

WESTERN AREA POWER ADMINISTRATION

CENTRAL ARIZONA PROJECT

115/230-kV PROPOSED TRANSMISSION SERVICE RATES



**TRANSMISSION SERVICE RATE ADJUSTMENT BROCHURE
RATESETTING FISCAL YEAR 2016
RATE YEARS 2016 – 2020**

WAPA-CAP-172

DESERT SOUTHWEST CUSTOMER SERVICE REGION

PHOENIX, ARIZONA

JULY 2015

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I. INTRODUCTION

The Western Area Power Administration's (Western) has initiated a public process to adjust the Central Arizona Project (CAP) 115/230-kV transmission service rates. A copy of the *Federal Register* notice announcing this public process is included in this brochure as Appendix A. This brochure explains the need for the proposed rate adjustment and the methodologies used in developing the proposed transmission service rates.

A public information and public comment forum will be held during the consultation period, discussed in Section II, to provide additional information and to receive comments from interested parties. After review of public comments and possible amendments or adjustments, Western will recommend that the Deputy Secretary of Energy approve the proposed rates for transmission service on an interim basis. The decision and an explanation of the principal factors leading to the decision will be announced in a *Federal Register* notice. Western expects the proposed rates to go into effect on January 1, 2016 and remain in effect through December 31, 2020.

II. PROJECT DESCRIPTION

The Central Arizona Project (CAP) is one of three related water development projects that make up the Colorado River Basin Project. Congress authorized the CAP in 1968 to improve water resources in the Colorado River Basin. Segments of the 1968 authorization allowed Federal participation in the Navajo Generating Station, which has three coal-fired steam electric generating units for a combined capacity of 2.25 million kW. Construction of the plant, located near Lake Powell at Page, Arizona, began in 1970. Navajo began generating in 1976.

The Federal share of 24.3 percent, or 546,750 kW, is used to power pumps that move Colorado River water through CAP canals. Power that is surplus to CAP pumping requirements and any needs for de-salting and protecting pumping facilities is currently marketed under the Navajo Power Marketing Plan adopted on December 1, 1987.

On Oct. 1, 2012, CAP moved into Western's Desert Southwest regions's Balancing Authority. DSW schedules and operates the federal share of Navajo Generating Station used to serve CAP pumping loads and markets the remaining energy as Navajo Surplus. The amount of capacity and energy marketed varies monthly depending on an annual determination of CAP energy requirements for pumping.

The federal share of Navajo net generation increased from 4,227 gigawatt-hours in Fiscal Year (FY) 2012 to 4,349 GWH in FY 2013.

III. RATE ADJUSTMENT PROCEDURE

A. Proposed Rates

A rate adjustment is necessary because existing transmission service rates expire December 31, 2015. Western must enter into a rate adjustment process to ensure rates are in place effective January 1, 2016.

Western is not proposing any changes to the existing rate-setting formula through December 31, 2020, but is proposing to continue to annually recalculate the rates using revised financial and transmission reservation data, to provide sufficient revenue to cover all annual costs, including interest expenses, and to repay required investment within the allowable period.

Western is also proposing to charge for short-term, excess transmission service on the Navajo (500-kV) portion of the CAP under Rate Schedule CAP-NFT3. Western currently markets excess transmission service from the Navajo (500-kV) portion of the CAP on a short-term (less than 12 months) basis at the current CAP 115/230-kV rates under the authority of Western's Administrator to set rates for short-term sales.

The FY2016 preliminary rate calculation indicates a need for rates of \$14.88 per kilowatt-year (kW-yr) for firm transmission service and 1.70 mills per kilowatthour (mills/kWh) for non-firm transmission service. This represents an increase of 10% over the existing transmission service rates.

B. Public Process

Western's rate adjustment procedures are governed by the "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extension" (10 CFR Part 903). A copy is included in Appendix F of this brochure. These procedures give interested parties an opportunity to participate in the development of both power and transmission rates.

A *Federal Register* notice was published on 07/24/2015, announcing the proposed rates and the consultation and comment period. This brochure, along with its appendices, is being provided in conjunction with the *Federal Register* notice. It provides additional information and a discussion on investments, revenues, expenses and the methodologies used to develop the proposed rates for transmission service.

The public consultation and comment period begins on the publication date of the *Federal Register* notice and closes 90 days thereafter. During this time, interested parties may consult with and obtain information from Western representatives about the proposed rates. Interested parties may also examine data contained in

the rate calculation as well as data contained in all supporting documents. Copies of the rate calculation data and other supporting material are available for public review at Western's Desert Southwest Customer Service Regional Office, located at 615 South 43rd Avenue, Phoenix, AZ, 85009 or on the website at: <https://www.wapa.gov/regions/DSW/Rates/Pages/central-arizona-rates.aspx>.

C. Public Information and Public Comment Forums

A public information forum will be held on August 27, 2015, at 10:00 a.m. MST at Western's Desert Southwest Customer Service Regional Office. At the public information forum, Western representatives will explain the need for the proposed rate adjustment and answer questions. Questions not answered at the public information forum will be answered in writing before the end of the consultation and comment period. The public information forum will be recorded and transcribed. Copies of the transcript will be available for purchase from the firm providing the service.

A public comment forum will be held on September 24, 2015 at 10:00 a.m. MST at Western's Desert Southwest Customer Service Regional Office. Interested parties may submit written and/or oral comments at the public comment forum. As with the public information forum, the public comment forum will be recorded and transcribed. Copies of the transcript will be available for purchase from the firm providing the service.

D. Written Comments

All interested parties may submit written comments to Western any time during the consultation and comment period. All comments must be received by Western by the end of the comment period. Written comments should be sent to Mr. Ronald E. Moulton, Senior Vice President and Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, email moulton@wapa.gov. Written comments may also be faxed to (602) 605-2490, attention: Jack Murray.

E. Revision of Proposed Rates

During and after the consultation and comment period and the review of oral and written comments, Western may revise the proposed rates for transmission service. If Western determines that further public comment on the revised proposed rates should be invited, an extension of the consultation and comment period may be initiated and one or more additional public meetings may be convened.

F. Decision on Proposed or Revised Proposed Rates

Following the end of the consultation and comment period, Western may forward the proposed rates for transmission service to the Deputy Secretary of Energy who may confirm, approve, and place these rates into effect on an interim basis. The decision and an explanation of the principal factors leading to this decision will be announced in a *Federal Register* notice.

G. Final Decision on Rate Adjustment

The Deputy Secretary of Energy will submit all information concerning the provisional rates for transmission service to the Federal Energy and Regulatory Commission (FERC) and request approval of the provisional rates for a 5-year period beginning January 1, 2016 through December 31, 2020. The FERC will then confirm, approve, and place the provisional rates into effect on a final basis, remand the provisional rates to Western, or disapprove the provisional rates.

H. Rate Adjustment Schedule

The following is Western’s schedule for implementing the CAP 115/230-kV proposed transmission service rates:

<u>SCHEDULED ACTIVITIES</u>	<u>DATE</u>
Notice of Proposed Transmission Service Rates	July 24, 2015
Public Information Forum	August 27, 2015
Public Comment Forum	September 24, 2015
Consultation and Comment Period Ends	October 22, 2015
Rates Effective	January 1, 2016

IV.

PROPOSED RATES FOR TRANSMISSION SERVICE

Proposed rates for point-to-point transmission service and NITS on the CAP 115/230-kV transmission lines are based on a revenue requirement that recovers the CAP 115/230-kV transmission lines costs for facilities associated with providing transmission service and the non-facilities costs allocated to transmission service. Proposed rates for point-to-point transmission service on the CAP 115/230-kV transmission system are determined by combining the average annual amortization costs with the average annual operations and maintenance costs, and dividing them by the average contracted transmission service reservations for the cost evaluation period, fiscal years FY 2016 – FY 2020.

**PROPOSED POINT-TO-POINT CAP 115/230-kV
TRANSMISSION SERVICE RATES**

Type of Service	Existing Rates January 1, 2015 through December 31, 2015	Proposed Rates January 1, 2016	Percent Change
Firm Transmission Service	\$13.56/kW/Year	\$ 14.88/Kw/year	(10%)
Non-firm Transmission Service	1.55 mills/kWh	1.70 mills/kWh	(10%)

The proposed rate reflects a 10% increase for the five year period ending 2020. Implementing the proposed rates results in a firm point-to-point CAP 115/230-kV transmission rate of \$14.88 per kilowatt-year and a non-firm point-to-point CAP 115/230-kV transmission rate of 1.70 mills/kWh. The monthly charge methodology for NITS on the CAP 115/230-kV transmission lines will remain unchanged, and is the product of the transmission customer’s load-ratio share times one-twelfth of the annual transmission revenue requirement. The customer’s load-ratio share is calculated on a rolling 12-month basis. The customer’s load-ratio share is the ratio of its network load to the CAP 115/230-kV transmission system’s total load at system peak. (The proposed rates include the costs for scheduling, system control, and dispatch service.)

Western’s existing rate formula requires recalculation of the rates annually based on updated financial and transmission reservation data.

A copy of the CAP 115/230-kV rate calculation for FY 2016 is shown in

Appendix B of this brochure.

V. SUPPORTING DATA

Repayment criteria are based on law and upon policies established by DOE Order RA 6120.2 (RA 6120.2), a copy of which is included in Appendix D of this brochure. According to RA 6120.2, project revenues are required to repay investment costs, including interest.

