

System Obligations include, but are not limited to, the transmission costs associated with the return of the Canadian Entitlement, and transactions related to the Pacific Northwest Coordination Agreement, Mid-Columbia Hourly Coordination, and the Canadian Non-Treaty Storage Agreement.

51. Total Plant Load

Total Plant Load means a DSI customer's total electrical energy load at facilities eligible for BPA service during any given time period whether the customer has chosen to serve its load with BPA power or non-Federal power.

52. Total Retail Load (TRL)

Total Retail Load is all electric power consumption including distribution system losses, within a utility's distribution system as measured at metering points, adjusted for unmetered loads or generation. No distinction is made between load that is served with BPA power and load that is served with power from other sources. For DSIs, Total Retail Load is called Total Plant Load.

53. Utility Distribution Company

A company that owns and maintains the distribution facilities used to serve end-use customers.

BPA's New 1996 General Rate Schedule Provisions for Power Rates

A. Targeted Adjustment Charge for Uncommitted Loads

1. Availability

The Targeted Adjustment Charge for Uncommitted Loads (TACUL) pertains to the PF rate schedule. The TACUL applies after December 7, 2000, to purchases to serve customer loads that were uncommitted during the 1996 rate case which are returned to BPA firm power requirements service during a period prior to FY 2002. Customers subject to the TACUL are those that reduced their purchases from BPA by adding firm resources to serve load under: (1) 1981 power sales contracts that expire on or before July 31, 2001, as may be amended; (2) Amendatory Agreement No. 7 (AA7) to the 1981 power sales contracts, or new "1996" power sales contracts where the customer provides BPA notice after December 7, 1998, consistent with the terms of the customer's power sales contract, for requirements service for the period prior to FY 2002. This charge will be in effect through September 30, 2001.

This rate schedule amends the PF-96 rate schedule, which went into effect October 1, 1996.

2. Energy Charge

The TACUL is a monthly mills/kWh adjustment to the HLH and LLH energy rates specified in the 1996 rate schedule, and is applied to that portion of the customer's load that is subject to the TACUL. The TACUL rate adjustment will be established based on the following formula:

$$\text{TACUL} = [(\text{Incr } \$ * \text{Incr Amt}) - (\text{Rate } \$ * \text{Incr Amt})] / \text{TACUL Amt}$$

Where:

TACUL Amt = The amount of load subject to the TACUL, determined monthly.

Rate \$ = The monthly PF energy rate shown in the applicable rate schedule.

Inventory Amt = Amount of energy available to serve this load based on an annual energy Federal system firm resource capability as defined in the Loads and Resources Study, and updated if BPA determines that is necessary.

Incr \$ = Monthly cost to BPA, plus a handling fee, of incremental power for HLH and LLH expressed in mills/kWh (see below). These costs also may include where applicable, wheeling, ancillary, and other charges BPA may incur in purchasing power from other entities such as, but not limited to, the California ISO or the California PX.

Incr Amt = Amount of incremental power required, determined monthly and defined as the TACUL Amt minus the Inventory Amt. (If there is no available Inventory Amt, the Incr Amt will equal the TACUL Amt).

Incr \$ is greater than Rate \$ (If Incr \$ is less than Rate \$, the TACUL is 0 mills/kWh).

TACUL is the monthly rate adjustment in mills/kWh. BPA will calculate the cost (Incr \$) per month in mills/kWh of the additional power per month (Incr Amt) for a specific Customer request. BPA will establish the cost of the additional power by the following methods:

a. BPA will establish the price based on BPA's monthly cost to purchase the incremental load by purchases of resources at market, or the monthly cost of BPA recallable power contracts, averaged, whichever is less.

b. A price plus handling fee calculated based on the following index.

BPA will calculate the price per month for HLH and LLH, based on an index calculated according to the following:

$$\text{Price of HLH} = \frac{1}{3} \text{ HLH (DJ Mid C)} + \frac{1}{3} \text{ HLH (California PX)} + \frac{1}{3} \text{ (NYMEX Mid C)}$$

$$\text{Price of LLH} = \frac{1}{2} \text{ LLH (DJ Mid C)} + \frac{1}{2} \text{ LLH (PX)}$$

Where the California PX basis is adjusted to DJ Mid C

Where:

DJ Mid C = Dow Jones Firm On-peak (HLH) and Firm Off-peak (LLH) Mid-Columbia Electricity Price Index
California PX = California Power Exchange Day-Ahead Zonal Prices (Constrained)—the average of NW1 (Captain Jack/Malin—COB) and NW3 (NOB) for HLH and LLH
NYMEX Mid C = the New York Mercantile Exchange Futures Electricity Closing Price at Mid-C for the applicable month

California PX prices will be adjusted for basis difference between COB/NOB and the Mid-C using the IS/PTP Rates contained in BPA's 1996 Transmission Rate Schedules.

