the first day of the first full billing period beginning on or after October 1, 1995, and will be in effect until FERC confirms, approves, and places the rate schedules into effect on a final basis for a five year period, or until the rate schedules are superseded.

FOR FURTHER INFORMATION CONTACT:

Mr. J. Tyler Carlson, Area Manager, Phoenix Area Office, Western Area Power Administration, P.O Box 6457, Phoenix, AZ 85005–6457, (602) 352–2453

Ms. Deborah M. Linke, Acting Director, Division of Power Marketing, Western Area Power Administration, P.O Box 3402, Golden CO 80401–0098, (303) 275–1610

Mr. Joel K. Bladow, Assistant Administrator for Washington Liaison, Western Area Power Administration, Room 8G–027, Forrestal Building, 1000 Independence Avenue, SW., Washington, DC 20585–0001, (202) 586–5581

SUPPLEMENTARY INFORMATION: 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 such rates to FERC. Existing DOE procedures for public participation in power rate adjustments (10 CFR Part 903) became effective on September 18,1985 (50 FR 37835).

These power rates are established pursuant to section 302(a) of the Department of Energy (DOE) Organization Act, 42 U.S.C. 7152(a), through which the power marketing functions of the Secretary of the Interior and Reclamation under 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 other acts specifically applicable to the project system involved, were transferred to and vested in the Secretary.

Most of the comments received at the public meetings and in correspondence dealt with purchase power costs, comparability issues with the recently announced FERC notice of proposed rulemaking concerning open access non-discriminatory transmission service, the new rate methodology and Reclamation's working capital improvement process.

Rate Order No. WAPA–68, confirming, approving, and placing the proposed P–DP rate adjustments into effect on an interim basis, is issued, and the new Rate Schedules PD–F5, PD–FT5, PD–FCT5, and PD–NFT5 will be submitted promptly to FERC for confirmation and approval on a final basis.

Issued in Washington, DC, September 29, 1995.

Charles B. Curtis,

Deputy Secretary.

Department of Energy—Deputy Secretary

In the matter of: Western Area Power Administration, Rate Adjustment for Parker-Davis Project. Rate Order No. WAPA–68.

Order Confirming, Approving, and Placing the Parker-Davis Project Firm Power Service Rate, Firm Transmission Service Rate, Nonfirm Transmission Service Rate and Transmission Service for the Salt Lake City Area/Integrated Projects Into Effect on an Interim Basis

October 1, 1995.

These power rates are established pursuant to section 302(a) of the Department of Energy (DOE) Organization Act, 42 U.S.C. 7152(a), through which the power marketing functions of the Secretary of the Interior and the Bureau of Reclamation (Reclamation) under 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 other acts specifically applicable to the project system involved were transferred to and vested in the Secretary of Energy (Secretary).

By Amendment No. 3 to Delegation Order No. 0204–108, published November 10, 1993 (58 FR 59716), the Secretary 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; 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). Existing DOE procedures for public participation in power rate adjustments (10 CFR Part 903) became effective on September 18, 1985 (50 FR 37835).

Acronyms and Definitions

As used in this rate order, the following acronyms and definitions apply:

