

Commission's Order No. 888 on open transmission access. Consequently, an extension of the current rates is needed to provide sufficient time in which to comply with the public participation process required by 10 CFR 903. Southwestern is developing open access tariffs consistent with Order No. 888. Southwestern has announced in the **Federal Register** on August 22, 1997, a 90-day public comment period on the FY 1997 proposed rates with a planned implementation on January 1, 1998.

### Discussion

The existing Integrated System rates are based on the FY 1990 PRS. PRSs have been completed on the Integrated System each year since approval of the existing rates. Rate changes identified by the PRSs since that period have indicated the need for minimal rate increases or decreases. Since the revenue changes reflected by the PRSs were within Southwestern's plus-or-minus two percent Rate Adjustment Threshold, these rate adjustments were deferred in the best interest of the government and provided for the subsequent year's PRS to determine the appropriate level of revenues needed for the next rate period.

The FY 1997 PRS indicates the need for an annual revenue increase of 3.3 percent (\$3,212,635). A rate adjustment of this magnitude, together with the need to revise rate schedules to address the intent of FERC's Order No. 888, requires a formal rate filing. With existing rates expiring on September 30, 1997, Southwestern proposes to extend the existing rates for a six-month period ending September 30, 1998, on a temporary basis under the implementation authorities noted in 10 CFR 903.22(h) and 903.23(b) to provide sufficient time to complete the FY 1997 proposed rate development.

Southwestern continues to make significant progress toward repayment of the Federal investment in the Integrated System. Through FY 1996, cumulative amortization for the Integrated System was over \$369 million, which represents approximately 37 percent of the \$1 billion cumulative Federal investment for the Integrated System. The repayment status has increased over 100 percent since the existing rates were placed in effect.

Inquiries regarding this rate extension may be addressed to Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, One West Third Street, Tulsa, Oklahoma 74101-1619.

### Order

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I hereby extend on an interim basis, for the period of six months, effective October 1, 1997, the current FERC-approved Integrated System Rates for the sale of power and energy.

Dated: September 19, 1997.

**Elizabeth A. Moler,**

*Deputy Secretary.*

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## DEPARTMENT OF ENERGY

### Western Area Power Administration

#### Boulder Canyon Project—Notice of Firm Power Service Base Charge

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

**ACTION:** Notice of base charge.

**SUMMARY:** Notice is given of the confirmation and approval by the Deputy Secretary of the Department of Energy (DOE) of the Base Charge and its components for the Boulder Canyon Project (BCP) firm power service. The Fiscal Year (FY) 1998 Base Charge and its components for BCP firm power are based on an Annual Revenue Requirement of \$43,479,183. The Base Charge consists of an energy dollar amount of \$22,527,359 and a capacity dollar amount of \$20,951,824. This Base Charge and its components are used for calculating the monthly charges and forecast rates pursuant to Rate Schedule BCP-F5 as approved by the Federal Energy Regulatory Commission (FERC) on April 19, 1996 (Rate Order No. WAPA-70).

**DATES:** The Base Charge and its components, used in calculating the monthly charges and forecast rates pursuant to Rate Schedule BCP-F5, will be effective on the first day of the first full billing period beginning on or after October 1, 1997, and will be in effect through FY 1998.

#### FOR FURTHER INFORMATION CONTACT:

Mr. J. Tyler Carlson, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, (602) 352-2453.

Mr. Joel K. Bladow, Assistant Administrator for Power Marketing Liaison, Western Area Power Administration, Room 8G-027, Forrestal Building, 1000 Independence Avenue, SW.,

Washington, DC 20585-0001, (202) 586-5581.

**SUPPLEMENTARY INFORMATION:** The Base Charge and its components were calculated in accordance with the methodology approved under Rate Order WAPA-70. The Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR Part 903, have been followed by Western Area Power Administration (Western) in determining the Base Charge and its components. The following summarizes the steps taken by Western to ensure involvement of all interested parties in the determination of the Base Charge and its components:

1. On April 18, 1997, a letter was mailed from Western's Desert Southwest Customer Service Regional Office to all BCP customers and other interested parties. The letter provided a copy of the BCP Proposed Rate Adjustment data, dated April 18, 1997.

2. Discussion of the proposed Base Charge and its components was initiated at an informal BCP Contractor meeting held on May 6, 1997, in Phoenix, Arizona. At this informal meeting, representatives from Western and the Bureau of Reclamation (Reclamation) explained the basis for estimates used in the calculation of the Base Charge and its components. A question and answer session was convened for those persons attending.