Issued in Portland, Oregon, on July 30, 1999.

Jack Robertson,

Deputy Administrator.

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DEPARTMENT OF ENERGY

Bonneville Power Administration

Proposed Correction of Errors in the Firm Power Products and Services Rate Schedule (FPS-96): Clarifying the Applicability of the FPS-96 Contract Rate to Certain Capacity With Energy Return Contracts, Public Hearing, and Opportunity for Public Review and Comment

AGENCY: Bonneville Power Administration (BPA), Department of Energy (DOE).

ACTION: Notice of Proposed Correction of Errors in the Firm Power Products and Services Rate Schedule (FPS-96): Clarifying the Applicability of the FPS-96 Contract Rate to Certain Capacity With Energy Return Contracts.

SUMMARY: BPA unbundled its wholesale power and transmission products in its 1996 rate case. Pursuant to this unbundling, several of BPA's wholesale power rate schedules included separate rates for sales of firm capacity with energy returns (commonly referred to as capacity without energy). Although clarifying language was mistakenly omitted from the FPS-96 rate schedule, the record established that it was BPA's intent that the firm capacity with energy returns product would be sold at a negotiated price.

Certain BPA contracts executed prior to October 1, 1996, provide that BPA supply capacity without energy at the demand charge in the Contract Rate of

the then applicable surplus firm power rate schedule. BPA erred in the FPS-96 rate schedule when it failed to expressly state in that schedule that the capacity without energy product would be priced at a negotiated rate. The demand charge in the Contract Rate section of FPS-96 was priced to be sold only in conjunction with the purchase of the separate energy product in that section. This action is intended to correct those errors.

DATES: The prehearing conference will be held on August 24, 1999, from 1:00 p.m. to 4:00 p.m., Room 223, 911 N.E. 11th, Portland, Oregon. Written comments by participants must be received by October 13, 1999, to be considered in the Record of Decision (ROD).

ADDRESSES: BPA's initial rate proposal in this proceeding will be available for examination on August 24, 1999 at BPA's Public Information Center, BPA Headquarters Building, 1st Floor, 905 N.E. 11th, Portland, Oregon. Written comments should be submitted to Mr. Michael Hansen, Public Involvement and Information Specialist; Bonneville Power Administration; P.O. Box 12999; Portland, Oregon 97212. The prehearing conference will be held on August 24, 1999, from 1:00 p.m. to 4:00 p.m., Room 223, 911 N.E. 11th, Portland, Oregon. To request documents in this proceeding by telephone, call BPA's document request line: (503) 230-4328 or call toll-free 1-800-622-4519. Please request the document by its listed title. BPA's initial proposal for FPS-96R will also be available on BPA's website at www.bpa.gov/power/ratecase.

Responsible Official: Ms. Diane Cherry, Manager for Power Products, Pricing and Rates, is the official responsible for the development of BPA's wholesale power rates.

SUPPLEMENTARY INFORMATION:

Part I—Introduction and Procedural Background

A. Relevant Statutory Provisions Governing This Rate Proceeding

Section 7 of the Northwest Power Act, 16 U.S.C. 839e, contains a number of general directives that the BPA Administrator must consider in establishing rates for the sale of electric energy and capacity. In particular, section 7(a)(1), 16 U.S.C. 839e(a)(1), provides in part that:

[S]uch rates shall be established and, as appropriate, revised to recover, in accordance with sound business principles, the costs associated with the acquisition, conservation, and transmission of electric power, including the amortization of the Federal investment in the Federal Columbia River Power System

(including irrigation costs required to be repaid out of power revenues) over a reasonable period of years and the other costs and expenses incurred by the Administrator pursuant to this Act and other provisions of law.

Rates established by BPA are effective on an interim or final basis when approved by FERC. 16 U.S.C. 839e(a)(2). In addition to the Northwest Power Act, BPA ratemaking is governed by the Bonneville Project Act, 16 U.S.C. Section 832 *et seq.*, the Federal Columbia River Transmission System Act, 16 U.S.C. Section 838 *et seq.*, and the Flood Control Act of 1944, 16 U.S.C. 825s.

