

6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project-Firm Power Services Base Charge

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Base Charge Adjustments.

SUMMARY: The Western Area Power Administration's (Western) Desert Southwest Region (DSW) is initiating a rate adjustment process for the firm power services base charge for the Boulder Canyon Project (BCP) for FY 2000. The annual base charge adjustments are a requirement of the rate setting methodology 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 services is appropriate 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 is explained in greater detail during the informal and formal processes and made available to all power customers and interested parties.

The proposed base charge for firm power services is expected to become effective October 1, 1999. This Federal Register notice initiates the formal process for the proposed base charge.

DATES: The consultation and comment period will begin from the date of publication of this Federal Register notice and will end [Insert date 90 days after date of publication in the FEDERAL REGISTER]. A public information forum at which Western will present a detailed explanation of the proposed base charge is scheduled for April 21, 1999, beginning at 10:00 a.m. MST, at the Desert Southwest Regional Office. A public comment forum at which Western will receive oral and written comments is scheduled for June 2, 1999, beginning at 10:30 a.m. MST, at the same location.

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. Western should receive written comments by the end of the consultation and comment period to be assured consideration. 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, (602) 352-2768.

SUPPLEMENTARY INFORMATION:

Proposed Base Charge for Firm Power Services

In accordance with established rate design principles for the BCP firm power services, 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 services is based on an annual revenue requirement of \$47,929,196. The proposed base charge consists of an energy dollar amount of \$24,752,366 and a capacity dollar amount of \$23,176,831. The proposed forecast energy rate is 4.6249 mills/kilowatthour (mills/kWh),

and the proposed forecast capacity rate is \$0.9900 per kilowattmonth (\$/kWmo).

The existing BCP firm power services base charge is based on an annual revenue requirement of \$48,842,126, consisting of an energy dollar amount of \$25,208,831 and a capacity dollar amount of \$23,633,296. The existing BCP forecast energy rate is 4.8646 mills/kWh and the forecast capacity rate is \$1.0095/kWmo.

Authorities

Since the proposed change to the base charge constitutes 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 base charge or revised proposed base charge for approval on an interim basis by the Department of Energy (DOE) Deputy Secretary.

The proposed firm power services base charge for BCP is 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), 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 DOE 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 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, et seq.) 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 and there is a legal requirement to issue a general notice of proposed rulemaking. 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.); the Council On Environmental Quality Regulations (40 CFR Parts 1500-1508); and DOE NEPA Regulations (10 CFR Part 1021), Western conducts environmental evaluations of the proposed base charge and develops the appropriate level of documentation.

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

Dated: March 5, 1999

Michael S. HacsKaylo

Administrator