$/kW/month: Monthly charge for capacity (usage—$ per kilowatt per month).
Costs Apportionment Study: A study which allocates P–DP's total costs and other revenue between generation and transmission.
CROD: Contract rate of delivery.
Customer Brochure: A document prepared for public distribution explaining the background of the rate proposal contained in this rate order.
DOE: Department of Energy.
DOE Order RA 6120.2: An order dealing with power marketing administration financial reporting.
EA: Environmental assessment.
EIS: Environmental impact statement.
FERC: Federal Energy Regulatory Commission.
FY: Fiscal year.
Interior: U.S. Department of the Interior.
kW: Kilowatt.
KW/month: The greater of (1) the highest 30-minute demand measured during the month, not to exceed the contract obligation, or (2) the contract rate of delivery.
kWh: Kilowatthour.
mills/kWh: Mills per kilowatthour.
MW: Megawatt.
NEPA: National Environmental Policy Act of 1969.
NOPR: Notice of Proposed Rulemaking.
O&M: Operation and maintenance.
P–DP: Parker-Davis Project.
pinch-point The FY in which the level of the rate is set as dictated by a revenue requirement in some future year to meet relatively large annual costs or to repay investments which come due.
PAO: Western's Phoenix Area Office.
PMA: Power marketing administration.
Proposed Rate: A rate revision that the Administrator of Western recommends to the Deputy Secretary.
Provisional Rate: A rate which has been confirmed, approved, and placed into effect on an interim basis by the Deputy Secretary.
PRS: Power repayment study.
Reclamation: Bureau of Reclamation, U.S. Department of the Interior.
Replacements: A unit of property constructed or acquired as a substitute for an existing unit of property for the purpose of maintaining the power features of a project or the joint features properly allocated to power.
SLCA/IP: Salt Lake City Area/Integrated Projects.
Western: Western Area Power Administration, U.S. Department of Energy.

Effective Date

The new rates and rate methodology will become effective on an interim basis on the first day of the first full billing period beginning on or after October 1, 1995, and will be in effect pending FERC's approval of them or substitute rates on a final basis for a five year period, or until superseded.

Public Notice and Comment

The Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR Part 903, have been followed by Western in the development of the firm power rate, firm transmission rate, and nonfirm transmission rate. The provisional firm power rate, firm transmission rate, and nonfirm transmission rate will cause more than a 1 percent change in total P–DP power revenues; therefore, it is a major rate adjustment as defined at 10 CFR §§ 903.2(e) and 903.2(f)(1). The distinction between a minor and a major rate adjustment is used only to determine the public procedures for the rate adjustment.

The following summarizes the steps Western took to ensure involvement of interested parties in the rate process:

1. Discussion of the proposed rate adjustment was initiated on February 16, 1995, when a letter announcing an informal customer meeting was mailed to all firm power customers, firm and nonfirm transmission customers, and other interested parties. The informal customer meeting was held on February 22, 1995, in Phoenix, Arizona. At this informal meeting, Western and Reclamation Representatives explained the need for the rate adjustments and answered questions for those attending.

2. A **Federal Register** notice was published on March 21, 1995 (60 FR 14935), officially announcing the proposed firm power rate, firm transmission rate, and nonfirm transmission rate adjustment; initiating the public consultation and comment period; announcing the public information and public comment forums, and presenting procedures for public participation.

3. On March 29, 1995, letters were mailed from PAO to all P–DP firm power, firm transmission, and nonfirm transmission customers and other interested parties, providing a copy of the P–DP Rate Brochure dated March 1995. The Rate Brochure also included a copy of the **Federal Register** notice of March 21, 1995.

4. At the public information forum on April 5, 1995, Western and Reclamation representatives explained the need for the rate adjustments in greater detail and answered additional questions.

5. The public comment forum was held on May 15, 1995, to give the customers and interested parties an opportunity to comment for the record. Five persons, representing customers and customer groups, made oral comments.

6. On June 22, 1995, a letter was mailed to all P–DP customers and interested parties with copies of an updated PRS and rate design spreadsheets.

7. A **Federal Register** notice was published on July 6, 1995 (60 FR 35199), extending the consultation and comment period until July 12, 1995.

8. Eight comment letters were received during the 114-day consultation and comment period which ended July 12, 1995. All formally submitted comments have been considered in the preparation of this rate order.

Project History

The Parker Dam Power Project was authorized by section 2 of the Rivers and Harbors Act of August 30, 1935 (49 Stat. 1039). The Davis Dam Project was authorized April 26, 1941, by the Acting Secretary of the Interior under provisions of the Reclamation Project Act of 1939 (43 U.S.C. 485, *et seq.*). The P–DP was formed by the consolidation of the two projects under the terms of the Act of May 28, 1954 (68 Stat. 143).