Section 7(i) of the Northwest Power Act, 16 U.S.C. 839e(i), requires that BPA's rates be set according to certain procedures. These procedures include issuance of a **Federal Register** notice announcing the proposed rates; one or more hearings; the opportunity to submit written views, supporting information, questions, or arguments; and a decision by the Administrator based on the record developed during the hearing process. This proceeding will be governed by BPA's "Procedures Governing Bonneville Power Administration Rate Hearings," 51 FR 7611 (March 5, 1986), which implement and, in most instances, expand these statutory requirements.

Pursuant to section 1010.3(c) of the Procedures Governing Bonneville Power Administration Rate Hearings (BPA Procedures), this hearing will be conducted under Rule 1010.10, which governs Expedited Rate Proceedings. The expedited procedures will be used rather than the procedures for General Rate Proceedings conducted under Rule 1010.9. The procedures for General Rate Proceedings are intended for use when the Administrator proposes to revise all, or substantially all, of BPA's wholesale power and transmission rates. The proposed correction of the FPS-96 schedule does not impact any other part of the FPS-96 rate schedule, or any other rate schedule, and will be applicable to a very limited number of contracts. Therefore, the issues in this rate proceeding will be fewer and of more limited scope than the issues in a proceeding to adjust all BPA rates. BPA believes that the Expedited Rate Proceeding will be adequate to develop a full and complete record and to receive public comment and argument related to the proposed corrections. If more time is required, the Hearing Officer may request under section 1010.10(b) of the BPA Procedures that the BPA Administrator grant an extension.

B. Background

On July 17, 1995, BPA filed a notice in the **Federal Register** proposing new wholesale power and transmission rates to be effective on October 1, 1996, including the FPS-96 rate schedule. BPA's initial rate proposal was filed on July 10, 1995, and was supported by written testimony and studies. Parties to the proceeding filed their rebuttal to BPA's direct case and their own direct testimony on September 8, 1995. On December 8, 1995, litigants filed rebuttal to the parties' direct cases. BPA also filed a supplemental rate proposal on December 8, 1995, which consisted of written testimony and studies.

Parties filed their direct cases in response to BPA's supplemental rate proposal on January 26, 1996. Testimony responding to the parties' supplemental cases was filed on February 12, 1996. Rebuttal testimony was filed by all litigants on February 14, 1996. Cross-examination began on February 20, 1996. Parties submitted initial briefs on April 22, 1996. Oral argument before the BPA Administrator and Deputy Administrator was held on April 30, 1996. A Draft ROD was published and distributed to parties on May 4, 1996. Parties filed briefs on exceptions on May 30, 1996. BPA published its Final ROD on June 17, 1996.

BPA filed its proposed rates, including the FPS-96 schedule, with FERC on July 26, 1996. On September 25, 1996, FERC granted interim approval of the proposed rates effective October 1, 1996. United States Dept. of Energy-Bonneville Power Administration, 76 FERC ¶ 61,314 (1996). On July 30, 1996, FERC issued an order granting final confirmation and approval of BPA's rates, including the FPS-96 rate schedule. United States Dept. of Energy-Bonneville Power Administration, 80 FERC ¶ 61,118 (1997). The FPS-96 rate was approved for a 10-year period ending September 30, 2006.

C. Proposed Schedule Concerning This Rate Proceeding

BPA's initial rate proposal in this proceeding will be available for examination on August 24, 1999, at BPA's Public Information Center, BPA Headquarters Building, 1st Floor; 905 N.E. 11th, Portland, Oregon, and will be provided to parties at the prehearing conference to be held on August 24, 1999, from 1:00 p.m. to 4:00 p.m., Room 223, 911 N.E. 11th, Portland, Oregon.

To request documents in this proceeding by telephone, call BPA's document request line: (503) 230-4328

or call toll-free 1-800-622-4519. Please request the document by its listed title. BPA's initial proposal for FPS-96R will also be available on BPA's website at www.bpa.gov/power/ratecase.

