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Notices

DEPARTMENT OF ENERGY (DOE)

Western Area Power Administration

Provo River Project--Rate Order No. WAPA-87

65 FR 11300

DATE: Thursday, March 2, 2000

ACTION: Notice of Rate Order.

To view the next page, type .np* TRANSMIT.

To view a specific page, transmit p* and the page number, e.g. p*1

[*11300]

SUMMARY: Notice is given of the confirmation and approval by the Deputy Secretary of the Department of Energy (DOE) of Rate Order No. WAPA-87 placing a rate formula extension into effect on an interim basis beginning on April 1, 2000, for power marketed by the Western Area Power Administration (Western) from the Provo River Project (PRP). The rate formula will remain in effect on an interim basis until the Federal Energy Regulatory Commission (FERC) confirms, approves, and places it into effect on a final basis or until it is replaced by another rate formula.

DATES: The provisional rate formula extension will be placed into effect on an interim basis on April 1, 2000, and will be in effect until the FERC approves the rate formula extension or a substitute rate formula and places the formula in effect on a final basis for a 5-year period ending March 31, 2005, or until superseded.

FOR FURTHER INFORMATION CONTACT: Ms. Carol Loftin, Rates Manager, Colorado River Storage Project Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1534, telephone (801) 524-6380, email loftinc@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 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 FERC.

Delegation Order No. 0204-172, effective November 24, 1999, reinstates the authority delegated to the Deputy Secretary in Amendment No. 3 to Delegation Order No. 0204-108, which authority was rescinded in the Secretary's Order of April 15, 1999. Existing DOE procedures for public participation in power rate adjustments are located at 10 CFR part 903, effective on September 18, 1985 (*50 FR 37835*). [*11301] DOE procedures have been followed by Western in developing this provisional firm power rate formula.

The Provo River Project was authorized in 1935. Construction on the PRP, which includes Deer Creek Dam and Powerplant on the Provo River in Utah, began in 1938, but was not completed until 1951. The powerplant, authorized on August 20, 1951, was completed and generation began in 1958. Its maximum operating capacity is 5,300 kilowatts (kW).

Provo River Project power is now marketed independently from the Salt Lake City Area/Integrated Projects pursuant to a marketing plan that was approved and published in the Federal Register on November 21, 1994. This marketing

plan allows Western to market the output of the PRP to Utah Municipal Power Agency and Utah Associated Municipal Power Systems (Customers), located in the Provo River drainage area.

Contract Nos. 94-SLC-0253 and 94-SLC-0254 (Contracts) require that the amount of each annual installment be established in advance by Western and submitted to the Customers on or before August 31 of the year preceding the appropriate fiscal year (FY). Each FY Western estimates Deer Creek Powerplant (DCP) expenses by preparing a power repayment study that includes estimates of operation, maintenance, and replacement (OM&R) costs for the DCP.

Each annual installment pays the annual amortized portion of the United States investment in the Deer Creek Dam and Reservoir hydroelectric facilities with interest, and the associated OM&R costs. This repayment schedule does not depend upon the power and energy made available for sale or the rate of generation each year, but is a contract in which the Customers pay all OM&R expenses of the PRP and, in return, receive all of the energy produced by the PRP. Western will continue to provide the Customers a revised annual installment by August 31 of each year using the same methodology.

Rate Order No. WAPA-87, confirming, approving, and placing the proposed Provo River firm power rate formula extension into effect on an interim basis, is issued, and the extension will be promptly submitted to FERC for confirmation and approval on a final basis.

Dated: February 14, 2000

T. J. Glauthier,

Deputy Secretary.

Order Confirming, Approving, and Placing a Rate Formula Extension for the Provo River Project Into Effect on an Interim Basis (April 1, 2000)

This rate formula extension is established pursuant to the Department of Energy (DOE) Organization Act, *42 U.S.C. 7101-7352*, through which the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation under the Reclamation Act of 1902, ch. 1093, 32 Stat. 388, as amended and supplemented by subsequent enactments, 9(c) of the Reclamation Project Act of 1939, *43 U.S.C. 485h(c)*, and acts specifically applicable to the PRP, 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).

By subsequent Order, effective April 15, 1999, the Secretary rescinded all delegation of authority to the Deputy Secretary, whether contained in Delegation Orders, Departmental Directives, or elsewhere, concerning the Department's Power Marketing Administrations, including, but not limited to, authority delegated or affirmed in Delegation Order No. 0204-108, as amended.