Generally, the repayment formula is total annual revenues equals total annual expenses plus debt repayment. These annual expenses include all costs for operation, maintenance, purchase power, transmission service and interest on unpaid debt. Second, all required payments due on capitalized investments are paid.

The rate methodology on which the proposed rates are based may be updated or revised prior to final submittal to the Deputy Secretary of Energy for approval. Data sources for the rate methodology are discussed below:

A. Firm Transmission Sales

Historical sales of long-term firm 115/230-kV transmission service are based on actual sales as reported in the Annual Report of Deliveries and Income. Future sales of long-term firm 115/230-kV transmission service are based on anticipated contractual obligations with existing and future contractors. The long-term firm 115/230-kV transmission service obligations during the 5-year evaluation period are estimated at 880 MW.

B. Revenues

Historical revenues from sales of long-term firm 115/230-kV transmission service is based on actual revenue reported on the Annual Report of Deliveries and Income. Projections for future revenue are based on future sales of long-term firm 115/230-kV transmission service multiplied by the proposed firm transmission service rate.

Projections for future revenue are based on future sales of long-term firm 115/230-kV transmission service multiplied by the proposed firm transmission service rate. Other revenues include non-firm transmission sales, transmission line losses, and miscellaneous items. Historical other revenues are based on actual other revenue reported on the Annual Report of Deliveries and Income and the Results of Operations. Projections for future other revenue are based on a 5 year average of actual other revenue. Exhibit C will provide details of the projected other

revenues under the proposed rates.

C. Expenses

Historical costs for Operation and Maintenance (O&M) are based on actual expenses reported in the Results of Operations. Projections for future O&M costs during the evaluation period are based on Western's budget submission documents. Projections for future O&M costs after the evaluation period are based on the last fiscal year of the evaluation period. for future Purchase Power cost estimates were provided by the Energy Management and Marketing Office at Western's Desert Southwest Region. Projections for Purchase Transmission costs are based on Western's contract with the transmission service provider. Exhibit D will provide the estimated costs under the proposed rates.

Other expenses in the rate calculation consist of the unfunded portion of the Civil Service Retirement System and Post-Retirement Health and Life Insurance Benefits (Retirement Benefits) and for projections for portions of the unfunded Civil Service Retirement System cost, Capitalized Moveable Equipment Depreciation Expense, and interest on stores inventory items.

Interest expense on the unpaid balance of the Federal investments is calculated annually and incorporated into the rate calculation. The CAP 115/230-kV system Supporting Schedule to the rate calculation shows a cumulative total interest expense of \$128,538,982 over the repayment period (1993-2043).

D. Investments

Cumulative Transmission Investments in the 115/230-kV transmission system totals \$128,051,985 and is repayable over a 50-year period at a 3.342% interest. The unpaid balance is scheduled to be repaid by FY 2042 under the proposed rates.

Additions and Replacements

The existing and the proposed rate formula includes a component for replacements. In 2015, replacement of the ED2-Saguaro line began to replace aging infrastructure, and the costs are expected to be spread over the cost evaluation period. The projected replacements during each cost evaluation period are based on Western's Ten-Year Capital Program.

APPENDIX A

***Federal Register* Notice-Notice of Proposed Transmission Service Rates**

WAPA-172

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.

Base Charge:

The total charge paid by a Contractor for annual capacity and energy based on the annual revenue requirement. The base charge shall be composed of an energy component and a capacity component:

ENERGY CHARGE: Each Contractor shall be billed monthly an energy charge equal to the rate year energy dollar multiplied by the Contractor's firm energy percentage multiplied by the Contractor's monthly energy ratio as provided by contract.

CAPACITY CHARGE: Each Contractor shall be billed monthly a capacity charge equal to the rate year capacity dollar divided by 12 multiplied by the Contractor's contingent capacity percentage as provided by contract.

Forecast Rates:

ENERGY: Shall be equal to the rate year energy dollar divided by the lesser of the total master schedule energy or 4,501.001 million kWhs. This rate is to be applied for use of excess energy, unauthorized overruns, and water pump energy.

CAPACITY: Shall be equal to the rate year capacity dollar divided by 1,951,000 kW, to be applied for use of unauthorized overruns.

Calculated Energy Rate:

Within 90 days after the end of each rate year, a calculated energy rate shall be calculated. If the energy deemed delivered is greater than 4,501.001 million kWhs, then the calculated energy rate shall be applied to each Contractor's energy deemed delivered. A credit or debit shall be established based on the difference between the Contractor's energy dollar and the Contractor's actual energy charge, to be applied the following month or as soon as possible thereafter.

Lower Basin Development Fund Contribution Charge:

The contribution charge is 4.5 mills/kWh for each kWh measured or scheduled to an Arizona purchaser and 2.5 mills/kWh for each kWh measured or scheduled to a California or Nevada purchaser, except for purchased power.

Billing for Unauthorized Overruns:

For each billing period in which there is a contract violation involving an

unauthorized overrun of the contractual power obligations, such overrun shall be billed at 10 times the forecast energy rate and forecast capacity rate. The contribution charge shall also be applied to each kWh of overrun.

Adjustments:

None.

ORDER

In view of the foregoing and under the authority delegated to me, I hereby extend from October 1, 2015, through September 30, 2020, the existing BCP rate-setting formula and approve the base charge and rates for FY 2016, on an interim basis for the BCP. Formula Rate Schedule BCP-F9 shall remain in effect on an interim basis, pending FERC confirmation and approval of this extension or substitute rates on a final basis through September 30, 2020.

Dated: July 17, 2015

Elizabeth Sherwood-Randall,

Deputy Secretary.

[FR Doc. 2015-18237 Filed 7-23-15; 8:45 am]

BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Central Arizona Project—Rate Order No. WAPA-172

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Proposed Transmission Rates.

SUMMARY: The Western Area Power Administration (Western), a power marketing administration within the Department of Energy (DOE), is proposing an adjustment to the Central Arizona Project (CAP) transmission rates for firm point-to-point transmission service, non-firm point-to-point transmission service, and Network Integration Transmission Service (NITS) on the CAP 115/230-kilovolt (kV) transmission lines. Current rates, under Rate Schedules CAP-FT2, CAP-NFT2 and CAP-NITS2, expire December 31, 2015. Western is not proposing any changes to the existing rate-setting formula through December 31, 2020, but is proposing to adjust the existing rates to provide sufficient revenue to cover all annual costs, including interest expenses, and to repay required investment within the allowable period. Western is also proposing to begin charging for short-term transmission service on the Navajo (500-kV) portion of the CAP under Rate Schedule CAP-NFT3. Western currently markets excess

transmission service from the Navajo (500-kV) portion of the CAP on a short-term (less than 12 months) basis at current CAP 115/230-kV rates under Western's Administrator's authority to set rates for short-term sales (Department of Energy Delegation Order No. 00-037.00A, ¶1.5). Western will prepare and provide a brochure detailing information on the proposed rates. Proposed rates, under Rate Schedules CAP-FT3, CAP-NFT3, and CAP-NITS3, are scheduled to go into effect on January 1, 2016, and remain in effect through December 31, 2020. Publication of this **Federal Register** notice begins the formal process for the proposed rates.

DATES: The consultation and comment period begins today and will end October 22, 2015. Western will present a detailed explanation of the proposed rates at a public information forum on August 27, 2015, beginning at 10:00 a.m. MST, in Phoenix, Arizona. Western will accept oral and written comments at a public comment forum on September 24, 2015, beginning at 10:00 a.m. MST, in Phoenix, Arizona. Western will accept written comments any time during the 90-day 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 43 Avenue, Phoenix, Arizona, on the dates cited above. Written comments should be sent to Mr. Ronald E. Moulton, Senior Vice President and Desert Southwest Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, Arizona 85005-6457, email moulton@wapa.gov. Written comments may also be faxed to (602) 605-2490, attention: Mr. Jack Murray, Rates Manager. Western will post official information about the rate process on its Web site at <http://www.wapa.gov/dsw/pwrmkt/CAPTRP/CAPTRP.htm>. Western will also post official comments received via letter, fax and email to this 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-making process. For more information regarding attending the forum, see the Attendance at the Forum section of this notice.

FOR FURTHER INFORMATION CONTACT: Mr. Jack Murray, Rates Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, Arizona 85005-

6457, telephone (602) 605-2442, email jmurray@wapa.gov.

SUPPLEMENTARY INFORMATION: The existing Rate Schedules CAP-FT2, CAP-NFT2, and CAP-NITS2, under Rate Order No. WAPA-124¹, were approved for a 5-year period beginning on January 1, 2006, and ending December 31, 2010. The schedules received final approval from the Federal Energy Regulatory Commission (FERC) on June 29, 2006. Rate Order No. WAPA-153² extended these rate schedules for a 2-year period, beginning January 1, 2011, through December 31, 2012. Rate Order No. WAPA-158³ extended these rate schedules for a 3-year period beginning January 1, 2013,

through December 31, 2015. Western's Administrator, under the authority delegated to set rates for short-term sales, approved sales of excess Navajo transmission service at the effective CAP 115/230-kV transmission rate. This approval, which only applies to sales of short-term (less than 12 months) transmission service on the Navajo system, was approved effective September 1, 2011. Western is proposing a modification to the Applicability section of Rate Schedule CAP-NFT3 to include the marketing of short-term Navajo transmission service at the effective CAP transmission service rate.