As noted above, BPA will release its proposed revisions to the FPS-96 rate schedule on August 24, 1999. BPA expects to publish a final ROD on December 6, 1999. The following proposed schedule is provided for informational purposes. A final schedule will be established by the Hearing Officer at the prehearing conference:

August 24—Prehearing Conference (BPA files Direct Case) and deadline for petitions to intervene.
September 17—Data Requests on BPA's Direct Case Due.
September 24—Data Responses Due.
October 4—Parties' Direct Cases (including rebuttal to BPA's Direct Case).
October 12—Data Requests on Parties' Direct Cases Due.
October 13—Close of Public Comment.
October 19—Data Responses Due.
October 26—Litigants' Rebuttal Cases (no discovery).
November 2—Cross-Examination.
November 9—Initial Briefs.
November 17—Draft Record of Decision.
November 27—Briefs on Exceptions.
December 6—Final Record of Decision.

The procedural schedule established for Docket No. FPS-96R will provide an opportunity for interested persons to review BPA's proposed rates, to participate in the rate hearing, and to submit oral and written comments. During the development of the final rate proposal, BPA will evaluate all written and oral comments received in the rate proceeding. Consideration of comments and more current data may result in the final rate proposal differing from the rates proposed in this Notice.

BPA expects to file its ROD with FERC by January 6, 2000, requesting that the proposed revisions go into effect on or before June 1, 2000.

Part II—Purpose and Scope of Hearing

The purpose of the proposed changes to the Firm Power Products and Services (FPS-96) rate schedule is to clarify and establish the rates that apply to the capacity without energy product.

The FPS-96 rate schedule includes a Contract Rate demand charge section, which contains a rate of \$0.87/kW/month. The demand charge in this section was designed and priced to be used exclusively in conjunction with the purchase of the separate energy product included in the same section of FPS-96. The Contract Rate demand

charge was not intended to apply to capacity without energy.

The FPS-96 rate schedule is a successor to the Surplus Firm Power (SP-93) rate schedule. However, prior to the product unbundling in the FPS-96 rate schedule, the Contract Rate demand charge in BPA's Surplus Firm Power rate schedules (SP-93, SP-91, SP-89 and SP-86) was priced to provide capacity without energy. The Contract Rate demand charge in each of these Surplus Firm Power rate schedules included: (1) firm energy; (2) firm capacity without energy; and (3) firm power. In addition, the demand charge in the Contract Rate in those schedules was priced to reflect the value of capacity, with or without energy.

Pursuant to BPA's product unbundling in the 1996 rate case, separate sections for the capacity without energy product were included in the Priority Firm Power (PF-96) and New Resource Power (NR-96) rate schedules. Consistent with this product unbundling, the FPS-96 rate schedule was also designed to unbundle capacity and energy products. Although clarifying language was mistakenly omitted from the FPS-96 rate schedule, it was BPA's stated intent that the capacity without energy product would be sold at a negotiated price, not under the Contract Rate demand charge. This is established by BPA's Final 1996 Wholesale Power Rate Development Study (WPRDS), WP-96-FS-BPA-01. Section 4.7 of the WPRDS states in pertinent part that:

Firm capacity without energy is available under PF-96 and NR-96 rate schedules for Computed Requirements customers purchasing under the 1981 Contract. Firm capacity without energy is also available under the FPS-96 rate schedule, at negotiated prices and terms that may vary from those in the PF and NR rate schedules.

BPA entered into some contracts prior to the establishment of the FPS-96 rate schedule that provide for BPA to supply, under specified circumstances, capacity without energy, and further provide that such product should be priced under the Contract Rate demand charge section of the then applicable Surplus Firm Power rate schedule. As noted previously, the FPS-96 rate schedule is the successor to all prior Surplus Firm Power rate schedules. BPA erred in the FPS-96 rate schedule when it failed to expressly state in that schedule that contracts providing for capacity without energy would no longer be sold at the Contract Rate demand charge, but rather would be priced at a negotiated rate, and that the demand charge in the Contract Rate section in FPS-96 was for a firm power

sale product. The fact that an error was made is reflected in the above quoted language from the WPRDS, and in the fact that the \$0.87/kW/month price does not, and did not at the time the rate schedule was developed, recover the costs to BPA associated with providing energy during high cost periods and taking energy back during lower cost periods.

Because some contracts may require a posted, as opposed to a negotiated, rate for capacity without energy, BPA is proposing to post seasonally adjusted rates that may be used in instead of a negotiated rate. The posted rates shall be available only for those contracts in effect on or before October 1, 1996, that provide for capacity without energy to be priced at the Contract Rate demand charge in the then applicable Surplus Firm Power rate schedule.