Delegation Order No. 0204-172, effective November 24, 1999, reinstates the authority delegated to the Deputy Secretary in Amendment No. 3 to Delegation Order No. 0204-108, which authority was rescinded in the Secretary's Order of April 15, 1999. Existing Department of Energy procedures for public participation in power rate adjustments are located at 10 CFR part 903, effective on September 18, 1985 (*50 FR 37835*). Filing requirements and procedures for approving Power Marketing Administration rates by FERC are found at 18 CFR part 300.

Acronyms and Definitions

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

CRSP: Colorado River Storage Project.

Contracts: Contract No. 94-SLC-0254 with Utah Municipal Power Agency effective December 22, 1994, and Contract No. 94-SLC-0253 with Utah Associated Municipal Power Systems effective January 19, 1995.

Customers: Utah Associated Municipal Power Systems and Utah Municipal Power Agency.

DCP: Deer Creek Powerplant.

DOE: Department of Energy.

DOE Order RA 6120.2: A Department of Energy order dealing with power marketing administration financial reporting.

FERC: Federal Energy Regulatory Commission.

FY: Fiscal year, October 1 to September 30.

kW: Kilowatt-the electrical unit of capacity that equals 1,000 watts.

NEPA: National Environmental Policy Act of 1969.

OM&R: Operation, maintenance, and replacement.

PRP: Provo River Project.

PRS: Power Repayment Study.

Reclamation: United States Department of the Interior, Bureau of Reclamation.

SLCA/IP: Salt Lake City Area/Integrated Projects.

Western: United States Department of Energy, Western Area Power Administration.

Effective Date

This extension will become effective on an interim basis beginning April 1, 2000, and will be in effect pending FERC's approval of this or a substitute rate formula on a final basis for a 5-year period ending March 31, 2005, or until superseded.

Public Notice and Comment

On February 4, 1999, and again on March 26, 1999, Western met with the Customers and notified them of Western's intent to extend the present rate formula. This request is for approval of an extension of the present methodology used for calculating the annual installment. Western also discussed the FY 2000 budget and capital expenditures. Western has met with the Customers, and the Customers want to continue the present rate formula.

Project History

Construction of the PRP began in May 1938. The powerplant was completed in 1958 and has a generating capacity of [*11302] 5,300 kW. Only energy excess to PRP purposes has been available for Federal marketing. Between 1963 and 1994, SLCA/IP needed additional energy and purchased the available PRP energy at an amount established annually to enable the PRP to cover its costs, including OM&R costs and repayment expenses. These expenses included \$1.6 million of irrigation assistance to the water users. PRP's original power investment has been repaid, therefore the customers are responsible for only the replacement investments of the project.

PRP power is now marketed independently from the SLCA/IP pursuant to a marketing plan approved and published in the Federal Register on November 21, 1994. This marketing plan allows Western to market the output of the PRP to Utah Municipal Power Agency and Utah Associated Municipal Power Systems, located in the Provo River drainage area.

Power Repayment Studies

The Contracts require that the amount of each annual installment be established in advance by Western and submitted to the Customers on or before August 31 of the year preceding the appropriate FY. Each FY, Western estimates DCP expenses by preparing a PRS that includes estimates of OM&R costs for the DCP for the next FY.

Each annual installment pays the annual amortized portion of the United States investment in the Deer Creek Dam and Reservoir hydroelectric facilities with interest and the associated OM&R costs. This repayment schedule does not depend upon the power and energy made available for sale or the rate of generation each year.

A PRS is prepared each FY to determine if power revenues will be sufficient to pay, within the prescribed time periods, all costs assigned to be repaid by the PRP power function. Repayment criteria are based on law, policies, and authorizing legislation, in particular DOE Order RA 6120.2.

Certification of Rate

Western's Administrator has certified that the PRP firm power rate formula placed into effect on an interim basis herein is consistent with applicable laws and that the rate is the lowest consistent with sound business principles.

Discussion

According to Reclamation law, Western must establish power rates sufficient to recover operation, maintenance, and purchase power expenses, and to repay the Federal Government's investment in generation and transmission facilities. Rates must also be set to cover interest expenses on the unpaid balance of facilities' investments, replacements and additions, and certain non-power costs in excess of the irrigation users' ability to pay.

Western prepares an annual PRS that identifies the anticipated expenses. In accordance with the Contracts, minor replacements and additions are included in the annual expenses. The methodology of annual charges satisfies the cost-recovery criteria set forth in DOE Order RA 6120.2.