Proposed rates for point-to-point transmission service and NITS on the

CAP 115/230-kV transmission system are based on a revenue requirement that recovers the investment on the CAP transmission lines, costs for facilities associated with providing transmission service and non-facility costs allocated to transmission service. Proposed rates for point-to-point transmission service on the CAP 115/230-kV transmission system are determined by combining the average annual amortization costs with the average annual operations and maintenance costs, and dividing them by the average annual long-term firm transmission service reservations for the cost evaluation period (fiscal years 2016-2020).

TABLE 1—EXISTING AND PROPOSED RATES FOR FIRM AND NON-FIRM TRANSMISSION SERVICE

Type of service	Existing rates January 1, 2015 through December 31, 2015	Proposed rates CAP 115/230-kV system (Jan. 1, 2016)	Percent change
Firm Transmission Service	\$13.56/kW-year	\$14.88/kW-year	10
Non-firm Transmission Service	1.55 mills/kWh	1.70 mills/kWh	10

The table above compares the existing and proposed rates for transmission service. The proposed rates result in a firm point-to-point CAP 115/230-kV transmission rate of \$14.88 per kilowatt-year and a non-firm point-to-point CAP 115/230-kV transmission rate of 1.70 mills/kilowatt-hour (kWh). The proposed CAP rate reflects a 10 percent rate increase compared to the FY 2015 rate due primarily to an increase in construction costs to replace the aging ED2-Saguaro line. The construction started in 2015 and the costs are expected to be spread over a 5-year period. These proposed rates are based on the most current financial data available. Prior to their effective date of January 1, 2016, these proposed rates are subject to change, consistent with the procedures of 10 CFR part 903 if relevant and material financial data not previously considered becomes available prior to the publication of the final rates.

NITS allows a transmission customer to integrate, plan, economically dispatch, and regulate its network resources to serve its native load in a manner comparable to how a transmission provider uses its own transmission system to service its native load customers. The monthly charge methodology for NITS on the CAP 115/230-kV transmission lines is the product of the transmission customer's load-

ratio share multiplied by one-twelfth of the annual transmission revenue requirement. The customer's load-ratio share is calculated on a rolling 12-month basis. The customer's load-ratio share is equal to that customer's hourly load coincident with the CAP 115/230-kV transmission lines' monthly transmission system peak divided by the resultant value of the CAP 115-kV and 230-kV transmission lines' coincident peak for all firm point-to-point transmission service plus the CAP 115/230-kV transmission lines' firm point-to-point transmission service reservations. The proposed rates include the costs for scheduling, system control, and dispatch service. Western's existing rate formula requires recalculation of the rates annually based on updated financial data.

Attendance at the Forum

Access to Western facilities is controlled. U.S. citizen's need to bring an official form of identification (that meets the requirement of the Real ID Act), such as a U.S. driver's license, U.S. passport, U.S. Government ID, or U.S. Military ID, which you will be asked to show prior to signing in.

Foreign nationals planning to attend need to contact Mr. Jack Murray, Rates Manager, (602) 605-2442, email jmurray@wapa.gov, immediately to obtain the necessary form for

admittance. This form must be completed at least 30 days in advance for visitors from non-sensitive countries; and 45 days in advance for visitors from sensitive countries. Failure to complete this approval process may result in denial of admittance.

Legal Authority

Since the proposed rates constitute a major adjustment as defined by 10 CFR part 903, Western will hold both a public information forum and a public comment forum. Western will review all timely public comments and make amendments or adjustment to the proposal, as appropriate, consistent with 10 CFR part 903.

Western is establishing rates for transmission service for CAP 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 October 25, 2013, 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

¹ FERC confirmed and approved Rate Order No. WAPA-124 on June 29, 2006, in Docket No. EF06-5111-000. See *United States Department of Energy*,

Western Area Power Administration, Central Arizona Project, 115 FERC ¶ 62,326.

² 76 FR 548 (January 5, 2011).

³ 78 FR 18335 (March 26, 2013).

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 the FERC. Existing 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, and other documents that Western initiated or used 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 43 Avenue, Phoenix, Arizona 85009-5313. Many of these documents and supporting information are also available on Western's Web site at: <http://www.wapa.gov/dsw/pwrmt/CAPTRP/CAPTRP.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 parts 1500-1508); and DOE NEPA Regulations (10 CFR part 1021), Western is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.

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: July 17, 2015.

Mark A. Gabriel,
Administrator.

[FR Doc. 2015-18235 Filed 7-23-15; 8:45 am]

BILLING CODE 6450-01-P

ENVIRONMENTAL PROTECTION AGENCY

[EPA-HQ-OPP-2015-0276 and EPA-HQ-OPP-2015-0302; FRL-9930-91]

Extension of Comment Periods for the Draft Series 810—Product Performance Test Guidelines and the Proposed Antimicrobial Pesticide Use Site Index

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice; extension of comment periods.

SUMMARY: EPA is hereby extending the comment periods for the following two notices: the notice that issued in the **Federal Register** of June 17, 2015, entitled “Draft Test Guidelines; Series 810—Product Performance Test Guidelines; Notice of Availability and Request for Comments” (“Draft Test Guidelines”) and the notice that issued in the **Federal Register** of July 1, 2015, entitled “Proposed Antimicrobial Pesticide Use Site Index; Notice of Availability and Request for Comment” (“Proposed Use Site Index”). This document extends the comment periods for those two notices in response to requests from stakeholders for additional time to review and provide comments.

DATES: Comments for the Draft Test Guidelines must be identified by docket identification (ID) number EPA-HQ-OPP-2015-0276 and must be received on or before October 1, 2015. Comments for the Proposed Use Site Index must be identified by docket ID number EPA-HQ-OPP-2015-0302 and must be received on or before August 31, 2015.

ADDRESSES: Follow the detailed instructions provided under **ADDRESSES** in the **Federal Register** document of either June 17, 2015 (80 FR 34638) (FRL-9927-37) or July 1, 2015 (80 FR 37610) (FRL-9929-42), as applicable.

FOR FURTHER INFORMATION CONTACT: As listed in the applicable **Federal Register** document the contacts for the Draft Test Guidelines are as follows: For general information contact: Melissa Chun, Regulatory Coordination Staff (7101M), Office of Chemical Safety and Pollution Prevention, Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460-0001; telephone number: (202) 564-1605; email address: chun.melissa@epa.gov. For technical information contact: Stephen Tomasino, Biological and Economic Analysis Division (7503P), Office of Pesticide Programs, Environmental Protection Agency, Environmental Science Center, 701 Mapes Road, Ft. Meade, MD 20755-5350; telephone number: (410) 305-2976; email address: tomasino.stephen@epa.gov.

The contact for the Proposed Use Site Index is Steven Weiss, Antimicrobials Division (7510P), Office of Pesticide Programs, Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460-0001; main telephone number: (703) 308-8293; email address: weiss.steven@epa.gov.

SUPPLEMENTARY INFORMATION: EPA is hereby extending the comment periods

for the following two notices in response to requests for additional time that were received from stakeholders.

1. In the notice that issued in the **Federal Register** of June 17, 2015, entitled “Draft Test Guidelines; Series 810—Product Performance Test Guidelines; Notice of Availability and Request for Comments” (80 FR 34638) (FRL-9927-37), EPA sought public comment on several non-binding draft test guidelines developed by the Office of Chemical Safety and Pollution Prevention (OCSPP). The test guidelines provide guidance on conducting testing by the public and companies that are subject to EPA data submission requirements under OCSPP's major statutory mandates. The end of the comment period is hereby being extended from August 17, 2015 to October 1, 2015. See docket ID number EPA-HQ-OPP-2015-0276 at <http://www.regulations.gov>.

2. In the notice that issued in the **Federal Register** of July 1, 2015, entitled “Proposed Antimicrobial Pesticide Use Site Index; Notice of Availability and Request for Comment” (80 FR 37610) (FRL-9929-42), EPA sought public comment on a proposed guidance document called the Antimicrobial Pesticide Use Site Index. The Agency developed this document to provide guidance about antimicrobial pesticide use sites and general antimicrobial pesticide use patterns. This guidance document is intended to assist antimicrobial pesticide applicants and registrants by helping them to identify the 40 CFR part 158 subpart W data requirements that are necessary to register their product(s), and will likewise be used by Agency staff evaluating pesticide applications. The end of the comment period is hereby being extended from July 31, 2015 to August 31, 2015. See docket ID number EPA-HQ-OPP-2015-0302 at <http://www.regulations.gov>.

To submit comments, or access the docket, please follow the detailed instructions provided under **ADDRESSES** in the applicable **Federal Register** document of either June 17, 2015 (80 FR 34638) (FRL-9927-37) for the Draft Test Guidelines or July 1, 2015 (80 FR 37610) (FRL-9929-42) for the Proposed Use Site Index.

If you have questions, consult with someone listed under **FOR FURTHER INFORMATION CONTACT**.