BPA has assessed the potential environmental effects of its rate proposal, as required by the National Environmental Policy Act (NEPA), as part of BPA's Business Plan Environmental Impact Statement (EIS). The analysis includes an evaluation of the environmental impacts of a range of rate design alternatives for BPA's power services and an analysis of the environmental impacts of the rate levels resulting from the rates for such services under the business structure alternatives. BPA's proposal to revise the FPS-96 schedule falls within the range of alternatives evaluated in the Final Business Plan EIS. Comments on the Business Plan EIS were received outside the formal rate hearing process, but will be included in the rate case record and considered by the Administrator in making a final decision establishing BPA's revisions to the 1996 rate schedules. The Business Plan EIS was completed in June 1995.

Pursuant to Rule 1010.3(f) of BPA's Procedures, the Administrator limits the scope of this hearing to issues respecting the correction of the FPS-96 rate schedule as described in section II hereof. Other provisions of the existing FPS-96 rate schedule are not rate matters for the purposes of this hearing.

III. Public Participation

A. Distinguishing Between "Participants" and "Parties"

BPA distinguishes between "participants in" and "parties to" the hearings. Apart from the formal hearing process, BPA will receive comments, views, opinions, and information from "participants," who are defined in the BPA Procedures as persons who may submit comments without being subject to the duties of, or having the privileges

of, parties. Participants' written and oral comments will be made part of the official record and considered by the Administrator. Participants are not entitled to participate in the prehearing conference; may not cross-examine parties' witnesses, seek discovery, or serve or be served with documents; and are not subject to the same procedural requirements as parties.

Written comments by participants will be included in the record if they are submitted on or before October 13, 1999. Participants' written views, supporting information, questions, and arguments should be submitted to the address noted above. The second category of interest is that of a "party" as defined in Rules 1010.2 and 1010.4 of the BPA Procedures. 51 FR 7611 (1986). Parties may participate in any aspect of the hearing process.

B. Petitions for Intervention

Persons wishing to become a party to BPA's rate proceeding must notify BPA in writing. Petitioners may designate no more than two representatives upon whom service of documents will be made. Petitions to intervene shall state the name and address of the person requesting party status and the person's interest in the hearing.

Petitions to intervene as parties in the rate proceeding are due to the Hearing Officer by August 24, 1999. The petitions should be directed to: Christopher Jones, Hearing Clerk—LP, Bonneville Power Administration, 905 N.E. 11th Ave., P.O. Box 12999, Portland, Oregon 97212.

Petitioners must explain their interests in sufficient detail to permit the Hearing Officer to determine whether they have a relevant interest in the hearing. Pursuant to Rule 1010.1(d) of BPA's Procedures, BPA waives the requirement in Rule 1010.4(d) that an opposition to an intervention petition be filed and served 24 hours before the prehearing conference. Any opposition to an intervention petition may instead be made at the prehearing conference. Any party, including BPA, may oppose a petition for intervention. Persons who have been denied party status in any past BPA rate proceeding shall continue to be denied party status unless they establish a significant change of circumstances. All timely applications will be ruled on by the Hearing Officer. Late interventions are strongly disfavored. Opposition to an untimely petition to intervene shall be filed and received by BPA within two days after service of the petition.

C. Developing the Record

Cross-examination will be scheduled by the Hearing Officer as necessary following completion of the filing of all litigants' direct and rebuttal testimony. Parties will have the opportunity to file initial briefs at the close of any cross-examination. After the close of the hearings, and following submission of initial briefs, BPA will issue a Draft ROD that states the Administrator's tentative decision(s). Parties may file briefs on exceptions, or when all parties have previously agreed, oral argument may be substituted for briefs on exceptions. When oral argument has been scheduled in lieu of briefs on exceptions, the argument will be transcribed and made part of the record. The record will include, among other things, the transcripts of any hearings, written material submitted by the participants, and evidence accepted into the record by the Hearing Officer. The Hearing Officer then will review the record, supplement it if necessary, and certify the record to the Administrator for decision.

The Administrator will develop the final corrections to the FPS-96 rate schedule based on the entire record. The basis for the final corrections to the rate schedule will be expressed in the Administrator's Final ROD. The Administrator will serve copies of the ROD on all parties and will file the final proposed rate corrections, together with the record, with FERC for confirmation and approval. See 18 CFR Part 300.

IV. Summary of the Proposal

Below are the proposed corrections intended to the FPS-96 rate schedule.

