



6450-01-P

DEPARTMENT OF ENERGY

SOUTHWESTERN POWER ADMINISTRATION

Sam Rayburn Dam Project Power Rate

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of proposed extension.

SUMMARY: The current Sam Rayburn Dam Project rate was approved by the Federal Energy Regulatory Commission (FERC) on March 30, 2009, Docket No. EF09-4021-000. These rates became effective for the period January 1, 2009, through September 30, 2012. The Administrator, Southwestern Power Administration (Southwestern), has prepared Current and Revised 2012 Power Repayment Studies which show the need for an increase in annual revenues of \$193,896 (4.9 percent) to meet cost recovery criteria. In accordance with Southwestern's isolated project rate adjustment threshold, signed September 8, 2003, the Administrator, Southwestern, may determine, on a case by case basis, that for a revenue decrease or increase in the magnitude of five percent or less, deferral of a formal rate filing is in the best interest of the Government. The Deputy Secretary of Energy has the authority to extend rates, previously confirmed and approved by FERC, on an interim basis, pursuant to title 10, part 903, subpart A of the Code of Federal Regulations (10 CFR part 903), sections 903.22(h) and 903.23(a)(3). In accordance with these authorities, Southwestern proposes to defer the rate adjustment and proposes that the current rates be extended for a one-year period effective through September 30, 2013.

DATES: The comment period for the proposed extension ends on *[Insert Date 30 days after date of publication in the FEDERAL REGISTER]*.

FOR FURTHER INFORMATION CONTACT: Mr. James K. McDonald, Assistant Administrator, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6690, jim.mcdonald@swpa.gov.

SUPPLEMENTARY INFORMATION: Originally established by Secretarial Order No. 1865 dated August 31, 1943, Southwestern is an agency within the U.S. Department of Energy, created by the Department of Energy Organization Act, P.L. 95-91, dated August 4, 1977. Guidelines for preparation of power repayment studies are included in DOE Order No. RA 6120.2 entitled Power Marketing Administration Financial Reporting. Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions of the Power Marketing Administrations are found at title 10, part 903, subpart A of the Code of Federal Regulations (10 CFR part 903). Procedures for the confirmation and approval of rates for the Federal Power Marketing Administrations are found at title 18, part 300, subpart L of the Code of Federal Regulations (18 CFR part 300).

Southwestern markets power from 24 multi-purpose reservoir projects with hydroelectric power facilities constructed and operated by the U.S. Army Corps of Engineers (Corps). These projects are located in the states of Arkansas, Missouri, Oklahoma, and Texas. Southwestern's marketing area includes these States plus Kansas and Louisiana. The costs associated with the hydropower facilities of 22 of the 24 projects are repaid via revenues received under the Integrated System rates, as are those of Southwestern's transmission facilities, which consist of 1,380 miles of high-voltage transmission lines, 25 substations, and 46 microwave and VHF radio sites. Costs associated with the Sam Rayburn and Robert D. Willis Dams, two Corps projects that are isolated hydraulically, electrically, and financially from the Integrated System, are repaid by separate rate schedules.

Following Department of Energy guidelines, Southwestern prepared a 2012 Current Power Repayment Study using the existing Sam Rayburn Dam Project rate schedule. The PRS shows the cumulative amortization through FY 2011 at \$24,993,504 on a total investment of \$30,254,778. The FY 2012 Revised Power Repayment Study indicates the need for an increase in annual revenues of \$193,896, or 4.9 percent, to meet repayment criteria.

Southwestern proposes to defer the indicated rate adjustment because it falls within Southwestern's plus-or-minus five percent isolated project rate adjustment threshold and extend the current rate through September 30, 2013. The threshold was developed to add efficiency to the process of maintaining adequate rates and is consistent with cost recovery criteria within DOE Order Number RA 6120.2 regarding rate adjustment plans. The extension is required because the current rate expires September 30, 2012. Southwestern proposes to defer this rate adjustment of 4.9 percent, or \$193,896 per year in accordance with Southwestern's isolated project rate adjustment threshold, extend the current rate through September 30, 2013, and reevaluate the ability of the existing rate to provide sufficient revenues to satisfy costs projected in the FY 2013 Power Repayment Studies.

On March 30, 2009, the current rate schedule for the Sam Rayburn Dam Project was confirmed and approved by the FERC on a final basis for a period that ends September 30, 2012. In accordance with title 10, part 903, subpart A of the Code of Federal Regulations (10 CFR part 903) sections 903.22(h) and 903.23(a)(3), the Deputy Secretary may extend existing rates on an interim basis beyond the period specified by the FERC. As a result of the benefits obtained by a rate adjustment deferral (reduced Federal expense and rate stability) and the Deputy Secretary's authority to extend a previously approved rate, Southwestern's Administrator is proposing to extend the current Sam Rayburn Dam Project rate schedule. The schedule is to

be effective for the one-year period beginning October 1, 2012, and extending through September 30, 2013.

Opportunity is presented for Southwestern's customers and other interested parties to receive copies of the study data for the Sam Rayburn Dam Project. If you desire a copy of the repayment study data package for the Sam Rayburn Dam Project, submit your request to the Director, Division of Resources and Rates, Office of Corporate Operations, Southwestern Power Administration, One West Third, Tulsa, OK 74103, (918) 595-6680 or via email to swparates@swpa.gov.

Following review and consideration of the written comments, Southwestern will submit a rate action proposal for the Sam Rayburn Dam Project to the Deputy Secretary of Energy for confirmation and approval.

Dated: August 9, 2012

James K. McDonald
Assistant Administrator

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