Authority: 7 U.S.C. 136 *et seq.*; 15 U.S.C. 2601 *et seq.*; 21 U.S.C. 301 *et seq.*

APPENDIX B

Rate Calculation

2016

Amortization Expenses

Principal	12,805,199
Interest	14,272,124
Sum	27,077,322
Average Annual Amortization Expenses	5,415,464

Operation & Maintenance

Western Annual Operation and Maintenance Expenses	4,542,590
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Other Expenses

Civil Service Retirement Expense (CSRS)	44,692
Capitalized Moveable Equipment (CME) Depreciation and Interest Expense	57,600
Reclamation Annual Expense	100,000
Facility Charge @ McCullough	500,000
Warehouse Interest Expense	2,660
Replacement Investments (RRADS)	1,000
Purchase Power and Wheeling	900,000
Estimated Total Average Annual Operation & Maintenance Expenses	6,148,542
Major Capital	5,500,000
Estimated Total Annual Gross Expenses	17,064,006

Estimated Over/Undercollection from Rates	1,084,491
Other Revenues⁽¹⁾	2,882,000
Estimated Annual Revenue Requirement	13,097,515

*Current Rate Determination/Calculation for 115 / 230 - KV System Rate		Current Year 2016
14.88 / KW - Year	\$/kW-Yr = Total Estimated Annual Revenue Requirement Divided By 5-Year Average Contract Rate of Delivery (CROD), rounded to the penny	
1.24 / KW - Month	\$/kW-Month = \$/kW-Year divided by 12 months, rounded to the penny	
0.29 / KW - Week	\$/kW-Week = \$/kW-Year divided by 52 weeks, rounded to the penny	
0.04 / KW - Day	\$/kW-Day = \$/kW-Year divided by 365 Days, rounded to the penny	
1.70 / KWh	mills/kWh = \$/kW-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals	
Non-Firm Transmission Rate		
1.70 mills / KWh	mills/kWh = \$/kW-Year divided by 8,760 hours, multiplied by 1,000, rounded to 2 decimals	
Contract Rate of Delivery- CROD		
880,436 kW	5 - Year Average	

*The formula rate design calculates the Estimated Annual Revenue Requirement for the 5-year Cost Evaluation Period, and divides it by the sum of the contractors 5-year average contract rate of delivery (CROD) rounded to the penny.

⁽¹⁾Est. of Non-Firm, Short-Term Firm and Line Loss Revenues received.

APPENDIX C

Operation and Maintenance Data

(5 year average)

BUDGET ACTIVITY	OPERATION AND MAINTENANCE EXPENSES	ESTIMATED AVERAGE ANNUAL EXPENSES 2016-2020
FACILITY EXPENSES		
N/FGCA COMMM	Communications and Control Equipment	\$96,788
N/FGCA GWAMM	General Western Allocation	\$571,479
N/FGCA LINCMM	Direct Hours Not Identified- Transmission Lines	\$375,382
N/FGCA LINSM	Operation and Maintenance for Transmission Lines	\$128,796
N/FGCA RENTM	Multiproject Costs	\$431,894
N/FGCA SAFEM	Safety Expense	\$46,971
N/FGCA SUBCM	Direct Hours Not Identified-Substations	\$191,836
N/FGCA SUBSM	Operation and Maintenance for Substations	\$414,332
N/FGCA SUPTM	IS Support Costs	\$118,531
N/FGCA SVCFM	Service Facility Distribution Costs	\$94,680
TOTAL		\$2,470,689
SYSTEMWIDE EXPENSES		
N/FGCA FINAM	Financial Management Support	\$100,874
N/FGCA MRKTM	Power Marketing and Resources Planning	\$408,553
N/FGCA SOLDM	System Operation and Load Dispatching	\$1,343,714
N/FGCA STUDM	Transmission and Engineering Studies	\$218,761
TOTAL		\$2,071,901
OTHER EXPENSES		
N/FGCA DEPRM	Capitalized Moveable Equipment (CME) Depreciation and Interest Expense	\$57,600
	Civil Service Retirement Expense (CSRS)	\$44,692
N/FGCA PPW-RW	Facility Charge @ McCullough	\$500,000
	Purchase Power and Wheeling	\$900,000
	Reclamation Annual Expense	\$100,000
	Warehouse Interest Expense	\$2,660
TOTAL		1,604,952
TOTAL FACILITY + SYSTEMWIDE + OTHER EXPENSES		\$6,147,542
N/FGCA REIBC	Replacement Investments (RRADS)	\$1,000
N/FGCA SUBSB	Replacement Investments (RRADS)	\$5,500,000
2016		GRAND TOTAL
		\$11,648,542

CENTRAL ARIZONA PROJECT

APPENDIX D

DOE ORDER RA 6120.2

US. Department of Energy

Washington, D.C.

ORDER

RA 6120.2
9-20-79

SUBJECT: POWER MARKETING ADMINISTRATION FINANCIAL REPORTING

1. PURPOSE. To establish financial reporting policies, procedures, and methodology for all Department of Energy (DOE) power marketing administrations (PMA*s) except, where deviations, there from are specifically approved by the Secretary, authorized by statute, or identified and explained in a transmittal memorandum or in the footnotes to the reports.
2. CANCELLATION. Paragraph IV. F of INTERIM MANAGEMENT DIRECTIVE 1701, PRICING OF DEPARTMENTAL SERVICES AND PRODUCTS, OF 9-28-77.
3. SCOPE. The provisions of this order apply to the PMA*s reporting to the Assistant Secretary for Resource Applications.
4. REFERENCES. Proposed procedures for adjustments in power and transmission rates of the PMA*s, 44 F.R. 39184 (July 5, 1979), or such finally adopted procedures.
5. AUTHORITY. This order is issued pursuant to the authority of the Secretary of Energy under the Department of Energy Organization Act, Public Law 95-91, 42 U.S.C. 7101; the Reclamation laws, particularly Section 9(c) of the Reclamation Project Act of 1939, 53 Stat. 1194, 43 U.S.C. 485h(c); Section 5 of the Flood Control Act of 1944, 58 Stat. 890, 16 U.S.C. 825s; the Bonneville Project Act, 50 Stat. 731, as amended, 16 U.S.C. 832 et seq.; the Federal Columbia River Transmission System Act, Public Law 93-454, 16 U.S.C. 838 et seq.; the Eklutna Project Act, 64 Stat. 382, as amended; Section 204 of the Flood Control Act of 1962, 76 Stat. 1193 (Snettisham Project); Reorganization Plan No. 3 of 1950, 64 Stat. 1262; Section 2 of the Act of June 14, 1966, Public Law 89-448, 80 Stat. 200, as amended; Section 303 of the Federal Power Act. 49 Stat. 855, 16 U.S.C. 825b; and related laws.
6. POLICY.
 - a. It is DOE policy to encourage sound businesslike financial management and accounting practices in routine accounting and the preparation of power system financial statements.

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Power system financial statements will be prepared in accordance with generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the General Accounting Office, and the Office of Management and Budget, as appropriate. To the extent practicable, the PMA*s will maintain their accounts in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission for public utilities.

- b. It is also DOE policy that power repayment studies will be prepared annually using sound and consistent financial forecasting techniques. These forecasts should be designed to approximate as closely as possible the results expected to be achieved in the historical power system financial statements.

7. DEFINITIONS.

- a. Assisted Irrigation Investment. “Assisted irrigation investment” means the portion of construction costs of Federal Reclamation projects which are allocated to the irrigation purpose and are assigned pursuant to legal authorization for repayment from the revenues of the power system.
- b. Cost Evaluation Period. “Cost evaluation period” means a period of time during which estimates of future costs and revenues may be modified to reflect changing conditions, normally 5 years.
- c. Cost Recovery Criteria. “Cost recovery criteria” means the criteria set forth in paragraph 12, beginning on page 13.
- d. Investment or Power Investment. “Investment” or “power investment” means unless otherwise indicated in the context, investment allocated to be repaid from power revenues.
- e. Power Marketing Administration. “Power marketing administration” means the Alaska Power Administration, the Bonneville Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, or the Western Area Power Administration.
- f. Power Repayment Study. “Power repayment study” means a study (previously referred to as an average rate and repayment study

or repayment study) portraying the annual repayment of power production and transmission costs of a power system through the application of revenues over the repayment period of the power system. The study shows, among other items, estimated revenues and expenses, year by year, over the remainder of the power system*s repayment period (based upon conditions prevailing over the cost evaluation period), the estimated amount of Federal investment amortized during each year, and the total estimated amount of Federal investment remaining to be amortized. The study does not deal with rate design. Power repayment studies may take two forms as described below:

- (1) Current Power Repayment Study. A power repayment study that utilizes currently established rates for estimating future revenues. The study reflects the same basic power system included at the time rates were approved.
 - (2) Revised Power Repayment Study. A study that utilizes, in whole or in part, proposed or assumed rates for estimating future revenues. Typically, it is designed to demonstrate that potential revenue levels will satisfy the cost recovery criteria over the remainder of the power system*s repayment period.
- g. Power System. A system comprised of one project or more than one project hydraulically and/or electrically integrated and therefore treated as one unit for the purpose of establishing rates.
 - h. Power System*s Repayment Period. A period extending to the final year allowed under the cost recovery criteria for amortization of the original investment in all projects included in the power repayment study.
 - i. Secretary. The Secretary of Energy.
8. THE ACCOUNTING SYSTEM.
- a. The Books of Account. The books of account of all the PMA*s will be kept in accordance with accounting systems that are approved by the General Accounting Office and any additional guidelines promulgated by the Secretary. The PMA*s shall maintain their power systems accounts in accordance with the uniform system of accounts prescribed by the Federal Energy Regulatory Commission

for public utilities and licensees to the extent practicable. Supporting detailed information shall be maintained in a manner that facilitates a ready retrieval, analysis, and verification of pertinent facts. Books of account shall be kept on a monthly basis and closed at the end of each fiscal year.

