



DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project

AGENCY: Western Area Power
Administration, DOE.

ACTION: Notice of proposed base charge and rates.

SUMMARY: The Western Area Power Administration (Western) is proposing an adjustment to the Boulder Canyon Project (BCP) electric service base charge and rates. The current base charge and rates expire September 30, 2011, under Rate Schedule BCP-F8. The current base charge is not sufficient to cover all annual costs including operation, maintenance, replacements, and interest expense, and to repay investment obligations within the required period. The proposed base charge will provide sufficient revenue to cover all annual costs and to repay investment obligations within the allowable period. A detailed rate package that identifies the reasons for the base charge and rates adjustment will be available in March 2011. The proposed base charge and rates are scheduled to become effective on October 1, 2011, and will remain in effect through September 30, 2012. This Federal Register notice initiates the formal process for the proposed base charge and rates.

DATES: The consultation and comment period will begin today and will end May 16, 2011. Western will present a detailed explanation of the proposed base charge and rates at a public information forum on April 6, 2011, beginning at 10:30 a.m. MST, in Phoenix, Arizona. Western will accept oral and written comments at a public comment forum on April 27, 2011, beginning at 10:30 a.m. MST, at the same location. Western will accept written comments any time during the consultation and comment period.

ADDRESSES: The public information forum and public comment forum will be held at the Desert Southwest Customer Service Regional Office,

located at 615 South 43rd Avenue, Phoenix, Arizona, on the dates cited above. Written comments should be sent to Darrick Moe, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, e-mail moe@wapa.gov. Written comments may also be faxed to (602) 605-2490, **Attention:** Jack Murray. Western will post information about the rate processes on its Web site at <http://www.wapa.gov/dsw/pwrmkt/BCP/RateAdjust.htm>. Western will post official comments received via letter, fax, and e-mail to its Web site. Western must receive written comments by the end of the consultation and comment period to ensure they are considered in Western's decision process.

As access to Western facilities is controlled, any U.S. citizen wishing to attend any meeting held at Western must present an official form of picture identification, such as a U.S. driver's license, U.S. passport, U.S. Government ID, or U.S. Military ID, at the time of the meeting. Foreign nationals should contact Western 30 days in advance of the meeting to obtain the necessary form for admittance to Western.

FOR FURTHER INFORMATION CONTACT: Mr. Jack Murray, Rates Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, (602) 605-2442, e-mail jmurray@wapa.gov.

SUPPLEMENTARY INFORMATION: The proposed base charge and rates for BCP electric service are designed to recover an annual revenue requirement that includes the investment repayment, interest, operation and maintenance, replacements, payments to states, visitor services, and uprating payments. The total costs are offset by the projected

revenue from water sales, visitor center, water pumping energy sales, facilities use charges, regulation, reactive supply, spinning reserve services, miscellaneous leases, and late fees. The annual revenue requirement is the base charge for electric service and is divided equally between capacity dollars and energy dollars. Annual energy dollars are divided by annual energy sales, and annual capacity dollars are divided by annual capacity sales to determine the proposed energy rate and the proposed capacity rate.

Rate Schedule BCP-F8, Rate Order No. WAPA-150, was approved on an interim basis by the Deputy Secretary of Energy on September 23, 2010 for a five-year period beginning on October 1, 2010, ending September 30, 2015,¹ and received final approval from the Federal Energy Regulatory Commission on December 9, 2010.² Western's existing rate formula for electric service requires recalculation of the base charge and rate annually based on updated financial and hydrology data. The proposed base charge for fiscal year (FY) 2012 under Rate Schedule BCP-F8 is \$82,308,519, the forecasted energy rate is 11.08 mills per kilowatthour (mills/kWh), the forecasted capacity rate is \$2.00 per kilowattmonth (kWmonth), and the proposed composite rate is 22.16 mills/kWh.

The proposed rates for BCP electric service will result in an overall composite rate increase of approximately 12 percent. The following Table 1 compares the existing and proposed base charge and rates. The Proposed Base Charge and Rates effective October 1, 2011, are preliminary and are subject to change upon publication of final formula rates.

Comparison of Existing and Proposed Base Charge and Rates

	Existing October 1, 2010 through September 30, 2011	Proposed October 1, 2011 through September 30, 2012	Percent change
Base Charge (\$)	75,182,522	82,308,519	9
Composite Rate (mills/kWh)	19.73	22.16	12
Energy Rate (mills/kWh)	9.86	11.08	12
Capacity Rate (\$/kWmonth)	1.90	2.00	5

The increase in the proposed base charge and rates is due to increases in the annual operation and maintenance costs, visitor center costs, and the

uprating program principal payments. Since there is no projected year-end carryover from FY 2011, the result is an overall increase in the base charge for

FY 2012. Another factor contributing to the increase in the energy rate is the decrease in energy sales associated with continued poor hydrology in the region

¹ 75 FR 57912.

² 133 FERC ¶ 62,229.

resulting in lower than normal Lake Mead water elevations. Although the capacity sales are projected to be slightly higher in FY 2012 than in FY 2011, the increase in the base charge results in an increase in the capacity rate.

Legal Authority

Since the proposed rates constitute a major rate adjustment as defined by 10 CFR part 903, Western will hold both a public information forum and a public comment forum. After review of public comments, Western will take further action on the Proposed Base Charge and Rates consistent with 10 CFR parts 903 and 904.

Western is establishing an electric service base charge and rates for BCP under the Department of Energy Organization Act (42 U.S.C. 7152); the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to Western's Administrator; (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. Existing Department of Energy (DOE) procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

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, 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/pwrnkt/BCP/RateAdjust.htm>.

Ratemaking Procedure Requirements

Environmental Compliance

In compliance with the National Environmental Policy Act (NEPA) of

1969 (42 U.S.C. 4321-4347); Council on Environmental Quality Regulations (40 CFR 1500-1508); and DOE NEPA Regulations (10 CFR 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.

Dated: February 3, 2011.

Timothy J. Meeks,

Administrator.

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