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Linwood A. Watson, Jr.,*Acting Secretary.*

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DEPARTMENT OF ENERGY**Southwestern Power Administration****Robert Douglas Willis Hydropower Project Power Rate****AGENCY:** Southwestern Power Administration, DOE.**ACTION:** Notice of power rate increase.

SUMMARY: The Secretary of Energy, pursuant to Sections 301(b) and 302(a) of the Department of Energy Organization Act (Pub. L. 95-91) and section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s) has approved and placed into effect on an interim basis Rate Order No. SWPA-41.

SUPPLEMENTARY INFORMATION:

Southwestern Power Administration (Southwestern) currently has marketing responsibility for 2.2 million kilowatts of power from 24 multiple-purpose reservoir projects, with power facilities constructed and operated by the U.S. Army Corps of Engineers, generally in all or portions of the states of Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas. The Integrated System, comprised of 22 of the projects, is interconnected through a transmission system presently consisting of 138-kV and 161-kV high-voltage transmission lines, 69-kV transmission lines, and numerous bulk power substations and switching stations. In addition, contractual transmission arrangements provide for integration of other projects into the system.

The remaining two projects, Sam Rayburn and Robert Douglas Willis, are isolated hydraulically and electrically from the Southwestern transmission system, and their power is marketed under separate contracts through which the customer purchases the entire power output of the project at the dam. A separate Power Repayment Study (PRS) is prepared for each isolated project.

The existing rate schedule for the Robert Douglas Willis Hydropower Project was confirmed and approved on a final basis by the Federal Energy Regulatory Commission (FERC) on April 28, 1998, for the period January 1, 1998, through September 30, 2001. The FY 1999 Robert Douglas Willis Hydropower Project PRS indicates the need for a rate adjustment of \$35,004 annually, or 11.6 percent.

Pursuant to implementing authority in sections 301(b) and 302(a) of the Department of Energy Organization Act (Pub. L. 95-91) and section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), the Secretary of Energy may approve the rate on an interim basis. The Administrator, Southwestern, published notice in the **Federal Register** on July 12, 1999, 64 FR 37529, announcing a 30-day period for public review and comment concerning the proposed interim rate. Written comments were accepted through August 11, 1999. In a letter dated August 10, 1999, a Sam Rayburn Municipal Power Agency (SRMPA) representative stated that SRMPA has no objection to the proposed rate extension. No other comments were received.

Information regarding this rate proposal, including studies and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, Suite 1400, One West Third Street, Tulsa, Oklahoma 74103.

Following review of Southwestern's proposal within the Department of Energy, I hereby approve on an interim basis, Rate Order No. SWPA-41, which increases the existing Robert Douglas Willis Hydropower Project Rate for the sale of power and energy to \$337,932 per year for the period October 1, 1999, through September 30, 2003.

Dated: September 15, 1999.

Bill Richardson,
Secretary.

Order Confirming, Approving and Placing Increased Power Rate in Effect on an Interim Basis

October 1, 1999.

[Rate Order No. SWPA-41]

In the matter of: Southwestern Power Administration—Robert D. Willis

Pursuant to Sections 301(b) and 302(a) of the Department of Energy Organization Act, Public Law 95-91, the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944, 16 U.S.C. 825s, for the Southwestern Power Administration (Southwestern) were transferred to and vested in the Secretary of Energy. By Delegation Order No. 0204-108, effective December 14, 1983, 48 FR 55664, the Secretary of Energy delegated to the Deputy Secretary of Energy on a non-exclusive basis the authority to confirm, approve and place into effect on an interim basis power and transmission rates, and delegated to the Federal Energy Regulatory Commission

(FERC) on an exclusive basis the authority to confirm, approve and place in effect on a final basis, or to disapprove power and transmission rates. Amendment No. 1 to Delegation Order No. 0204-108, effective May 30, 1986, 51 FR 19744, revised the delegation of authority to confirm, approve and place into effect on an interim basis power and transmission rates to the Under Secretary of Energy rather than the Deputy Secretary of Energy. This delegation was reassigned to the Deputy Secretary of Energy by Department of Energy (DOE) Notice 1110.29, dated October 27, 1988, and clarified by Secretary of Energy Notice SEN-10-89, dated August 3, 1989, and subsequent revisions. By Amendment No. 2 to Delegation Order No. 0204-108, effective August 23, 1991, 56 FR 41835, the Secretary of Energy revised Delegation Order No. 0204-108 to delegate to the Assistant Secretary, Conservation and Renewable Energy, the authority which was previously delegated to the Deputy Secretary in that Delegation Order. By Amendment No. 3 to Delegation Order No. 0204-108, effective November 10, 1993, 58 FR 59717, the Secretary of Energy revised the delegation of authority to confirm, approve and place into effect on an interim basis power and transmission rates by delegating that authority to the Deputy Secretary of Energy. By notice dated April 15, 1999, the Secretary of Energy rescinded the authority of the Deputy Secretary of Energy under Delegation Order 0104-108. This rate order is issued by the Secretary of Energy pursuant to Section 642 of the Department of Energy Organization Act.

Background

Dam B (Town Bluff Dam), located on the Neches River in eastern Texas downstream from the Sam Rayburn Dam, was originally constructed in 1951 by the U.S. Army Corps of Engineers (Corps) and provides streamflow regulation of releases from the Sam Rayburn Dam. The Lower Neches Valley Authority contributed funds toward construction of both projects and makes established annual payments for the right to withdraw up to 2000 cubic feet of water per second from Town Bluff Dam for its own use. Power was legislatively authorized at the project, but installation of hydroelectric facilities was deferred until justified by economic conditions. A determination of feasibility was made in a 1982 Corps study. In 1983 the Sam Rayburn Municipal Power Agency (SRMPA) proposed to sponsor and finance the development of hydropower at Town

Bluff Dam in return for the output of the project to be delivered to its member municipalities and participating member cooperatives of the Sam Rayburn Dam Electric Cooperative. Since the hydroelectric facilities at the Town Bluff Dam have been completed, the facilities have been renamed the Robert Douglas Willis Hydropower Project (Robert D. Willis).