3. A **Federal Register** Notice (FRN) was published on May 7, 1997 (62 FR 24913), officially announcing the proposed Base Charge adjustment process, initiating the public consultation and comment period, announcing the public information and public comment forums, and presenting procedures for public participation.

4. At the public information forum held on May 15, 1997, in Phoenix, Arizona, Western and Reclamation representatives explained the proposed Base Charge and its components for Rate Year 1998 in greater detail. A question and answer session was convened for those persons attending. A response to a data request from the public information forum was mailed to the customers on June 2, 1997.

5. A public comment forum was held on June 12, 1997, in Phoenix, Arizona, to give the public an opportunity to comment for the record. Three persons representing customers and customer groups made oral comments. A response to the comments and data requests from the public comment forum was mailed to the customers on July 18, 1997.

6. Three comment letters were received during the 90-day consultation

and comment period. The consultation and comment period ended August 5, 1997. All submitted written comments have been considered in the preparation of this FRN. Most of the comments received during the public meetings dealt with Hydrology (surplus water), Realistic and Appropriate Costs, Rate Impacts and Philosophy, and Differences between Financial Documents. All comments were considered in developing the Base Charge for FY 1998. Additional written comments and responses, paraphrased for brevity, are presented below.

*Issue:* Contractor raised concern with the status of dispute regarding the blind vendor services at Hoover and requested to be kept informed and provided with all pertinent correspondence.

*Response:* Reclamation will continue to further evaluate the situation and will keep the contractors informed of the status to the blind vendor litigation.

*Issue:* Contractor requested Western to ask Reclamation to convene dialogue with Contractor representatives aimed at accelerating delivery of a \$5 million revenue stream to offset certain construction costs on the visitors facilities.

*Response:* Western is committed to working with Reclamation in partnership with the Contractors to recover revenues as soon as possible to offset certain costs for the visitor facilities. Substantial progress has been made in meeting the \$5 million revenue goal. Revenue opportunities, as well as expenses, are currently being discussed with the BCP Engineering and Operations Committee (E&OC) representatives utilizing the Revenue Subcommittee as the primary focal point of exploring new opportunities. As dialogue continues, Reclamation and Western will continue to support the E&OC process and welcome all suggestions for meeting the revenue goal as quickly as possible. Western will initiate an agenda item relating to this request at the October 1997 E&OC meeting.

*Issue:* Contractors shared concern on the estimates of, and cost responsibility for, Highway 93 rehabilitation work.

*Response:* Three bids received from local contractors were evaluated by a contract specialist and found to be reasonable. The evaluation revealed that the engineer's estimate appeared to be low in the areas of mobilization and removal/disposal of existing pavement. Mobilization bids were significantly higher. The low bidder plans to set up a batch plant on site. The engineer's estimate did not include cost consideration for offsite disposal requirements. Recognizing that cost

estimates are not exact, cost estimating practices will be continually reviewed for improvement.

The cost responsibility for rehabilitation of Highway 93 has been the topic of previous discussions and correspondence with the BCP E&OC representatives. Reclamation attempted to obtain separate funding for rehabilitation of the roadway with no results.

The BCP E&OC was made aware of this effort by a letter dated June 2, 1994. It is critical the subject work be accomplished due to concern for public safety. Because no alternate funding sources have been identified, funding must come from revenues authorized under the Boulder Canyon Project Act.

*Issue:* The House and Senate committee reports on the Energy and Water Development Appropriation bills contain directions to Reclamation to involve customers in developing cost estimates prior to budget submission. Western is to initiate dialogue with Reclamation to ensure proper coordination with existing E&OC process.

*Response:* Western will initiate this dialogue and believes that both Western and Reclamation are committed to ensure the congressional directives to Reclamation and the E&OC process are consistent.

*Issue:* Contractor requested an assessment to determine justification for a specific replacement cost, and a reduction in costs for certain replacements.

*Response:* The assessment regarding the Station Service Electrical item was initially in the 1995 Ten Year Operating Plan scheduled for FY97 and budgeted at \$445,000. The scope of work was to replace the station service transformer and station service circuit breaker. The transformer was being replaced due to age, and the circuit breaker was being replaced due to problems operating the breaker and inability to procure repair parts. The station service transformer provides the only tie to system power to augment and stabilize frequency for station power. Hoover had experienced power fluctuations when operating isolated on station service power that tripped equipment and limited operation of equipment that drew large amounts of power such as cranes, elevators and pumps. It was felt, at that time, these problems could be eliminated by replacing the transformer and the circuit breaker.

