

**DEPARTMENT OF ENERGY**

**Western Area Power Administration**

**Loveland Area Projects/Western Area  
Colorado Missouri Balancing  
Authority—Rate Order No. WAPA-154**

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

**ACTION:** Notice of Rate Order  
Temporarily Extending Loveland Area  
Projects Transmission and Western Area  
Colorado Missouri Balancing Authority  
Ancillary Services Formula Rates.

**SUMMARY:** This action is being taken to temporarily extend the existing Loveland Area Projects (LAP) Transmission and Western Area Colorado Missouri Balancing Authority (WACM) Ancillary Services Formula Rates through February 28, 2013. The existing transmission and ancillary services formula rates will expire February 28, 2011, with the exception of the Regulation and Frequency Response Service formula rate which expires May 31, 2011.

**FOR FURTHER INFORMATION CONTACT:** Mr. Bradley S. Warren, Regional Manager, Rocky Mountain Region, Western Area Power Administration, P.O. Box 3700, Loveland, CO 80539-3003, (970) 461-7201, e-mail [warren@wapa.gov](mailto:warren@wapa.gov), or Ms. Sheila Cook, Rates Manager, Rocky Mountain Region, Western Area Power Administration, P.O. Box 3700, Loveland, CO 80539-3003, (970) 461-7211, e-mail [scook@wapa.gov](mailto:scook@wapa.gov).

**SUPPLEMENTARY INFORMATION:** By Delegation Order No. 00-037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to the Administrator of the Western Area Power Administration (Western); (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary 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 Federal Energy Regulatory Commission (FERC).

The existing formula rates approved under Rate Order No. WAPA-106<sup>1</sup> became effective on March 1, 2004, through February 28, 2009. The rates, with the exception of Rate Schedule L-AS3, were extended through February 28, 2011, under Rate Order No. WAPA-141.<sup>2</sup> Rate Schedule L-AS3, Regulation and Frequency Response Service, was revised and approved under Rate Order No. WAPA-118,<sup>3</sup> which became effective June 1, 2006, through May 31, 2011. The existing rate formulae methodology collects annual revenue sufficient to recover annual expenses, including interest and capital requirements, thus ensuring repayment of the project costs within the cost recovery criteria set forth in DOE Order RA 6120.2. Since the rate formulas were originally extended, Western has worked both internally and with customers to evaluate new rate requirements and develop new rate formulas for transmission and ancillary services. These new requirements are necessary to address Western's revised Open Access Transmission Tariff (OATT) that was submitted to FERC in October 2009 and approved by FERC on December 2, 2010, pending an acceptable compliance filing.<sup>4</sup> Western also made the decision that the Rocky Mountain and Desert Southwest Regional Offices would work together in an attempt to make their ancillary service rate formulas consistent to the extent possible as a result of the operations consolidation of the two Regions. These are complex issues that have taken a considerable amount of time to resolve. As a result, pursuant to 10 CFR 903.23 (b), Western is again temporarily extending the existing LAP Transmission and WACM Ancillary Services Formula Rates, including Rate Schedule L-AS3, through February 28, 2013, or until the rate schedules are superseded. This extension will provide the time Western needs to complete the informal and formal public process associated with the new rate formulas.

Western did not have a consultation and comment period and did not hold public information and comment forums for this extension, in accordance with 10 CFR 903.23(b). Following review of Western's proposal with DOE,

<sup>1</sup> WAPA-106 was approved by FERC on a final basis on January 31, 2005, in Docket No. EF-04-5182-000 (110 FERC ¶ 62,084).

<sup>2</sup> WAPA-141 Extension of Rate Order No. WAPA 106, 2-year extension through February 28, 2011. 73 FR 48382, August 19, 2008.

<sup>3</sup> WAPA-118 was approved by FERC on a final basis on November 17, 2006, in Docket No. EF-06-5182-000 (117 FERC ¶ 62,163).

<sup>4</sup> *Western Area Power Administration*, 133 FERC ¶ 61,193 (2010).

I hereby approve Rate Order No. WAPA-154 which temporarily extends the existing LAP Transmission and WACM Ancillary Services rate schedules L-NT1, L-FPT1, L-NFPT1, L-AS1, L-AS2, L-AS3, L-AS4, L-AS5, L-AS6 and L-AS7 through February 28, 2013.

Dated: December 30, 2010.

**Daniel B. Poneman,**  
*Deputy Secretary.*

**Order Confirming and Approving a Temporary Extension of the Loveland Area Projects Transmission and Western Area Colorado Missouri Balancing Authority Ancillary Services Formula Rates**

Section 302(a) of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152) transferred to and vested in the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00 effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to the Administrator of the Western Area Power Administration (Western); (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary 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 Federal Energy Regulatory Commission (FERC). This rate extension is issued pursuant to the Delegation Order and the DOE rate extension procedures at 10 CFR 903.23(b).

**Background**

Under Rate Order No. WAPA-106, the existing formula rates were approved for five (5) years. They were extended, with the exception of Rate Schedule L-AS3, under Rate Order No. WAPA-141, effective through February 28, 2011. Rate Schedule L-AS3, Regulation and Frequency Response Service, was revised and approved through May 31, 2011, under Rate Order No. WAPA-118. Western temporarily extends all transmission and ancillary service formula rates, including Rate Schedule L-AS3.

**Discussion**

Western temporarily extends the existing LAP Transmission and WACM Ancillary Services formula rates pursuant to 10 CFR 903.23(b). The existing rate formula methodologies collect annual revenue sufficient to recover annual expenses (including interest) and capital requirements, thus ensuring repayment of the project costs within the cost recovery criteria set forth in DOE Order RA 6120.2. Since the rate formulas were originally extended, Western has worked both internally and with customers to evaluate new rate requirements and develop new rate formulas for transmission and ancillary services. These new requirements are necessary to address Western's revised Open Access Transmission Tariff (OATT) that was submitted to FERC in October 2009 and approved by FERC on December 2, 2010, pending an acceptable compliance filing. Western also made the decision that the Rocky Mountain and Desert Southwest Regional Offices would work together in an attempt to make their ancillary service rate formulas consistent to the extent possible as a result of the operations consolidation of the two Regions. These are complex issues that have taken a considerable amount of time to resolve. As a result, pursuant to 10 CFR 903.23 (b), Western is again temporarily extending the existing LAP Transmission and WACM Ancillary Services Formula Rates, including Rate Schedule L-AS3, through February 28, 2013, or until the rate schedules are superseded. This extension will provide the time Western needs to complete the informal and formal public process associated with the new rate formulas.

The process to evaluate new rate requirements for transmission and ancillary services is complex and will take several months to complete. During this time, Western will hold public forums to provide interested parties with relevant information and the opportunity to comment on Western's proposals. For these reasons, Western extends existing rate schedules L-NT1, L-FPT1, L-NFPT1, L-AS1, L-AS2, L-AS3, L-AS4, L-AS5, L-AS6 and L-AS7. Western did not have a consultation and comment period and did not hold public information and comment forums for this extension, in accordance with 10 CFR 903.23(b).

**Order**

In view of the above and under the authority delegated to me, I hereby extend for a period effective from March 1, 2011, through February 28, 2013, the existing rate schedules L-NT1, L-FPT1,

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L-NFPT1, L-AS1, L-AS2, L-AS3, L-AS4, L-AS5, L-AS6 and L-AS7 for LAP Transmission and WACM Ancillary Services.

Dated: December 30, 2010.

Daniel B. Poneman,  
*Deputy Secretary.*

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