- b. Accounting Concepts. Accounting concepts for PMA*s shall be developed around, but not limited to, the following generally accepted principles:
- (1) Period Cutoff Accounting. There must be proper cutoff accounting at the beginning and end of the period to ensure that revenues and expenses are not overstated or understated.
 - (2) Expenses Matched to Period Revenues. Expenses shall be appropriately matched against the periodic revenues.
 - (3) Current and Fixed Assets. Assets shall be accounted for in a meaningful manner to assure fair presentation of the financial position. Current assets are to be carried at cost or market value, whichever is less; fixed assets are to be carried at cost of acquisition or construction; appropriate charges shall be made for depreciation of fixed assets.
 - (4) Liabilities. All known liabilities shall be recorded.
- c. Specific Power System Accounting Matters. Specific accounting matters which are pertinent to PMA practices include, but are not necessarily limited to, the following:
- (1) Interest Rates. Interest expense on the power investment shall be a required portion of the costs to be recovered by power revenues. Rates to be used in computing interest shall be those rates officially established by law, or for all investment with no rate established by law made through 1—29—70, the rate established administratively for such investment, or for all investment made after 1-29-70, the rate established pursuant to paragraph 11, beginning at page 12, and related implementation guidelines.
 - (2) Unpaid or Deferred Annual Expense. Deficits (or unrecovered expenses) which occur in any year in which revenues fail

to recover operation and maintenance, purchased and exchanged power, transmission service and other expenses, and interest expense shall be accrued on the balance sheet as a liability with interest at the rate prescribed in paragraph 11, beginning at page 12, for investment made in the fiscal year in which the loss was incurred.

- (3) Priority of Revenue Application. Annual revenues will be first applied to the following recovery of costs during the year in which they are incurred: operation and maintenance (O&M), purchased and exchange power, transmission service and other, and interest expense and any appropriation amortization of revenue bonds. Remaining revenues are available for amortization and shall be applied first to unpaid or deferred. annual expense, if any, and then to the Federal investment. To the extent possible, while still complying with the repayment periods established for each increment of investment and unless otherwise indicated by legislation, amortization of the investment will be accompanied by application to the highest interest-bearing investment first.

9. FINANCIAL STATEMENTS

- a. Power System Financial Statements. Power system financial statements shall, to the extent practical, be prepared in accordance with generally accepted accounting principles and concepts. Power system financial results shall be disclosed in a clear, concise, and complete manner. Annual financial statements, accompanied by explanatory footnotes and supporting schedules, shall fairly present the financial position for each PHA power system. Power system reporting requirements shall generally conform to any appropriate standards promulgated by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the Federal Energy Regulatory Commission, and the General Accounting Office and shall include, but not necessarily be limited to (1) Statement of Revenues and Expenses or Income Statement; (2) Statement of Assets and Liabilities or Balance Sheet; (3) Statement of Source and Application of Funds or Statement of Changes in Financial Position; (4) Statement of Changes in Proprietary Capital (this statement may be incorporated in either the Statement of Revenues and Expenses or the Statement of Assets and Liabilities); and (5) the appropriate notes to financial statements.

- b. Statement of Revenues and Expenses (Income Statement). The results of operations shall be clearly and fairly reported on a comparative basis for the current and preceding fiscal periods. Net Revenues (or Deficit) presents the results of power system operations on a normal accrual accounting basis for the reporting period, after depreciation expense and interest on the unpaid Federal investment.
- c. Statement of Assets and Liabilities (Balance Sheet). The financial position of the power system for the current and preceding periods shall present the Federal investment in the power system on a cumulative basis and include a schedule of accumulated net revenues.
- d. Statement of Changes in Financial Position (Statement of Source and Application of Funds). A statement of changes in financial position shall be prepared on a comparative basis for the current and preceding fiscal periods to clearly describe the flow of funds of the power system for the reporting period. All power system funds shall be reported according to major source and disposition in a format which is appropriate to conventional regulated-company financial reporting.
- e. Notes to the Financial Statements and Supporting Tables. Power system financial statements shall satisfy professional requirements for adequate, informative disclosure. Notes to the financial statements for each power system shall address, as a minimum, the following reporting matters (unless this information is provided elsewhere):
 - (1) Summary of Significant Accounting Policies. A description of all significant accounting policies of the power system. Policy disclosures shall include, at a minimum: (a) the basis of consolidation. (b) depreciation methods employed, (c) status of allocation of cost varying purposes on multi-purpose projects, and (d) amortization and repayment requirements related to the Federal power investment.
 - (2) Subsequent Events. Disclosure of material events and transactions occurring subsequent to the financial reporting period shall be included if necessary for proper interpretation of the financial statements.

- (3) Interest Rates. Current policy regarding interest rates applicable to the reporting power system.
 - (4) Non-depreciable Assets. The amortization and reporting treatment of the Federal investment in land and other non-depreciable assets.
 - (5) Contingent Liabilities. A discussion of known major contingent liabilities.
- f. Auditor*s Opinion. The financial statements and accompanying notes to the financial statements of each power system shall be examined periodically, with the period not to exceed 2 years, by independent auditors, the General Accounting Office, Inspector General, or other acceptable audit organization. The results of this examination shall be reported in a letter which describes the scope of the examination and expresses an opinion on the financial statements.

10. POWER REPAYMENT STUDIES.

- a. General Requirements. Each PMA will prepare and publish annually a power repayment study for each power system. Each power repayment study consists of two parts, historical data and future data (forecasts). The development of future data requires the forecast of revenues, expenses and investment. The annual power repayment study will use sound and consistent forecasting techniques. Those forecasting techniques will be explained in a memorandum included with each forecast. The forecasts will utilize, to the extent possible, the accounting concepts set forth on page 4, paragraph 8. The power repayment study is updated annually to test the continuing adequacy of the existing rates. The annual study is called a Current Power Repayment Study. It reflects the same basic power system included at the time rates were approved, but forecasts Current operating results and updated estimates of revenues and costs for the remaining years of the repayment study.
- b. Rate Adjustment Plan. Whenever the current power repayment study shows that repayment requirements are not being met, action will be taken by the PMA to prepare and recommend a plan to be implemented at the next practicable time to satisfy the repayment requirements (or to explain why such requirements cannot be met).

Such plan may include increasing rates, decreasing costs, changing contracts, or any other viable means for meeting cost recovery criteria. This plan will be supported by a Revised Power Repayment Study which will meet the cost recovery criteria. The plan will be submitted to the Assistant Secretary for Resource Applications through the Office of Power Marketing Coordination for review and further action. In certain situations the plan could recommend that no action be taken to meet repayment requirements. While a revised power repayment study must be prepared at a minimum when a current power repayment study shows that repayment requirements are not being met, preparation is not limited to that situation.

- c. Cost Evaluation Period. A period of time during which future estimates of costs and revenues may be modified to reflect changing conditions, such as additions to the power systems or inflation. This period of time is normally 5 years. Revenue and cost estimates for the remaining years of the power system*s repayment period should reflect price levels, rate levels, and contractual commitments consistent with conditions anticipated during the cost evaluation period.
- d. Allowable Unamortized Investment. Each increment of investment shall be carried as allowable unamortized investment for its repayment period in accordance with the following principles:
 - (1) Duration of Repayment Period. Unless otherwise prescribed by law, each dollar of investment is to be repaid with interest within a period not-to-exceed 50 years. Repayment periods of less than 50 years may be established when the facilities involved have useful life expectancies of less than 50 years. Such shorter repayment periods are appropriate for (a) replacement of power facilities and (b) transmission facilities which are developed and managed as transmission systems rather than as adjuncts to generating projects. In such cases, the expected useful life of the facility involved generally will be used as the repayment period. Such repayment periods may be adjusted from time to time, within the 50-year maximum, if changed conditions indicate a different estimated useful life expectancy.

- (2) Start of the Repayment Period. The first year of the repayment period for both specific and joint investment cost shall be the fiscal year following the fiscal year in which the investment goes into commercial service. After each portion of allocated repayable power investment goes into commercial service, the total joint investment costs for a power generating facility shall, on a pro rata basis, be associated with the specific investment costs incurred in the initial stage of project development (the initial stage of development includes all power units which are initially constructed in a continuous sequence without a time lag or more than 5 years between generating units).

e. Revenues.

- (1) Power revenues shall be those expected through the power system*s repayment period, based on contractual commitments for sales of power and energy that are expected to exist during the cost evaluation period.
- (2) In the absence of specific contractual provisions for increased power sales, the revenue forecast will rely heavily on the past trends of actual customer load growth rates. Where contractual payments for power and/or quantities of such power and energy sales are defined, these shall form the basis for revenue determination.
- (3) Power quantities for forecasting future revenues shall also include purchased and exchange power quantities which are consistent with contractual commitments that are estimated to exist during the cost evaluation period, and only to the extent that related costs are also projected. The revenue forecast shall also consider capacity increases resulting from facility additions which are projected to be commercially operational within the cost evaluation period. A schedule comparing revenue estimates for the previous period with actual revenue realized should be included with the annual submission. Miscellaneous revenues shall be included where appropriate, as well as headwater benefit payments to be made to the Treasury for power benefits to non-Federally owned utility hydro plants.