The Robert D. Willis rate is unique in that it excludes the costs associated with the hydropower design and construction performed by the Corps, because all funds for these costs were provided by SRMPA. Under the Southwestern/SRMPA power sales Contract No. DE-PM75-85SW00117, SRMPA will continue to pay all annual operating and marketing costs, as well as expected capital replacement costs, through the rate paid to Southwestern, and will receive all power and energy produced at the project for a period of 50 years.

Discussion

The 1999 Current Robert D. Willis Power Repayment Study (PRS) tests the adequacy of the existing rate based on the evaluation period extending from FY 1999 through FY 2003, to recover annual expenses for marketing, operation and maintenance, and to amortize additions to plant and major replacements of the generating facilities. Since the project's design and construction were financed in their entirety by SRMPA, no component for amortization of the original investment of some \$18 million is included in the rate determination. The Current PRS for the Robert D. Willis project, using the existing annual rate of \$302,928, indicates that the legal requirements to repay all costs will not be met and an increase in revenue is necessary.

The additional revenue needed is, in part, a result of the increase in replacement costs required to be recovered. In addition, the Corps had projected a significant increase in its estimates of large maintenance items included in the operations and maintenance (O&M) costs for the Robert D. Willis project.

The existing annual Robert D. Willis project power rate of \$302,928 was confirmed and approved on a final basis by the FERC on April 28, 1998, for the period January 1, 1998, through September 30, 2001. The 1999 Robert D. Willis Current Power Repayment Study (PRS) indicates that the present rate does not meet the cost recovery criteria for the isolated project. Over the entire repayment period the current rate will underpay requirements by \$9,840,156. The 1999 Robert D. Willis Revised PRS

indicates that an annual rate of \$337,932 will satisfy repayment criteria in accordance with Department of Energy Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944. The proposed increase in revenue amounts to \$35,004 or 11.6 percent annually to begin October 1, 1999.

Pursuant to Title 10, Part 903, Subpart A of the Code of Federal Regulations (10 CFR 903), "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions", 50 FR 37837, the Administrator, Southwestern, published notice in the **Federal Register** (64 FR 37529), on July 12, 1999, announcing a 30-day period for public review and comment. Southwestern held informal meetings and a Public Information Forum on July 20, 1999, where Southwestern provided copies of supporting data for the 1999 Robert D. Willis PRS to interested parties. A letter was received on behalf of SRMPA, indicating no opposition to the proposed rate increase. Southwestern did not receive any request to convene a formal Public Comment Forum and, as a result, did not convene such a meeting. Information regarding this rate proposal, including studies, comments and other supporting material, is available for public review and comment in the offices of the Southwestern Power Administration, One West Third Street, Tulsa, Oklahoma 74103.

Administrator's Certification

The 1999 Revised Robert D. Willis PRS indicates that the annual power rate of \$337,932 will repay all costs of the project including amortization of additions to plant and major replacements of the generating facilities consistent with provisions of DOE Order No. RA 6120.2. In accordance with Section 1 of Delegation Order No. 0204-108, as amended November 10, 1993, 58 FR 59717, and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed Robert D. Willis power rate is consistent with applicable law and is the lowest possible rate consistent with sound business principles.

Environment

The environmental impact of the rate increase proposal was evaluated in consideration of DOE's guidelines for implementing the procedural provisions of the National Environmental Policy Act and was determined to fall within the class of actions that are categorically excluded from the requirements of preparing either an Environmental

Impact Statement or an Environmental Assessment.

Order

In view of the foregoing and pursuant to authority vested in me, I hereby confirm, approve and place in effect on an interim basis, effective October 1, 1999, the proposed annual rate of \$337,932 for the sale of power and energy from the Robert D. Willis project to the Sam Rayburn Municipal Power Agency, under Contract No. DE-PM75-85SW00117, as amended. The rate shall remain in effect on an interim basis through September 30, 2003, or until the FERC confirms and approves the rate on a final basis.

Dated: September 15, 1999.

Bill Richardson,

Secretary.

[FR Doc. 99-26029 Filed 10-5-99; 8:45 am]

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DEPARTMENT OF ENERGY

Southwestern Power Administration

Sam Rayburn Dam Project Power Rate

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of power rate extension.

SUMMARY: The Secretary of Energy, acting under the authorities as implemented in 10 CFR 903.22(h) and 903.23(a)(3), has approved and placed into effect on an interim basis Rate Order No. SWPA-40.

SUPPLEMENTARY INFORMATION:

Southwestern Power Administration (Southwestern) currently markets 2.2 million kilowatts of power from 24 multiple-purpose reservoir projects, in all or portions of the states of Arkansas, Kansas, Louisiana, Missouri, Oklahoma and Texas, with power facilities constructed and operated by the U.S. Army Corps of Engineers. The Integrated System, comprised of 22 of the projects, is interconnected through a transmission system presently consisting of 138-kV and 161-kV high-voltage transmission lines, 69-kV transmission lines, and numerous bulk power substations and switching stations. In addition, contractual transmission arrangements provide for integration of other projects into the system.

The remaining two projects, Sam Rayburn Dam and Robert Douglas Willis, are isolated hydraulically and electrically from the Southwestern transmission system, and their power is marketed under separate contracts through which the customer purchases