Construction of Parker Dam was authorized for the purposes of controlling floods, improving river navigation, regulating the flow of the Colorado River, providing for storage and for the delivery of the stored waters thereof, for the reclamation of public lands and Indian reservations, for other beneficial uses, and for the generation of electric energy as a means of making the P–DP a self-supporting and financially solvent undertaking.

Parker Dam was constructed by Reclamation with funds advanced by the Metropolitan Water District of Southern California (MWD). Lake Havasu, the reservoir created behind Parker Dam, serves as the forebay from which water is diverted into the MWD aqueduct. The aqueduct delivers a major portion of California's entitlement of Colorado River water to southern California and is the diversion point for delivering Central Arizona Project water to the state of Arizona. Reservoir operation is limited to minor storage fluctuations. The dam provides a head of approximately 75 feet for Parker Powerplant. Reclamation began operation of Parker Powerplant in December 1942. Although the total generator nameplate capacity is 120,000 kW, the powerplant capacity is essentially limited to 104,000 kW because of operating constraints of downstream physical structures, primarily Headgate Rock Dam. MWD is entitled, under current contract, to one-half of the net energy generated by Parker Powerplant at any given time.

Davis Dam, which created Lake Mohave, provides regulation, both hourly and seasonally, of water releases from lake Mead (through Hoover Dam and Powerplant) to facilitate water delivery for downstream irrigation requirements and for water delivery beyond the boundary of the United States as required by the Mexican Water Treaty. Operation of the powerplant began in January 1951 with a generating capacity of 225,000 kW. During the period 1974–1978, the generator nameplate capacity was increased to 240,000 kW by rewinding the generator stators.

All facilities of the P–DP were operated and maintained by Reclamation until the formation of the DOE pursuant to the DOE Organization Act (DOE Act), 42 U.S.C. Sections 7101 *et seq.*, enacted by Congress on August 4, 1977. Pursuant to section 302 of the DOE Act (42 U.S.C. 7152), responsibility for the power marketing functions of Reclamation, including the construction, operation, and maintenance of substations, transmission lines and attendant facilities was transferred to the DOE. The responsibility for operation and maintenance of the dams and powerplants remains with Reclamation.

Power Repayment Studies

PRS's are prepared each fiscal year to determine if power revenues will be sufficient to pay, within the prescribed time periods, all costs assigned to the power function. Repayment criteria are based on law, policies, and authorizing legislation. DOE Order RA 6120.2, section 12b, requires that:

In addition to the recovery of the above costs (operation and maintenance and interest expenses) on a year-by-year basis, the expected revenues are at least sufficient to recover (1) each dollar of power investment at Federal hydroelectric generating plants within 50 years after they become revenue producing, except as otherwise provided by law; plus (2) each annual increment of Federal transmission investment within the average service life of such transmission facilities or within a maximum of 50 years, whichever is less; plus (3) the cost of each replacement of a unit of property of a Federal power system within its expected service life up to a maximum of 50 years; plus, (4) each dollar of assisted irrigation investment within the period established for the irrigation water users to repay their share of construction costs; plus, (5) other costs such as payments to basin funds, participating projects, or States.

Existing and Provisional Rates

A comparison of existing and provisional rates follows:

COMPARISON OF EXISTING AND PROVISIONAL POWER AND TRANSMISSION RATES

	Step 2 of the existing rates October 1, 1995, through January 31, 1999	Proposed rates October 1, 1995[1]	Percent change
Composite Rate[2] (mills/kWh)	12.01	6.33	−47.29
Firm Capacity Charge ($/kW/month) PD–F5	$2.63	$1.92	−27.00
Firm Energy Charge (mills/kWh) PD–F5	6.01	1.95	−67.55
Firm Transmission Service ($/kW/year) PD–FT5	$12.55	$11.51	−8.29
Nonfirm Transmission Service (mills/kWh) PD–NFT5	2.39	2.19	−8.37
Transmission Service for SLCA/IP PD–FCT5	$6.27 per kW/season	$5.76 per kW/season	−8.13

[1] A new rate will be determined each year on September 1, based upon the proposed new ratesetting methodology. These rates represent FY 1996 only.