1. Title to Section II. A. is corrected from "Firm Power" to "Firm Power and Capacity Without Energy Sales"

2. The following language will be added to 1.1 Contract Rate section of FPS-96:

The demand charge in the Contract Rate applies firm power sales. Firm capacity without energy is available under the FPS-96 rate schedule at the prices identified in section 1.3 unless otherwise agreed to by BPA and the Purchaser.

3. New FPS-96 Section 1.3:

1.3 Capacity Without Energy

Unless otherwise agreed to by the parties, the monthly charge for capacity without energy shall be the applicable rate for that month, multiplied by the Purchaser's Contract Demand associated with the purchase of capacity without energy.

Applicable months	Rate
September–December	\$15.16/kW-mo.
January–March	11.11/kW-mo.
April	10.10/kW-mo.
May–June	\$8.30/kW-mo.
July	13.39/kW-mo.
August	19.93/kW-mo.

The rates in the Contract Rate Section II.A.1.1 of FPS-96 apply only to a firm power sale.

V. The Revised FPS-96 Rate Schedule

The revised FPS rate schedule is set forth below. An interlined version of the revised rate schedule will be available for examination on August 24, 1999, at BPA's Public Information Center, BPA Headquarters Building, 1st Floor; 905 N.E. 11th, Portland, Oregon, and will be provided to parties at the prehearing conference to be held on August 24, 1999, from 1:00 p.m. to 4:00 p.m., Room 223, 911 N.E. 11th, Portland, Oregon. In addition, the interlined version of this revised rate schedule will be posted on BPA's website that same day. The website may be reached via www.bpa.gov/power/ratecase.

Schedule FPS-96

Firm Power Products and Services

Section I. Availability

This rate schedule is available for the purchase of Firm Power, Capacity Without Energy, Supplemental Control Area Services, Shaping Services, and Reservation and Rights to Change Services for use inside and outside the Pacific Northwest during the period beginning October 1, 1996, and ending September 30, 2006.

Products and services available under this rate schedule are described in the reprint of the 1996 GRSPs for FPS-96, Section III.A of Bonneville Power Administration (BPA's) General Rate Schedule Provisions (GRSPs). BPA is not obligated to enter into agreements to sell products and services under this rate schedule or make power or energy available under this rate schedule if such power or energy would displace sales under the PF-96, NR-96, IP-96, or VI-96 rates schedules or their successors. Sales under the FPS-96 rate schedule are subject to BPA's GRSPs. Transmission service over Federal Columbia River Transmission System facilities shall be charged under the applicable transmission rate schedule. Ancillary services shall be available under, or at charges consistent with, the Ancillary Products and Services (APS) rate schedule.

This rate schedule supersedes the Surplus Firm Power (SP-93) and

Emergency Capacity (CE-95) rate schedules. Rates under contracts that contain charges that escalate based on rates listed in this rate schedule shall include applicable transmission charges. For sales under this rate schedule, bills shall be rendered and payments due pursuant to BPA's Billing Procedures and/or as agreed to in purchase agreements.

Section II. Rates, Billing Factors, and Adjustments

For each product, the rate(s) for each product along with the associated billing factor(s) are identified below. Applicable adjustments, charges, and special rate provisions are listed for each product. This rate schedule contains four subsections, corresponding to the products offered under this rate schedule:

- Section II.A. Firm Power and Capacity Without Energy
- Section II.B. Supplemental Control Area Services
- Section II.C. Shaping Services
- Section II.D. Reservation and Rights to Change Services

A. Firm Power and Capacity Without Energy

1. Rates and Billing Factors

1.1 Contract Rate

The demand charge in the Contract Rate applies to purchases of a firm capacity with no energy return product exclusively, that is, a firm power sale product. Firm capacity with energy return (Capacity without Energy) is available under the FPS-96 rate schedule at the prices identified in section 1.3. Contracts entered into on or before September 30, 1996, that refer to the demand charge in the Contract Rate section of the then applicable surplus power schedule for pricing this product will be priced under section 1.3.

1.1.1 Demand Charge

The charge for demand shall be \$0.87 per kilowatt per month in all months of the year, multiplied by the Contract Demand unless otherwise agreed by BPA and the Purchaser.

1.1.2 Demand Charge—Capacity Without Energy Sales

See section 1.3 for pricing.

