

**Applicable**

To the wholesale power customers for firm power service supplied through one meter at one point of delivery, or as otherwise established by contract.

**Character**

Alternating current, 60 hertz, three phase, delivered and metered at the voltages and points established by contract.

**Monthly Rates****First Step:**

*Demand Charge:* \$3.43 per kilowatt (kW) of billing demand.

*Energy Charge:* 13.06 mills per kilowatthour (kWh) of use.

*Billing Demand:* Unless otherwise specified by contract, the billing demand will be the seasonal contract rate of delivery.

**Second Step:**

*Demand Charge:* \$3.59 per kW of billing demand.

*Energy Charge:* 13.68 mills per kWh of use.

*Billing Demand:* Unless otherwise specified by contract, the billing demand will be the seasonal contract rate of delivery.

**Adjustments**

*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 be required to maintain a power factor at all points of measurement between 95-percent lagging and 95-percent leading.

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**DEPARTMENT OF ENERGY****Western Area Power Administration****Parker-Davis Project, Pacific Northwest-Pacific Southwest Intertie Project, and the Central Arizona Project—Rate Order No. WAPA-114**

**AGENCY:** Western Area Power Administration, DOE.

**ACTION:** Notice of withdrawal of multi-system transmission rate proposal.

**SUMMARY:** The Western Area Power Administration (Western) initiated a formal rate process for the purpose of implementing a multi-system transmission rate (MSTR) by a **Federal Register** notice published on June 22,

2004. The process was extended by a **Federal Register** notice on March 3, 2005. The purpose of the extension was to allow Western time to respond to customer requests to develop a customer choice model. Western developed and presented a customer choice methodology in public information and public comment forums held March 29, 2005, and April 6, 2005, respectively. Effective November 28, 2005, Western is withdrawing the MSTR proposal for long-term firm transmission service on the Parker-Davis Project (P-DP), the Pacific Northwest-Pacific Southwest Intertie Project (Intertie), and the Central Arizona Project (CAP). Western has considered all comments in its decision to withdraw its proposal for the MSTR for long-term firm transmission service. Western is, however, studying the conversion of non-firm and short-term firm transmission service on the Parker-Davis, Intertie and Central Arizona projects to a multi-system service. Customer notification will be provided and feedback sought in a separate informal process.

**FOR FURTHER INFORMATION CONTACT:** Mr. J. Tyler Carlson, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, telephone (602) 605-2453, e-mail [carlson@wapa.gov](mailto:carlson@wapa.gov), or Mr. Jack Murray, Rates Team Lead, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, telephone (602) 605-2442, e-mail [jmurray@wapa.gov](mailto:jmurray@wapa.gov).

**SUPPLEMENTARY INFORMATION:** During the consultation and comment period for the rate process, Western received comments voicing strong opposition to the proposed methodology. No comments were received in support of the customer choice methodology.

The consultation and comment period ended June 1, 2005. All formally submitted comments, both written and oral, were considered in preparing this notice.

**Comments**

Written comments were received from the following organizations: Arizona Power Authority, Arizona Public Service Company, K. R. Saline & Associates, Robert S. Lynch and Associates, Salt River Project.

Representatives of the following organizations made oral comments: Irrigation & Electrical Districts Association of Arizona, R. W. Beck, Salt River Project.

Western responded to an oral comment received during the Public Information Forum in a letter dated May 17, 2005. The letter is posted on Western's Web site at <http://www.wapa.gov/dsw/pwrmt/MSTRP/MSTRP.htm>. Responses in this notice focus on written comments received during the consultation and comment period pertinent to a revised customer choice model and Western's authority to develop an MSTR.

*Comment:* Western received a comment suggesting it has no legal authority to implement an MSTR of any sort if the revenue requirements of multiple projects will be combined. Comments also questioned whether an MSTR is allowed by DOE Order RA6120.2.

*Response:* Under all MSTR approaches presented by Western, each power system would remain financially independent for accounting and repayment purposes. Each power system would maintain a separate Power Repayment Study (PRS) and financial reports. The total MSTR revenue collected would be allocated to each power system based on the individual power system's percentage of the total MSTR revenue requirement.

Western is not prohibited from implementing such a blended rate by either DOE Order RA 6120.2 or project-specific legislation. Western has combined the revenue requirements of multiple projects for ratesetting purposes in its other regional offices and continues to set rates in this manner.

*Comment:* A commenter who had asked Western to provide general information on the MSTR more than one year ago believes Western has not provided this information.

*Response:* The specific request had to do with Western's initial presentation of a customer choice methodology. The presentation consisted mainly of tables and mathematical formulas to explain the circular problem with the method. At the commenter's request an explanation in words was posted on the Web site in June, 2003 under the heading "Informal Customer Meeting May 23, 2003" linked with the phrase "Customer Choice Discussion."

*Comment:* A customer commented that the "customer choice" model is an attempt to lower rates for a small group of "pancaked" customers at the expense of the majority of Western's firm transmission customers.