[2] The Composite Rate is the total of the Firm Capacity Charge, the Firm Energy Charge and the Firm Transmission Service, all expressed on a mills/kWh basis.

Certification of Rate

Western's Administrator has certified that the P–DP firm power rate, firm transmission rate, nonfirm transmission rate, and the transmission service for SLCA/IP rate, placed into effect on an interim basis herein are the lowest possible consistent with sound business principles. The rates have been developed in accordance with administrative policies and applicable laws.

Discussion

Western is requesting approval to place into effect a rate decrease in the

	Estimated 1996 revenue	
	Existing	Proposed
Power Sales Revenue Requirements	[1] $42,011,732	[2] $28,521,763

[1] From the Parker-Davis Project Rate Design Worksheet for WAPA–55, Step 2.
[2] From the Parker-Davis Project Rate Design Worksheet for WAPA–68.

The rate decrease satisfies the cost-recovery criteria set forth in DOE Order RA 6120.2.

Statement of Revenue and Related Expenses

The following table provides a summary of revenue and expense data through the 5-year Provisional Rates approval period.

PARKER-DAVIS PROJECT COMPARISON OF 5-YEAR RATE PERIOD REVENUES AND EXPENSES

[In thousands of dollars]

	Provisional ratesetting (FY 1996) PRS 1996–2000	Current step 2 proposed rate (FY 1995) PRS 1996–2000	Difference
Total Revenues [1]	180,212	210,401	30,189
Revenue Distribution:			
O&M	114,874	123,095	8,221
Purchased Power	4,500	1,400	−3,100
Other	1,017	2,891	1,874
Interest	56,452	66,130	9,678
Investment Repayment	3,014	13,113	10,099
Capitalized Expenses	355	3,772	3,417
Total	180,212	210,401	30,189

[1] Total Revenues includes revenues from all sources. Total Revenues for the Provisional ratesetting PRS also includes excess revenues from the previous year.

Basis for Rate Development

The rates were designed using a cost apportionment study. The study was based upon the separation of costs between generation and transmission. As a result of the study, 84 percent of the P–DP costs are to be recovered from the firm transmission customers, while the remaining 16 percent of the costs are to be recovered from firm power customers. The rate design consists of five steps.

1. Required revenue is derived in the proposed PRS for the period 1996 through 2000.
2. The percentages from the Costs Apportionment Study for generation and transmission are applied to the total revenue requirements in step one above. This determines the required revenue for generation and the required revenue for the transmission system.
3. The firm transmission rate is developed by dividing the required revenue for transmission by the total transmission sales. Total transmission sales includes firm transmission service and firm electric service.
4. The transmission rate is applied to the sales for firm transmission service to determine transmission revenues.
5. The demand and energy components of the power rate are then calculated. The demand component is calculated by (i) first multiplying the firm transmission rate by the maximum firm electric service kW sales, (ii) adding 50 percent of the required revenue for generation and then (iii) dividing this total revenue requirement by the average firm electric service kW sales.

The energy component is determined by dividing 50 percent of the generation revenue requirements by the total firm electric service kWh sales.

The composite rate is determined by adding the revenue requirements associated with demand and the revenue requirements associated with energy and dividing by the total firm electric kWh sales.

The SLCA/IP rate is determined by dividing the firm transmission service rate in half, to determine the seasonal rate.

Comments

During the 114-day comment period, Western received eight written comments either requesting additional information or commenting on the rate adjustment. In addition, five persons provided oral comments during the May 15, 1995, public comment forum. All comments were reviewed and considered in the preparation of this rate order.