1.1.3 Energy Charge

The total monthly charge for energy shall be the sum of (1) and (2):

(1) The applicable Heavy Load Hour (HLH) rate for that month, multiplied by the Purchaser's HLH Contract Energy unless otherwise agreed by BPA and the Purchaser; and

(2) The applicable Light Load Hour (LLH) rate for that month, multiplied by the Purchaser's LLH Contract Energy unless otherwise agreed by BPA and the Purchaser.

Applicable months	HLH rate (mills/ kWh)	LLH rate (mills/ kWh)
September–December	49.63	46.45
January–March	50.39	47.25
April	44.74	42.73
May–June	24.36	21.21
July	29.94	26.09
August	42.68	37.06

1.2 Flexible Rate

Demand and/or energy charges may be specified at a higher or lower average rate as mutually agreed by BPA and the Purchaser. Billing factors shall be Contract Demand and Contract Energy unless otherwise agreed by BPA and the Purchaser.

1.3 Capacity Without Energy

1.3.1 Flexible Rate

For sales not covered by section 1.3.2 the rate(s) for capacity without energy sales shall be as mutually agreed by BPA and the Purchaser.

1.3.2 Posted Rate

The posted rates are available exclusively for contracts entered into on or before September 30, 1996, that include Capacity without Energy provisions where payment shall be at the demand charge associated with the Contract Rate of the then applicable surplus power rate schedule. For sales pursuant to such contracts the monthly charge for Capacity without Energy shall be the applicable rate for that month, multiplied by the Purchaser's Contract Demand associated with the purchase of Capacity without Energy.

Applicable months	Rate
September–December	\$15.16/kW-mo.
January–March	\$11.11/kW-mo.
April	\$10.10/kW-mo.
May–June	\$8.30/kW-mo.
July	\$13.39/kW-mo.
August	\$19.93/kW-mo.

2. Adjustments, Charges, and Special Rate Provisions

Adjustments, Charges, and Special Rate Provisions are described in the GRSPs. Relevant sections are identified below.

2.1 Rate Adjustments

Rate adjustment	Section
Energy Return Surcharge	II.H.

Rate adjustment	Section
Reactive Power Charge	II.O.
Unauthorized Increase Charge	II.R.

2.2 Special Rate Provisions

Special rate provisions	Section
Cost Contributions	II.D.

B. Supplemental Control Area Services

1. Rates and Billing Factors

The charge for Supplemental Control Area Services shall be the applicable rate(s) times the applicable billing factor(s), pursuant to the agreement between BPA and the Purchaser.

The rate(s) and billing factor(s) for Supplemental Control Area Services shall be as established by BPA or as mutually agreed by BPA and the Purchaser.

2. Adjustments, Charges, and Special Rate Provisions

Adjustments, Charges, and Special Rate Provisions are described in the GRSPs. Relevant sections are identified below.

2.1 Rate Adjustments

Rate adjustment	Section
Energy Return Surcharge	II.H.
Reactive Power Charge	II.O.
Unauthorized Increase Charge	II.R.

2.2 Special Rate Provisions

Special rate provisions	Section
Cost Contributions	II.D.

C. Shaping Services

1. Rates and Billing Factors

The charge for Shaping Services shall be the applicable rate(s) times the applicable billing factor(s), pursuant to the agreement between BPA and the Purchaser.

The rate(s) and billing factor(s) for use of Shaping Services shall be as established by BPA or as mutually agreed by BPA and the Purchaser.

2. Adjustments, Charges, and Special Rate Provisions

Adjustments, Charges, and Special Rate Provisions are described in the GRSPs. Relevant sections are identified below.

2.1 Rate Adjustments

Rate adjustment	Section
Energy Return Surcharge	II.H.
Reactive Power Charge	II.O.

Rate adjustment	Section
Unauthorized Increase Charge	II.R.
2.2 Special Rate Provisions	
Special rate provisions	Section
Cost Contributions	II.D.

D. Reservation and Rights to Change Services

1. Rates and Billing Factors

The charge for Reservation and Rights to Change Services shall be the applicable rate(s) times the applicable billing factor(s), pursuant to the agreement between BPA and the Purchaser.

The rate(s) and billing factor(s) for Reservation and Rights to Change Services shall be as established by BPA or mutually agreed by BPA and the Purchaser.

2. Adjustments, Charges, and Special Rate Provisions

There are no additional adjustments, charges, or special rate provisions for the Reservation and Rights to Change Services.

Issued in Portland, Oregon, on July 30, 1999.

Jack Robertson,
Deputy Administrator.
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