*Response:* Western undertook the design of the proposed "customer choice model" to address several customers' comments received during the initial MSTR consultation and

comment period. One of the earliest principles stated by Western in the initial MSTR development was to eliminate the pancaking of firm transmission rates. It was known that any elimination of pancaking of rates will result in a revenue loss to a single power system by virtue of the pancaked customer no longer having to pay two systems' rates for the same reservation. Western's customer choice model took this into account and chose a rate which would begin to eliminate pancaking while balancing the risk to the other power systems. Western projected additional other revenues would be realized in sufficient amounts to make up for any losses resulting from MSTR implementation.

*Comment:* A comment suggested Western re-open the public process to develop a customer choice model that would be supported by a majority of customers.

*Response:* Over a 2-year period, Western has explored numerous options for a multi-system transmission rate. Four options were customer choice models using various approaches. In all cases, for Western to be able to collect the full revenue requirement, some customers will incur increased costs as a result of a firm MSTR implementation. In other customer choice models explored by Western, varying levels of support were noted. However in no case did a majority of customers support the methodologies. Support was dependent upon the timing and the extent of potential cost increases.

*Comment:* A comment requested Western calculate the magnitude of rate decreases if revenue projections materialize without implementation of an MSTR.

*Response:* During the public process for the customer choice MSTR, Western presented a table showing some loss of firm revenues to the single system projects due to partial un-pancaking. Western projected mitigating this loss of revenues in order to provide for stable single system rates. Western's commitment to its customers is to keep rates as stable as possible for the foreseeable future. It is not appropriate to project a rate decrease given the many variables which may impact the rate calculation.

*Comment:* A comment suggested that if the MSTR is implemented, the return of funds to each single system should be based on the amount of transmission revenue lost due to MSTR implementation instead of based on the percentage share of total revenue requirement, as proposed by Western.

*Response:* The method the comment suggested is the methodology Western

proposed in the initial MSTR presentation which would have had all customers converging to an MSTR in the fifth year.

This methodology resulted in a risk of increased costs to some customers. The comments received at that time correctly noted that any MSTR method that eliminates pancaking presents a risk of cost increases. However, MSTR could help mitigate this risk by freeing up additional capacity for sale.

*Comment:* Several comments suggested that Western abandon this proposal because the risks outweigh the benefits.

*Response:* After careful consideration of all comments, Western is withdrawing the proposal for a firm point-to-point MSTR rate at this time.

#### Availability of Information

All brochures, studies, comments, letters, memorandums, or other documents that Western initiates or uses to develop the proposed rates are available for inspection and copying at the Desert Southwest Customer Service Regional Office, Western Area Power Administration, located at 615 South 43rd Avenue, Phoenix, Arizona. Many of these documents and supporting information are also available on Western's Web site at <http://www.wapa.gov/dsw/pwrmtk/MSTRP/MSTRP.htm>.

#### 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 final 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. This action does not require a regulatory flexibility analysis since it is a rulemaking of particular applicability involving rates or services applicable to public property.

##### 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 this action is categorically excluded from preparing 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.

#### Small Business Regulatory Enforcement Fairness Act

Western has determined that this rule is exempt from congressional notification requirements under 5 U.S.C. 801 because the action is a rulemaking of particular applicability relating to rates or services and involves matters of procedure.

Dated: November 9, 2005.

**Michael S. HacsKaylo,**  
Administrator.

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## DEPARTMENT OF ENERGY

### Western Area Power Administration

#### Pick-Sloan Missouri Basin Program— Eastern Division—Rate Order No. WAPA–126

**AGENCY:** Western Area Power Administration, DOE.

**ACTION:** Notice of order concerning power rates.

**SUMMARY:** The Deputy Secretary of Energy confirmed and approved Rate Order No. WAPA–126 and Rate Schedules P–SED–F8 and P–SED–FP8, placing firm power and firm peaking power rates from the Pick-Sloan Missouri Basin Program—Eastern Division (P–SMBP—ED) of the Western Area Power Administration (Western) into effect on an interim basis. The provisional rates will be in effect until the Federal Energy Regulatory Commission (Commission) confirms, approves, and places them into effect on a final basis or until they are replaced by other rates. The provisional rates will provide sufficient revenue to pay all annual costs, including interest expense, and repay power investment and irrigation aid, within the allowable periods.

**DATES:** Rate Schedules P–SED–F8 and P–SED–FP8 will be placed into effect on an interim basis on the first day of the first full billing period beginning on or after January 1, 2006, and will be in effect until the Commission confirms, approves, and places the rate schedules in effect on a final basis ending December 31, 2010, or until the rate schedules are superseded.

**FOR FURTHER INFORMATION CONTACT:** Mr. Robert J. Harris, Regional Manager, Upper Great Plains Region, Western Area Power Administration, 2900 4th Avenue North, Billings, MT 59101–