Written comments were received from the following sources:

Arizona Public Service Company (Arizona)
Salt River Project (Arizona)
Maricopa Water District (Arizona)
Ak-Chin Indian Community (Arizona)
Irrigation & Electrical Districts Association of Arizona (Arizona)
Tonopah Irrigation District (Arizona)
Overton Power District No. 5, Valley Electric Association, Inc. (Nevada)
Arizona Power Authority—R.W. Beck (Arizona)

Representatives of the following organizations made oral comments:

Overton Power District No. 5, Valley Electric Association, Inc. (Nevada)
Arizona Power Authority (Arizona) (two commenters)
Salt River Project (Arizona)
Irrigation & Electric District Association of Arizona (Arizona)

Most of the comments received at the public meetings and in correspondence dealt with purchase power costs, comparability issues with the recently announced FERC notice of proposed rulemaking concerning open access non-discriminatory transmission service, new rate methodology, and Reclamation's working capital improvement process.

firm power rates for capacity and energy and a rate decrease for firm and nonfirm transmission service from the P–DP of the Western Area Power Administration on an interim basis. Four major changes are affecting the rates for the Parker-Davis system.

The first change is in the costs apportionment study. This change was suggested by the P–DP customers and was a collaborative effort between all of Western's P–DP customers, Western and Reclamation. Since the last rate adjustment process, Western has worked with the customers to develop a revised costs apportionment study which can be described in four steps.

1. All costs, including Western's O&M expenses, Reclamation expenses, purchase power costs, multi-project costs associated with Mead Service Center, interest expenses, and principal payments were allocated to either generation or transmission. Each component was allocated based on whether it was directly related to generation or transmission. If a component was related to both, a customer allocation factor based on the number of customers was used to separate costs between generation and transmission.

2. All revenues, including nonfirm transmission, nonfirm energy, fuel replacement, spinning reserves, facility use charges, and multi-project revenues associated with SCADA and the Phoenix Service Center were allocated to either generation or transmission. Each component was allocated based on whether it was directly related to generation or transmission. If a component was related to both, a customer allocation factor was used to separate other sources of revenues between generation and transmission.

3. Project use costs for both generation and transmission were compared to the anticipated revenue of $1.2 million. The difference between the project use costs and the anticipated revenues was allocated to the generation and transmission customers. This allocation was based on the ratio of project use generation costs to project use transmission costs.

4. Final percentages of costs associated with generation and costs associated with transmission were derived.

The new costs apportionment study more accurately allocates the P–DP's total power related costs and revenue between generation and transmission. In the previous ratesetting study for Step Two rates. the apportionment percentages between generation and transmission were approximately 26 percent and 74 percent, respectively. Based upon a reallocation of these costs, the new apportionment percentages between generation and transmission are approximately 16 percent and 84 percent, respectively.

The second change concerns the ratesetting methodology. This change has also been made in response to questions and concerns voiced by Western's P–DP customers. Previously, rates were set using the traditional pinch-point methodology, where 50 years of data was analyzed and rates were based on the year in which the revenue requirement was the highest. Under the proposed methodology, revenue requirements are determined for the next five years. In addition, a compound interest amortization schedule is prepared for all investments, including replacements, thus ensuring project repayment. By October 1 of each year, new rates for the following five year period will be determined and implemented.

Under the previous pinch-point methodology, 50 years of data were analyzed and the rate was based on the year in which the highest revenue requirement was encountered. This methodology used a priority of repayment which first applied annual revenues to operation and maintenance expenses, purchased power expenses, interest, and then to required annual principal payments. Any excess annual revenue was then applied toward principal owed to the Federal Treasury. Under the new repayment methodology, Western first determines an amortization schedule of all existing and future investments. This includes both a principal component and an interest component. Western then adds this annual amortization amount to operation and maintenance expenses, purchase power expenses, and other annual expenses to determine the total annual revenue requirements over the next five years. An average revenue requirement and an average rate are than calculated for the five year period. Revenues collected that are in excess of the annual revenue requirement are carried forward to the next year and are utilized to cover revenue shortfalls in future years. This new methodology, while relying on a five year rate setting period instead of 50 years, provides for guaranteed payment of all costs within the five year rate setting window and establishes a guaranteed methodology concerning repayment of principal, thus ensuring total repayment of the project within its prescribed time period.