- (4) Power quantities used for estimating revenues, unless defined by contract, are determined by theoretical reservoir operation studies based on historical stream flows. In preparing these operational studies, hydrological data, current to within 5 years if possible, and available engineering data will be used, recognizing restrictions imposed by other project functions. Input data will be revised and updated whenever new information indicates that a significant change in the forecast can be expected in the future where there is a significant variance between the forecasted and actual results, but in any event not less frequently than once every 5 years unless an accepted explanation is provided concerning why this is not necessary.
- f. Operation and Maintenance Costs. Estimates of O&M costs shall be developed with heavy reliance placed on historical cost trends and actual project costs in the past. The use of various cost indices, developed from and supported by project history, is recommended in developing the forecast and testing its reliability. In preparing the estimate, actual costs will be compared to past forecasts to identify sources of variance and previous projection errors. A schedule showing these comparisons will be included with the annual power repayment update. The forecast shall take into account known factors which are expected to affect the future level of such costs during the cost evaluation period.
- g. Purchased and Exchange Power Costs. All costs of planned purchased power during the cost evaluation period shall be included in the power repayment study.
- h. Transmission Service and Other Costs. These costs, to be estimated for the cost evaluation period, include payments to others required by legislation, 'wheeling* payments for use of transmission capacity, rental payments for the use of electrical facilities, payments for detriment caused by project facilities or operation, payments for increased benefits furnished by others, credit payments under certain contracts, and interconnection costs for which a payment is made based on contractual commitments.

- i. interest Rates. Interest rates shall be established as set forth on page 4, paragraph Bc(l) for historical and current rates. Forecasts will utilize the rate established in paragraph 11, beginning on page 12, and related implementation guidelines for the latest available year for all future years.
- j. Interest Expense. Interest expense for each of the years of the study will be the sum of the amounts determined by: (1) applying the applicable interest rate to each estimated unamortized power investment at the beginning of the year; plus (2) applying one-half the applicable interest rate to power investments (i.e., additions and replacements) expected to be added and in service during the year; plus (3) applying the applicable interest rate to capitalized unpaid or deferred annual expense, if any. If the interest credit concept is utilized by the PMA, the interest credit should be offset against interest expense.
- k. Investment Costs. The power repayment studies will include all investment cost allocated to power for the existing systems. Additionally, the allocated power investment costs of all authorized power system facilities for which Congress has appropriated funds for construction and which will be in service within the cost evaluation period will be included. The investment cost will include construction cost of the project as well as interest during construction, computed using the same rate as determined in paragraph 10i.
1. Replacements. Future replacement costs will be included in repayment studies by adding the estimated capital cost of replacement to the unpaid Federal investment in the year each replacement is estimated to go into service, and adding it to the allowable unamortized investment. The capital costs of each replacement is determined by estimating the cost at current price levels of the new unit of property, less salvage, if any, at the end of the service life of the unit replaced. The allowable unamortized investment is developed by adding each years investment as it goes into service and then deducting each increment of investment at the end of its allowable repayment period. Replacements should be accounted for separately from the original investment.

- p. Status of Repayment. For any year of a power system study, the status of repayment can be determined by comparing the allowable unamortized investment with the unamortized investment. For every year that the unamortized investment is equal to or less than the allowable unamortized investment, repayment is on or ahead of schedule. If for any year the unamortized investment exceeds the allowable, the cost recovery criteria are not being met.
- n. Content and Format of Power Repayment Study. Power repayment studies for all power systems shall be accompanied by a statement of pertinent assumptions used in preparing the studies. Further, there should be submitted a schedule which will show significant changes as compared with the previous study and a comparison of the previous forecast to actual performance for the same period. The format of the power repayment studies prepared by the PMAs will be expected to vary to some extent due to differences in conditions among PMAs, e.g., some have transmission systems, while others do not.

11. INTEREST RATE FORMULA.

- a. Except as otherwise provided by law, the interest rate to be used for computing interest during construction and interest on the unpaid balance of the costs of Federal power facilities, the construction of which is initiated after September 30, 1983, which are financed with appropriations and the cost of which is properly allocated to commercial power development, shall be the yield rate, as hereinafter provided in subparagraph "b" of this paragraph, during the fiscal year in which construction is initiated. For purposes of this paragraph, the facilities for which a separate interest rate is established may be any of the following as long as repayment periods are established for them:
 - (1) A Federal reservoir or canal project which includes the generation of electric power that is marketed by a PMA and which may also include transmission facilities constructed during the same stage of construction;
 - (2) Any unit or separable power feature or groups of such units of features of such Federal reservoir or canal project;

- (3) Any separable features or groups of features of a Federal transmission system, including transmission lines, substations, and appurtenant facilities, which are under the administration of a PMA that are not considered a part of a Federal reservoir or canal project;
 - (4) Annual increments of investment in separable features or groups of features of a Federal transmission system that are placed in service during the same year; or
 - (5) Replacements of or additions or betterments to power facilities.
- b. Each fiscal year the Assistant Secretary for Conservation and Renewable Energy will request the Secretary of the Treasury to provide the computations made as of October 1 of the yield rate for the preceding fiscal year. For purposes of this paragraph, the yield rate is the average yield during the preceding fiscal year on interest-bearing marketable securities of the United States which, at the time the computation is made, have terms of 15 years or more remaining to maturity. The average yield shall be computed as the average during the fiscal year of the Gaily bid prices. Where the average yield so computed is not a multiple of one—eighth of one percent, the yield rate shall be the multiple of one-eighth of one percent nearest to such average yield.
 - c. The Assistant Secretary shall annually notify the PMAs of the yield rate for the current fiscal year.
12. COST RECOVERY CRITERIA. The current rates for a power system will be adequate if, and only if, a power repayment study indicates that:
- a. The expected revenues are at least sufficient to recover annually, except for a possible initial short transition period:

- (1) All costs of operating and maintaining the power system during the year in which such costs are incurred; plus,
 - (2) The cost of acquiring power through purchase and/or exchange agreements, the costs for transmission services, and other costs during the year in which such costs are incurred; plus,
 - (3) Expensed interest on the unamortized investment in Federal power facilities in the year for which the interest charges are assessed, except that recovery of the annual interest expense may be deferred in unusual circumstances for short periods of time; plus,
 - (4) Interest and amortization of revenue bonds where PMAs are authorized to issue such bonds.
- b. In addition to the recovery of the above costs 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.

23. SUBMISSION. Power system financial statements and power repayment studies will be forwarded to the Assistant Secretary for Resource Applications and shall be accompanied by a statement from the PI4A Administrator that the financial statements and power repayment studies are in compliance with this order. Any deviation there from shall be disclosed and justified. Copies of power system financial statements and power repayment studies will be provided for policy guidance, evaluation of methodology, and compliance review, and shall be delivered within 180 days of the close of the applicable fiscal year.

FOR THE SECRETARY OF ENERGY:

George S. McIsaac
Secretary for
Resource Applications

APPENDIX E

History of Transmission Service Rates

HISTORY OF TRANSMISSION SERVICE RATES

Transmission service rates for the CAP 115/230-kV transmission lines are established pursuant to the Department of Energy Organization Act (42 U.S.C. 7101, et seq.); the Reclamation Act of 1902 (32 U.S.C. 388, 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 Assistant Commissioner of Reclamation in connection with Contract No. 7-07-30-P0006, dated and effective May 1, 1977, with the Citizens Utility Company (CUC) approved a transmission service charge of \$2.20/kW-yr.

Since that time the contractual arrangements beginning March 1, 2005, UNS (formerly Citizen's Utilities Company) modified contract 87-BCA-10140, dated February 28, 2005, in which the Contractor agreed to pay Western monthly for the amount of CAP Transmission System capacity, expressed in kilowatts, contracted for and reserved for the Contractor's use at CAP Firm Transmission System point(s) of delivery set forth in Exhibit A in accordance with rates, charges, and conditions set out in the CAP Firm Transmission Rate Schedule.

The Deputy Secretary of Energy approved Rate Schedules CAP-FT1, CAP-NFT1, and CAP-NITS1 for transmission service effective January 1, 2001 (Rate Order No. WAPA-88, 65 FR 77368, December 11, 2000), and the Federal Energy Regulatory Commission (Commission) confirmed and approved the rate schedules on July 31, 2001, under FERC Docket No. EF01-5111-000 (96 FERC 62,094). Approval for Rate Schedules CAP-FT1, CAP-NFT1, and CAP-NITS1 covered 5 years beginning on January 1, 2001, ending on December 31, 2005.

The Western Area Power Administration (Western) is proposing revised rates for the Central Arizona Project (CAP) firm point-to-point transmission service, non-firm point-to-point transmission service, and Network Integration Transmission Service (NITS) on the CAP 115/230-kV transmission lines. Current rates, under Rate Schedules CAP-FT2, CAP-NFT2 and CAP-NITS2, extend through December 31, 2012 by Rate Order No. WAPA-153. Proposed rates will provide sufficient revenue to pay all annual costs, including interest expense, and repay investment within the allowable period. Proposed rates, under Rate Schedules CAP-FT3, CAP-NFT3 and CAP-NITS3, are scheduled to go into effect on January 1, 2016, and will remain in effect through December 31, 2020.

APPENDIX F

Procedures for Public Participation in Power and Transmission Rate Adjustments

§ 871.4 Limitation on redelegation of authority.

The authority delegated in this part may not be redelegated without the prior approval of the Assistant Administrator for National Security.

PART 903-POWER AND TRANSMISSION RATES

Subpart A-Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions for the Alaska, Southeastern, Southwestern, and Western Area Power Administrations

- Sec.
- 903.1 Purpose and scope; application.
- 903.2 Definitions.
- 903.11 Advance announcement of rate adjustment.
- 903.13 Notice of proposed rates.
- 903.14 Consultation and comment period.
- 903.15 Public information forums.
- 903.16 Public comment forums.
- 903.17 Informal public meetings for minor rate adjustments.
- 903.18 Revision of proposed rates.
- 903.21 Completion of rate development; provisional rates.
- 903.22 Final rate approval.
- 903.23 Rate extensions.