The first Technical Review Committee (Blue Ribbon Task Force) commented, unless testing showed the transformer was nearing the end of its service life, it should not be replaced. The

committee also commented, replacing the transformer would not eliminate the problems encountered in running the plant isolated on station service. If the new transformer failed, instability would still be a problem.

Reclamation agreed with these comments and focused on minimizing the need to run the plant isolated on station service. Funding of \$300,000 was budgeted for FY98 to eliminate the station service breaker and to procure a spare single phase transformer. Eliminating the station service breaker and providing a tie to the existing circuit breakers was a lower cost alternative to purchasing a new circuit breaker. Purchasing a spare single phase transformer would eliminate long lead times in procuring a new transformer in case of an in-service failure. The Project believes that the probability of multiple failures of the single phase transformer is unlikely and would accept that risk.

The Technical Review Committee that met in June 1997 questioned the need for a spare transformer since there were new governors on the Arizona station service generator and the Nevada station service generator that would likely correct frequency instability.

Reclamation will be simulating operating the plant isolated on station service in September. Based on this simulation, the Project will assess the need for a spare transformer. Reclamation will report on this assessment and our decision on the transformer at the October 1997 BCP E&OC meeting. If it is determined a spare transformer is not necessary, the program expenditures for the transformer would become carryover in the next fiscal year. The work to tie to existing circuit breakers also funded under this item would still proceed in FY 1998.

A meeting with customer representatives was held August 13, 1997, to review the communication and control system upgrades related to the Reclamation Alternative Modular SCADA System (RAMS) in use at Hoover Dam. No changes will be made to estimated costs in the proposed FY 1998 revenue requirements at this time, however, should the existing plans for future RAMS related investments be modified as a result of this review, changes to the items in the level of FY 1998 expenditures for these items may result. And lastly, the FY 1998 rate includes \$150,000 for the piping replacements. In Amendment No. 3 to Delegation Order No. 0204-108, published November 10, 1993 (58 FR 59716), the Secretary of Energy (Secretary) delegated (1) the authority to develop long-term power and

transmission rates on a nonexclusive basis to the Administrator of Western; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to FERC. Existing DOE procedures for public participation in power rate adjustments (10 CFR Part 903) became effective on September 18, 1985 (50 FR 37835).

These charges and rates are established pursuant to section 302(a) of the DOE Organization Act, 42 U.S.C. § 7152(a), through which the power marketing functions of the Secretary of the Interior and Reclamation under the Reclamation Act of 1902, 43 U.S.C. § 371 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 other acts specifically applicable to the project system involved, were transferred to and vested in the Secretary.

Dated: September 19, 1997.

**Elizabeth A. Moler,**

*Deputy Secretary.*

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## DEPARTMENT OF ENERGY

### Western Area Power Administration

#### Central Valley Project and California-Oregon Transmission Project—WAPA-77

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

**ACTION:** Notice of rate order.

**SUMMARY:** Notice is given of the confirmation and approval by the Deputy Secretary of the Department of Energy (DOE) of Rate Order No. WAPA-77 and Rate Schedules CV-F9, CV-FT3, CV-NFT3, CV-TPT4, CV-NWT1, CV-PSS1, CV-RFS1, CV-EID1, CV-SPR1, CV-SUR1, COTP-FT1, and COTP-NFT1 placing provisional rates for the Central Valley Project (CVP) commercial firm power and transmission services, power scheduling service, and ancillary services of the Western Area Power Administration (Western), and placing provisional rates for the California-Oregon Transmission Project (COTP) transmission services into effect on an interim basis. The provisional rates, will remain in effect on an interim basis until the Federal Energy Regulatory Commission (FERC) confirms, approves, and places them into effect on a final

basis or until they are replaced by other rates. The provisional rates will provide sufficient revenue to pay all annual costs, including interest expense, and repayment of required investment within the allowable period.

**DATES:** The provisional rates will be placed into effect on an interim basis on October 1, 1997, and will be in effect until FERC confirms, approves, and places the provisional rates in effect on a final basis for a 5-year period ending September 30, 2002, or until superseded.