RA 6120.2 states that revenues remaining after paying for annual expenses shall be used to repay the Federal investment. Under the new ratesetting methodology, repayment of the Federal investment will become a component of the total annual expenses and will be made on an annual basis through a compound interest amortization payment. Any excess revenues remaining after the payment of total annual expenses will be carried forward to the following operating year to be applied toward annual expenses.

The third change concerns the determination of interest offsets. An interest offset is a credit that is made toward interest expense. Western has decided to handle interest offsets consistent with the other Federal power marketing agencies. The main difference between the new method and the old method is that the old method calculated interest offsets on only the principal that was repaid in the current year. The new method calculates interest offsets on both principal and interest for the current year.

The final change is in the area of cost containment. Western and its customers have participated in many collaborative, or partnership, efforts since the last P–DP rate process. Western has significantly increased its customer's input into its engineering and future construction program, its maintenance activities, and in its financial planning and budget planning activities. This collaborative effort has resulted in a significant decrease in both future operation and maintenance expenses and capital expenses.

Since the last P–DP rate process was concluded, Western and the customers have worked quite closely in a partnership process to implement a coordinated 10-year engineering and construction plan process. This process annually generates a 10-Year Engineering and Construction plan, which is issued in October of each year. This process is also integrated with Western's rates and budgeting processes to (1) provide certainty to the customers that all of Western's processes are operating from the same financial base and (2) provide the customers with the maximum input possible into the financial decisions that are reflected in the rates paid by the customers. This process has resulted in considerable changes both in the way Western does business and in the amount of future expenditures Western will be committing on behalf of its customers.

Power Sales Revenue Requirements

A comparison of the power sales revenue requirements estimated for 1996 and the existing 1996 power sales revenue requirements are noted in the table below.

Issue: Some customers expressed concern about purchase power costs that have been incurred in the past, especially in unusual flood years, such as occurred in 1993. Western was forced into a position of buying power to replace lost generation when the customers did not need replacement power. How do we handle this hydrologic condition so it doesn't happen again?

Response: Western shares the customers' concern that this hydrologic condition could occur again. In the near future, Western will set up a working group to examine how to keep purchase powers costs from occurring under these particular conditions. Western looks forward to working with its customers on this issue.

Issue: Customers would like Western to determine what would be required of Western should FERC finalize its notice of proposed rulemaking (NOPR) on the comparability issue.

Response: Presently, Western has several working groups set up to determine what would be required of Western should the FERC NOPR become final. This is a Western-wide issue. Once the requirements on comparability are determined and Western determines how it will voluntarily adhere to such requirements, such information will be made available to all customers and interested parties.

Issue: Customers would like Reclamation to continue to commit to enter into a 10-year planning process related to costs and expenditures of the Parker-Davis Project.

Response: Reclamation has verbally committed to continue to work with the customers on a 10-year planning process related to its operations and maintenance expenses.

Issue: The customers support the compound interest amortization process and commend Western for implementation of this item in the PRS.

Response: Western acknowledges the customer's support and looks forward to working with customers on other process improvement issues.

Issue: One transmission customer requested that the 11.5 percent increase for the firm transmission rate be phased in using a two-step process.

Response: Western received only one comment pertaining to phasing in the firm transmission rate. While the provisional firm transmission rate of $11.51/kW-yr is 10.67 percent higher than the existing Step 1 rate of $10.40/kW-yr, it is 8.29 percent lower than the existing Step 2 rate previously proposed to go into effect October 1, 1995. Western believes that a phase in of the rate will not be necessary.

Environmental Evaluation

In compliance with the National Environmental Policy Act of 1969, 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.