AUTHORITY: Sees. 301(b), 302(a), and 644 of Department of Energy Organization Act, Pub. L. 99-1 (42 U.S.C. 7101 *et seq.*); sec. 5 of the Flood Control Act of 1944 (16 U.S.C. 825s); the Reclamation Act of 1902 (43 U.S.C. 372 *et seq.*), as amended and supplemented by subsequent enactments, particularly sec. 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and the Acts specifically applicable to individual projects or power systems.

SOURCE: 50 FR 37837, Sept. 18, 1985, unless otherwise noted.

Subpart A-Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions for the Alaska, Southeastern, Southwestern, and Western Area Power Administrations

§ 903.1 Purpose and scope; application.

(a) Except as otherwise provided herein, these regulations establish procedures for the development of power and transmission rates by the Administrators of the Alaska, Southeastern,

Southwestern, and Western Area Power Administrations; for the providing of opportunities for interested members of the public to participate in the development of such rates; for the confirmation, approval, and placement in effect on an interim basis by the Deputy Secretary of the Department of Energy of such rates; and for the submission of such rates to the Federal Energy Regulatory Commission with or without prior interim approval. These regulations supplement Delegation Order No. 0204-108 of the Secretary of Energy, which was published in the FEDERAL REGISTER and became effective on December 14, 1983 (48 FR 55664), with respect to the activities of the Deputy Secretary and the Administrators.

(b) These procedures shall apply to all power and transmission rate adjustment proceedings for the Power Marketing Administrations (PMAs) which are commenced after these regulations become effective or were in process on the effective date of these regulations, but for which the FERC had not issued any substantive orders on or before December 14, 1983. These procedures supersede "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions for the Alaska, Southeastern, Southwestern, and Western Area Power Administrations" published in 45 FR 86983 (December 31, 1980) and amended at 46 FR 6864 (January 22, 1981) and 46 FR 25427 (May 7, 1981).

(c) Except to the extent deemed appropriate by the Administrator in accordance with applicable law, these procedures do not apply to rates for short term sales of capacity, energy, or transmission service.

[50 FR 37837, Sept. 18, 1985; 50 FR 48075, Nov. 21, 1985]

§ 903.2 Definitions.

As used herein-

(a) *Administrator* means the Administrator of the PMA whose rate is involved in the rate adjustment, or anyone acting in such capacity.

(b) *Department* means the Department of Energy, including the PMAs but excluding the Federal Energy Regulatory Commission.

(c) *Deputy Secretary* means the Deputy Secretary of the Department of Energy, or anyone acting in such capacity.

(d) *FERC* means the Federal Energy Regulatory Commission.

(e) *Major rate adjustment* means a rate adjustment other than a minor rate adjustment.

(f) *Minor rate adjustment* means a rate adjustment which (1) will produce less than 1 percent change in the annual revenues of the power system or (2) is for a power system which has either annual sales normally less than 100 million kilowatt hours or an installed capacity of less than 20,000 kilowatts.

(g) *Notice* means the statement which informs customers and the general public of Proposed Rates or proposed rate extensions, opportunities for consultation and comment, and public forums. The Notice shall be by and effective on the date of publication in the FEDERAL REGISTER. Whenever a time period is provided, the date of publication in the FEDERAL REGISTER shall determine the commencement of the time period, unless otherwise provided in the Notice. The Notice shall include the name, address, and telephone number of the person to contact if participation or further information is sought.

(h) *Power Marketing Administration or PMA* means the Alaska Power Administration, Southeastern Power Administration, Southwestern Power Administration, or Western Area Power Administration.

(i) *Power system* means a powerplant or a group of powerplants and related facilities, including transmission facilities, or a transmission system, that the PMA treats as one unit for the purposes of establishing rates and demonstrating repayment.

(j) *Proposed Rate* means a rate revision or a rate for a new service which is under consideration by the Department on which public comment is invited.

(k) *Provisional Rate* means a rate which has been confirmed, approved, and placed in effect on an interim basis by the Deputy Secretary.

(l) *Rate* means the monetary charge or the formula for computing such a charge for any electric service provided by the PMA, including but not limited

to charges for capacity (or demand), energy, or transmission service; however, it does not include leasing fees, service facility charges, or other types of facility use charges. A rate may be set forth in a rate schedule or in a contract.

(m) *Rate adjustment* means a change in an existing rate or rates, or the establishment of a rate or rates for a new service. It does not include a change in rate schedule provisions or in contract terms, other than changes in the price per unit of service, nor does it include changes in the monetary charge pursuant to a formula stated in a rate schedule or a contract.

(n) *Rate schedule* means a document identified as a "rate schedule," "schedule of rates," or "schedule rate" which designates the rate or rates applicable to a class of service specified therein and may contain other terms and conditions relating to the service.

(o) *Short term sales* means sales that last for no longer than one year.

(p) *Substitute Rate* means a rate which has been developed in place of the rate that was disapproved by the FERC.

[50 FR 37837, Sept. 18, 1985; 50 FR 48075, Nov. 21, 1985]

§903.11 Advance announcement of rate adjustment.

The Administrator may announce that the development of rates for a new service or revised rates for an existing service is under consideration. The announcement shall contain pertinent information relevant to the rate adjustment. The announcement may be through direct contact with customers, at public meetings, by press release, by newspaper advertisement, and/or by FEDERAL REGISTER publication. Written comments relevant to rate policy and design and to the rate adjustment process may be submitted by interested parties in response to the announcement. Any comments received shall be considered in the development of Proposed Rates.

§903.13 Notice of proposed rates.

(a) The Administrator shall give Notice that Proposed Rates have been prepared and are under consideration. The Notice shall include:

- (1) The Proposed Rates;

(2) An explanation of the need for and derivation of the Proposed Rates;

(3) The locations at which data, studies, reports, or other documents used in developing the Proposed Rates are available for inspection and/or copying;

(4) The dates, times, and locations of any initially scheduled public forums; and

(5) Address to which written comments relative to the Proposed Rates and requests to be informed of FERC actions concerning the rates may be submitted.

(b) Upon request, customers of the power system and other interested persons will be provided with copies of the principal documents used in developing the Proposed Rates.

§903.14 Consultation and comment period.

All interested persons will have the opportunity to consult with and obtain information from the PMA, to examine backup data, and to make suggestions for modification of the Proposed Rates for a period ending (a) 90 days in the case of major rate adjustments, or 30 days in the case of minor rate adjustments, after the Notice of Proposed Rates is published in the FEDERAL REGISTER, except that such periods may be shortened for good cause shown; (b) 15 days after any answer which may be provided pursuant to §903.15(b) hereof; (c) 15 days after the close of the last public forum; or (d) such other time as the Administrator may designate; whichever is later. At anytime during this period, interested persons may submit written comments to the PMA regarding the Proposed Rates. The Administrator may also provide additional time for the submission of written rebuttal comments. All written comments shall be available at a designated location for inspection, and copies also will be furnished on request for which the Administrator may assess a fee. Prior to the action described in §903.21, the Administrator may, by appropriate announcement postpone any procedural date or make other procedural changes for good cause shown at the request of any party or on the Administrator's own motion. The Administrator shall maintain, and dis-

tribute on request, a list of interested persons.

§903.15 Public information forums.

(a) One or more public information forums shall be held for major rate adjustments, except as otherwise provided in paragraph (c) of this section, and may be held for minor adjustments, to explain, and to answer questions concerning, the Proposed Rates and the basis of and justification for proposing such rates. The number, dates, and locations of such forums will be determined by the Administrator in accordance with the anticipated or demonstrated interest in the Proposed Rates. Notice shall be given in advance of such forums. A public information forum may be combined with a public comment forum held in accordance with §903.16.

(b) The Administrator shall appoint a forum chairperson. Questions raised at the forum concerning the Proposed Rates and the studies shall be answered by PMA representatives at the forum, at a subsequent forum, or in writing at least 15 days before the end of the consultation and comment period. However, questions that involve voluminous data contained in the PMA records may be answered by providing an opportunity for consultation and for a review of the records at the PMA offices. As a minimum, the proceedings of the forum held at the principal location shall be transcribed. Copies of all documents introduced, and of questions and written answers shall be available at a designated location for inspection and copies will be furnished by the Administrator on request, for which a fee may be assessed. Copies of the transcript may be obtained from the transcribing service.

(c) No public information forum need be held for major rate adjustments if, after the Administrator has given Notice of a scheduled forum, no person indicates in writing by a prescribed date an intent to appear at such public forum.

§903.16 Public comment forums.

(a) One or more public comment forums shall be held for major rate adjustments, except as otherwise provided in paragraph (c) of this section,

and may be held for minor rate adjustments, to provide interested persons an opportunity for oral presentation of views, data, and arguments regarding the Proposed Rates. The number, dates, and locations of such forums will be determined by the Administrator in accordance with the anticipated or demonstrated interest in the Proposed Rates. Notice shall be given at least 30 days in advance of the first public comment forum at each location and shall include the purpose, date, time, place, and other information relative to the forum, as well as the locations where pertinent documents are available for examination and/or copying.