Statement of Revenue and Related Expenses

The revenue requirements for the PRP are based upon PRS calculations for future requirements, which will be adjusted when FY actuals are known. The following table provides a summary of revenues and expenses for the current 6-year firm power rate formula and also the actual revenues and expenses.

Item	Actual fn1	Projected	Difference fn2
Total Revenue	1,743	1,644	99
Expenses:			
O&M	1,233	1,158	75
Transmission	fn3 96	185	(89)
Interest	144	156	(12)
Investment Repayment	fn4 76	145	(69)
Prior Year Adjustments	194		194
Total Expenses	1,743	1,644	99

fn1 Amounts for FY 1999 and FY 2000 are estimates taken from the FY 1999 preliminary PRS.

fn2 Reflects estimates to actual revenue requirements.

3 The amount projected is the actual amount of transmission costs owed to CRSP. An adjustment to the financial statements will be made in the future to reflect these costs.

4 The projected replacements were overstated.

The following table provides a summary of revenue and expense data through the 5-year proposed rate methodology approval period.

Provo River Project 5-Year Projections	
Revenues and Expenses	
[\$ 1,000]	
	FY 2001-- 2005 Projections
Total Revenues	1,463
Costs:	
O&M fn1	1,151
Transmission	149
Interest	124
Investment Repayment	39
Total Costs	1,463

fn1 Includes \$78,000 in FY 2001 to overhaul generators.

Basis for Rate Development

Each Customer is billed for electric service calculated every FY, payable in 12 equal monthly payments. Every FY, Western estimates PRP expenses by preparing a PRS that includes estimates of OM&R costs for the DCP. The amount of each monthly payment is established in advance by Western and submitted to the Customers on or before August 31 of the year preceding the appropriate FY.

The calculation of the amount of the annual installment and the monthly payments includes adjustments to the OM&R charges. These adjustments are [*11303]the difference between estimated and actual OM&R expenses. If OM&R charges are underestimated, an amount equal to the difference is added to the next installment. Conversely, if OM&R charges are overestimated, the amount is deducted from the next installment.

In accordance with the Contracts, minor replacements and additions are included in the annual operation and maintenance expenses of the DCP. If major replacements and additions exceeding \$5,000, but not greater than \$25,000, in costs are needed, the Customers are given the option of financing their individual shares of the cost or of having the cost capitalized and amortized over the life of the replacement or addition or over the life of the contract. If the Customer chooses the latter, the cost is capitalized at the current interest rate prescribed by the DOE, pursuant to RA 6120.2 11B "Basic Policy for Rate Adjustment; Interest Rate Formula," in the FY in which the replacement or addition is made. Such costs are based on prudent and businesslike management practices and in accordance with established electric industry operation and maintenance practices. If extraordinary replacements exceeding \$25,000 in costs are needed, Western will consult with Reclamation, the water users, and the Customers about financing the replacement.

The rate is not dependent upon the power and energy made available for sale. Instead, Customers will pay total PRP annual powerplant expenses in return for the total marketable PRP production. Each customer pays its proportional share of the OM&R expenses identified in the PRS in 12 monthly installments.

Environmental Compliance

In compliance with 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

Information regarding this rate formula extension, including PRSs, letters, memorandums, and other supporting material made or kept by Western for the purpose of extending provisional rate formulas, is available for public review in the Colorado River Storage Project Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1534; and in the Corporate Services Office, Western Area Power Administration, 12155 West Alameda Parkway, Lakewood, CO 80228-2802.

Submission to Federal Energy Regulatory Commission

The rate formula extension 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 vested in me as the Deputy Secretary of Energy, I confirm and approve on an interim basis, effective April 1, 2000, an extension of the rate formula for the Provo River Project of the Western Area Power Administration. The rate formula shall remain in effect on an interim basis, pending the Federal Energy Regulatory Commission's confirmation and approval of it or a substitute rate on a final basis through March 31, 2005.

Dated: February 14, 2000.

T.J. Glauthier,

Deputy Secretary.

[FR Doc. 00-5020 Filed 3-1-00; 8:45 am]

BILLING CODE 6450-01-P

DATE: MAY 26, 2004

CLIENT: SLP-PALFY
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YOUR SEARCH REQUEST IS:

64 FR 28469

NUMBER OF DOCUMENTS FOUND WITH YOUR REQUEST THROUGH:

LEVEL 1... 4