Executive Order 12866

DOE has determined that this is not a significant regulatory action because it does not meet the criteria of Executive Order 12866, 58 FR 51735. Western has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by Office of Management and Budget is required.

Availability of Information

Information regarding this rate adjustment, including PRSs, comments, letters, memorandums, and other supporting material made by or kept by Western for the purpose of developing the power rates, is available for public review in the Phoenix Area Office, Western Area Power Administration, Office of the Assistant Area Manager for Power Marketing, 615 South 43rd Avenue, Phoenix, Arizona 85009; Western Area Power Administration, Division of Power Marketing, 1627 Cole Boulevard, Golden, Colorado 80401; and Western Area Power Administration, Office of the Assistant Administrator for Washington Liaison, Room 8G–027, Forrestal Building, 1000 Independence Avenue SW., Washington, DC 20585.

Submission to Federal Energy Regulatory Commission

The rate herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to FERC for confirmation and approval on a final basis.

Order

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I confirm and approve on an interim basis, effective October 1, 1995, Rate Schedules PD–F4, PD–FT4, PD–FCT5, and PD–NFT5 for the P–DP. The rate schedule shall remain in effect on an interim basis, pending the Federal Energy Regulatory Commission confirmation and approval of it or a substitute rate on a final basis, through September 30, 2000.

Issued in Washington, DC, September 29, 1995.

Charles B. Curtis,

Deputy Secretary.

Department of Energy—Western Area Power Administration; Parker-Davis Project

Schedule of Rates for Wholesale Firm Power Service

[Rate Schedule PD–F5 Supersedes Schedule PD–F4]

Effective: The first day of the first full billing period beginning on or after October 1, 1995, and remaining in effect through September 30, 2000, or until superseded, whichever occurs first.

Available: In the marketing area serviced by the Parker-Davis Project (P–DP).

Applicable: To the wholesale power customers for firm power service supplied through one meter at one point of delivery, unless otherwise provided by contract.

Character and Conditions of Service: Alternating current at 60 hertz, three-phase, delivered and metered at the voltages and points established by contract.

Monthly Rate: October 1, 1995:

Demand Charge: $1.92 per kilowatt of billing demand.

Energy Charge: 1.95 mills per kilowatthour of use.

Billing Demand: The billing demand will be the greater of (1) the highest 30-minute integrated demand measured during the month up to, but not in excess of, the delivery obligation under the power sales contract, or (2) the contract rate of delivery.

October 1, 1996, through September 20, 2000:

By October 1 of each year, a new rate for the following 5-year period will be determined and implemented as described in the rate design section of the rate order WAPA–68.

Billing for Unauthorized Overruns: For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual firm capacity and/or energy obligations, such overruns shall be billed at 10 times the above rate.

For Transformer Losses: If delivery is made at transmission voltage but metered on the low-voltage side of the substation, the meter readings will be increased to compensate for transformer losses as provided for in the contract.

For Power Factor: None. The customer will normally be required to maintain a power factor at all points of measurement between 95-percent lagging and 95-percent leading.

Department of Energy—Western Area Power Administration; Parker-Davis Project

[Rate Schedule PD–FT5 (Supersedes Schedule PD–FT4)]

Schedule of Rate for Firm Transmission Service

Effective: The first day of the first full billing period beginning October 1, 1995, and remaining in effect through September 30, 2000, or until superseded, whichever occurs first.

Available: Within the marketing area served by the Parker-Davis Project (P–DP).

Applicable: To firm transmission service customers where capacity and energy are supplied to the P–DP system at points of interconnection with other systems and transmitted and delivered, less losses, to points of delivery on the P–DP system specified in the service contract.

Character and Conditions of Service: Alternating current at 60 hertz, three-phase, delivered and metered at the voltages and points established by contract.

Monthly Rate: October 1, 1995:

Transmission Service Charge: $11.51 per kilowatt per year for each kilowatt at the point of delivery, established by contract, payable monthly at the rate of $0.96 per kilowatt.