**FOR FURTHER INFORMATION CONTACT:** Ms. Zola Jackson, Power Marketing Manager, Western Area Power Administration, Sierra Nevada Customer Service Region, 114 Parkshore Drive, Folsom, CA 95630-4710, Telephone (916) 353-4421 or Mr. Joel K. Bladow, Power Marketing Liaison Office, Room 8G-027, 1000 Independence Avenue SW., Washington, DC 20585-0001, Telephone (202) 586-5581.

**SUPPLEMENTARY INFORMATION:** The Deputy Secretary of Energy, approved the existing Rate Schedule CV-F8 for CVP commercial firm power on September 19, 1995 (Rate Order No. WAPA-72, 60 FR 52671, October 10, 1995) and FERC confirmed and approved the rate schedule on March 14, 1996, under FERC Docket No. EF95-5012-000 (74 FERC ¶ 62,136). The existing Rate Schedule CV-F8 became effective on October 1, 1995, for the period ending April 30, 1998, and is being superseded by Rate Schedule CV-F9. Under Rate Schedule CV-F8, the composite rate on October 1, 1997, is 26.50 mills per kilowatt-hour (mills/kWh), the base energy rate is 16.93 mills/kWh, the energy tier rate is 26.48 mills/kWh, and the capacity rate is \$4.58 per kilowatt-month (kW-month). The provisional rates for CVP commercial firm power in Rate Schedule CV-F9 will result in an overall composite rate of 20.95 mills/kWh on October 1, 1997, and will result in a decrease of approximately 21 percent when compared with the existing CVP commercial firm power rates under Rate Schedule CV-F8.

The Acting Assistant Secretary of Energy, approved the existing Rate Schedules CV-FT2, CV-NFT2, and CV-TPT3 for CVP transmission services, and the existing Rate Schedule CV-PC1 for peaking capacity service on April 12, 1993 (Rate Order No. WAPA-59, 58 FR 35933, July 2, 1993), and FERC confirmed and approved the rate schedules on September 22, 1993, under FERC Docket No. EF93-5011-000 (64 FERC ¶ 61,332). The existing rate

schedules became effective on May 1, 1993, for the period ending April 30, 1998. Rate Schedule CV-PC1 is being terminated effective October 1, 1997. Rate Schedules CV-FT2, CV-NFT2, and CV-TPT3 are being superseded by Rate Schedules CV-FT3, CV-NFT3, and CV-TPT4. Under Rate Schedules CV-FT2 and CV-NFT2, the CVP transmission firm and non-firm services rates on October 1, 1997, are \$0.43 per kW-month for firm service and 1.23 mills/kWh for non-firm service. On October 1, 1997, the provisional rates in Rate Schedules CV-FT3 and CV-NFT3 will be \$0.51 per kW-month for firm CVP transmission service, an 18.6 percent increase when compared with the existing rate, and 1.00 mill/kWh for non-firm CVP transmission service, an 18.7 percent decrease when compared with the existing rate. The provisional rate for transmission of CVP power by others in Rate Schedule CV-TPT4 is a direct pass through cost and will result in no change on October 1, 1997, when compared with the existing rate under Rate Schedule CV-TPT3.

Since the COTP went into operation in 1993, Western has sold COTP transmission services on a short-term basis using rates approved by the Administrator of Western. Rate schedules are being promulgated for COTP firm and non-firm transmission services to be consistent with FERC Order No. 888. The provisional rates for firm transmission service for Western's share of the COTP will result in 9.9 percent (FY 1998) and 34.0 percent (FY 1999 through FY 2002) reductions in the existing rate of \$2.03 per kW-month. The provisional rates are \$1.83 per kW-month for FY 1998 and \$1.34 per kW-month for FY 1999 through FY 2002. The provisional rates for non-firm COTP transmission service will result in 21.2 percent (FY 1998) and 47.8 percent (FY 1999 through FY 2002) reductions in the existing rate of 2.78 mills/kWh. The provisional rates are 2.19 mills/kWh for FY 1998 and 1.45 mills/kWh for FY 1999 through FY 2002.

Power scheduling service, network transmission service, and ancillary services are new services. The provisional rates are designed to recover only the cost incurred for providing the services.

#### Provisional Rates for CVP Commercial Firm Power

The provisional rates for CVP commercial firm power are designed to recover an annual revenue requirement that includes the investment repayment, interest, purchase power, and operation and maintenance expense. A cost of service study was used to allocate the