(b) The Administrator shall designate a forum chairperson. At the forum, PMA representatives may question those persons making oral statements and comments. The chairperson shall have discretion to establish the sequence of, and the time limits for, oral presentations and to determine if the comments are relevant and noncumulative. Forum proceedings shall be transcribed. Copies of all documents introduced shall be available at a designated location for inspection, and copies shall be furnished on request for which the Administrator may assess a fee. Copies of the transcript may be obtained from the transcribing service.

(c) No public comment forum need be held for major rate adjustments if, after the Administrator has given notice of a scheduled forum, no person indicates in writing by a prescribed date an intent to appear at such public forum.

§903.17 Informal public meetings for minor rate adjustments.

In lieu of public information or comment forums in conjunction with a minor rate adjustment, informal public meetings may be held if deemed appropriate by the Administrator. Such informal meetings will not require a Notice or a transcription.

§903.18 Revision of proposed rates.

During or after the consultation and comment period and review of the oral and written comments on the Proposed Rates, the Administrator may revise the Proposed Rates. If the Administrator determines that further public

comment should be invited, the Administrator shall afford interested persons an appropriate period to submit further written comments to the PMA regarding the revised Proposed Rates. The Administrator may convene one or more additional public information and/or public comment forums. The Administrator shall give Notice of any such additional forums.

§903.21 Completion of rate development; provisional rates.

(a) Following completion of the consultation and comment period and review of any oral and written comments on the Proposed Rates, the Administrator may: (1) Withdraw the proposal; (2) develop rates which in the Administrator's and the Deputy Secretary's judgment should be confirmed, approved, and placed into effect on an interim basis (Provisional Rates); or (3) develop rates which in the Administrator's judgment should be confirmed, approved, and placed into effect by the FERC on a final basis without being placed into effect on an interim basis. A statement shall be prepared and made available to the public setting forth the principal factors on which the Deputy Secretary's or the Administrator's decision was based. The statement shall include an explanation responding to the major comments, criticisms, and alternatives offered during the comment period. The Administrator shall certify that the rates are consistent with applicable law and that they are the lowest possible rates to customers consistent with sound business principles. The rates shall be submitted promptly to the FERC for confirmation and approval on a final basis.

(b) The Deputy Secretary shall set the effective date for Provisional Rates. The effective date shall be at least 30 days after the Deputy Secretary's decision except that the effective date may be sooner when appropriate to meet a contract deadline, to avoid financial difficulties, to provide a rate for a new service, or to make a minor rate adjustment.

(c) The effective date may be adjusted by the Administrator to coincide with the beginning of the next billing period following the effective

date set by the Deputy Secretary for the Provisional Rates.

(d) Provisional Rates shall remain in effect on an interim basis until: (1) They are confirmed and approved on a final basis by the FERC; (2) they are disapproved and the rates last previously confirmed and approved on a final basis become effective; (3) they are disapproved and higher Substitute Rates are confirmed and approved on a final basis and placed in effect by the FERC; (4) they are disapproved and lower Substitute Rates are confirmed and approved on a final basis by the FERC; or (5) they are superseded by other Provisional Rates placed in effect by the Deputy Secretary, whichever occurs first.

§903.22 Final rate approval.

(a) Any rate submitted to the FERC for confirmation and approval on a final basis shall be accompanied with such supporting data, studies, and documents as the FERC may require, and also with the transcripts of forums, written answers to questions, written comments, the Administrator's certification, and the statement of principal factors leading to the decision. The FERC shall also be furnished a listing of those customers and other participants in the rate proceeding who have requested they be informed of FERC action concerning the rates.

(b) If the FERC confirms and approves Provisional Rates on a final basis, such confirmation and approval shall be effective as of the date such rates were placed in effect by the Deputy Secretary, as such date may have been adjusted by the Administrator. If the FERC confirms and approves on a final basis rates submitted by the Administrator without interim approval, such confirmation and approval shall be effective on a date set by the FERC.

(c) If the FERC disapproves Provisional Rates or other submitted rates, the Administrator shall develop Substitute Rates which take into consideration the reasons given by the FERC for its disapproval. If, in the Administrator's judgment, public comment should be invited upon proposed Substitute Rates, the Administrator may provide for a public consultation and comment period before submitting the

Substitute Rates. Whether or not such public consultation and comment periods are provided, the Administrator will, upon request, provide customers of the power system and other interested persons with copies of the principal documents used in the development of the Substitute Rates. Within 120 days of the date of FERC disapproval of submitted rates, including Substitute Rates, or such additional time periods as the FERC may provide, the Administrator will submit the Substitute Rates to the FERC. A statement explaining the Administrator's decision shall accompany the submission.

(d) A Provisional Rate that is disapproved by the FERC shall remain in effect until higher or lower rates are confirmed and approved by the FERC on a final basis or are superseded by other rates placed into effect by the Deputy Secretary on an interim basis: Provided, That if the Administrator does not file a Substitute Rate within 120 days of the disapproval or such greater time as the FERC may provide, and if the rate has been disapproved because the FERC determined that it would result in total revenues in excess of those required by law, the rate last previously confirmed and approved on a final basis will become effective on a date and for a period determined by the FERC and revenues collected in excess of such rate during such period will be refunded in accordance with paragraph (g) of this section.

(e) If a Substitute Rate confirmed and approved on a final basis by the FERC is higher than the provisional rate which was disapproved, the Substitute Rate shall become effective on a subsequent date set by the FERC, unless a subsequent Provisional Rate even higher than the Substitute Rate has been put into effect. FERC confirmation and approval of the higher Substitute Rate shall constitute final confirmation and approval of the lower disapproved Provisional Rate during the interim period that it was in effect.

(f) If a Substitute Rate confirmed and approved by the FERC on a final basis is lower than the disapproved provisional rate, such lower rate shall be effective as of the date the higher disapproved rate was placed in effect.

(g) Any overpayment shall be refunded with interest unless the FERC determines that the administrative cost of a refund would exceed the amount to be refunded, in which case no refund will be required. The interest rate applicable to any refund will be determined by the FERC.

(h) A rate confirmed and approved by the FERC on a final basis shall remain in effect for such period or periods as the FERC may provide or until a different rate is confirmed, approved and placed in effect on an interim or final basis: *Provided*, That the Deputy Secretary may extend a rate on an interim basis beyond the period specified by the FERC.

§ 903.23 Rate extensions.

(a) The following regulations shall apply to the extension of rates which were previously confirmed and approved by the FERC or the Federal Power Commission, or established by the Secretary of the Interior, and for which no adjustment is contemplated:

(1) The Administrator shall give Notice of the proposed extension at least 30 days before the expiration of the prior confirmation and approval, except that such period may be shortened for good cause shown.

(2) The Administrator may allow for consultation and comment, as provided in these procedures, for such period as the Administrator may provide. One or more public information and comment forums may be held, as provided in these procedures, at such times and locations and with such advance Notice as the Administrator may provide.

(3) Following notice of the proposed extension and the conclusion of any consultation and comment period, the Deputy Secretary may extend the rates on an interim basis.

(b) Provisional Rates and other existing rates may be extended on a temporary basis by the Deputy Secretary without advance notice or comment pending further action pursuant to these regulations or by the FERC. The Deputy Secretary shall publish notice in the FEDERAL REGISTER of such extension and shall promptly advise the FERC of the extension.

PART 904-GENERAL REGULATIONS FOR THE CHARGES FOR THE SALE OF POWER FROM THE BOULDER CANYON PROJECT

Subpart A-Power Marketing

Sec.

- 904.1 Purpose.
- 904.2 Scope.
- 904.3 Definitions.
- 904.4 Marketing responsibilities.
- 904.5 Revenue requirements.
- 904.6 Charge for capacity and firm energy.
- 904.7 Base charge.
- 904.8 Lower basin development fund contribution charge.
- 904.9 Excess capacity.
- 904.10 Excess energy.
- 904.11 Lay off of energy.
- 904.12 Payments to contractors.
- 904.13 Disputes.
- 904.14 Future regulations.

AUTHORITY: Reclamation Act of 1902 (32 Stat. 388); Boulder Canyon Project Act of 1928 (43 U.S.C. 617 *et seq.*); Boulder Canyon Project Adjustment Act of 1940 (43 U.S.C. 618 *et seq.*); Department of Energy Organization Act (42 U.S.C. 7101 *et seq.*); Colorado River Storage Project Act of 1956 (43 U.S.C. 620 *et seq.*); Colorado River Basin Project Act of 1968 (43 U.S.C. 1501 *et seq.*); and Hoover Power Plant Act of 1984 (98 Stat. 1333 (43 U.S.C. 619 *et seq.*)).

SOURCE: 51 FR 43154, Nov. 28, 1986, unless otherwise noted.

Subpart A-Power Marketing

§ 904.1 Purpose.

(a) The Secretary of Energy, acting by and through the Administrator of the Western Area Power Administration (Administrator), is authorized and directed to promulgate charges for the sale of power generated at the Boulder Canyon Project powerplant, and also to promulgate such general regulations as the Secretary finds necessary and appropriate in accordance with the power marketing authorities in the Reclamation Act of 1902 (32 Stat. 388) and all acts amendatory thereof and supplementary thereto, and the Department of Energy Organization Act (42 U.S.C. 7101 *et seq.*).

(b) In accordance with the Boulder Canyon Project Act of 1928 (43 U.S.C. 617 *et seq.*), as amended and supplemented (Project Act); the Boulder Canyon Project Adjustment Act of 1940 (43