October 1, 1996, through September 30, 2000:

By October 1 of each year, a new rate for the following 5-year period will be determined and implemented as discussed in the rate design section of the rate order WAPA–68.

For Reactive Power: None. There shall be no entitlement to transfer of reactive kilovolt-amperes at delivery points, except when such transfer may be mutually agreed upon by contractor and contracting officer or their authorized representatives.

For Losses: Capacity and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer in accordance with the service contract.

Billing for Unauthorized Overruns: For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual firm power and/or energy obligations, such overrun shall be billed at 10 time the above rate.

Department of Energy—Western Area Power Administration; Parker-Davis Project

[Rate Schedule PD–FCT5 (Supersedes Schedule PD–FCT4)]

Schedule of Rate for Firm Transmission Service of Salt Lake City Area Integrated Projects Power

Effective: The first day of the first full billing period beginning on or after October 1, 1995, and remaining in effect through September 30, 2000, or until superseded, whichever occurs first.

Available: Within the marketing area served by the Parker-Davis Project (P–DP) transmission facilities.

Applicable: To Salt Lake City Area/Integrated Projects (SLCA/IP) Southern Division Customers where SLCA/IP capacity and energy are supplied to the P–DP system by the Colorado River Storage Project (CRSP) at points of interconnection with the CRSP system and for transmission and delivery on a unidirectional basis, less losses, to Southern Division customers at points of delivery on the P–DP system specified in the service contract.

Character and Conditions of Service: Alternating current at 60 hertz, three-phase, delivered and metered at the voltages and points of delivery established by contract.

Monthly Rate: October 1, 1995:

Transmission Service Charge: $5.76 per kilowatt per season for each kilowatt at the point of deliver, established by contract.

October 1, 1996, through September 30, 2000:

By October 1 of each year, a new rate for the following 5-year period will be determined and implemented as discussed in the rate design section of the rate order WAPA–68.

For Reactive Power: None. There shall be no entitlement to transfer of reactive kilovolt-amperes at delivery points, except when such transfers may be mutually agreed upon by contractor and contracting officer or their authorized representatives.

For Losses: Capacity and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer in accordance with the service contract.

Billing for Unauthorized Overruns: For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual firm power and/or energy obligations, such overrun shall be billed at 10 times that above rate.

Department of Energy—Western Area Power Administration; Parker-Davis Project

[Rate Schedule PD–NFT5 (Supersedes Schedule PD–NFT4]

Schedule of Rate for Nonfirm Transmission Service

Effective: The first day of the first full billing period beginning on or after October 1, 1995, and remaining in effect through September 30, 2000, or until superseded, whichever occurs first.

Available: Within the marketing area serviced by the Parker-Davis Project (P–DP) transmission facilities.

Applicable: To nonfirm transmission service customers where capacity and energy are supplied to the P–DP system at points of interconnection with other systems, transmitted subject to the availability of the transmission capacity, and delivered on a unidirectional basis, less losses, to points of delivery on the P–DP system specified in the service contract.

Character and Conditions of Service: Alternating current at 60 hertz, three-phase, delivered and metered at the voltages and points of delivery established by contract.

Monthly Rate: October 1, 1995:

Nonfirm Transmission Service Charge: 2.19 mills per kilowatthour of scheduled or delivered kilowatthours at point of delivery, established by contract, payable monthly.

October 1, 1996, through September 30, 2000:

By October 1 of each year, a new rate for the following 5-year period will be determined and implemented as discussed in the rate design section of the rate order WAPA–68.

For Reactive Power: None. There shall be no entitlement to transfer of reactive kilovolt-amperes at delivery points, except when such transfers may be mutually agreed upon by contractor and contracting officer or their authorized representatives.

For Losses: Capacity and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer in accordance with the service contract.

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Stampede Division, Washoe Project Notice of Rate Order No. WAPA–67

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of rate order.