



## 6450-01-P

### DEPARTMENT OF ENERGY

Southeastern Power Administration

#### Notice of Interim Approval

**AGENCY:** Southeastern Power Administration, DOE.

**ACTION:** Notice of Rate Order.

**SUMMARY:** The Southeastern Power Administration (SEPA) establishes Rate Schedules JW-1-K and JW-2-F. The Deputy Secretary of the Department of Energy confirmed and approved the rates on an interim basis through September 30, 2021, and the rate schedules are subject to confirmation and approval by the Federal Energy Regulatory Commission (Commission) on a final basis.

**DATES:** The rate schedules are effective, on an interim basis, starting on October 1, 2016.

**FOR FURTHER INFORMATION CONTACT:** Virgil G. Hobbs III, Assistant Administrator, Finance and Marketing, Southeastern Power Administration, Department of Energy, 1166 Athens Tech Road, Elberton, Georgia 30635-6711, (706) 213-3800. Relevant documents and transcripts are available for inspection.

**SUPPLEMENTARY INFORMATION:** The Commission, by Order issued December 22, 2011, in Docket No. EF11-12-000, confirmed and approved Wholesale Power Rate Schedules JW-1-J and JW-2-F through September 19, 2016 (137 FERC ¶ 62,248).

By order published March 31, 2016, (81 FR 18607) the rate schedules were extended to September 30, 2016. Rate schedule JW-1-K replaces rate schedule JW-1-J and rate schedule JW-2-F is extended through September 30, 2021.

**Dated:** August 22, 2016

Elizabeth Sherwood-Randall  
Deputy Secretary

DEPARTMENT OF ENERGY  
DEPUTY SECRETARY

In the Matter of:

Southeastern Power Administration --         )         Rate Order No. SEPA-61  
Jim Woodruff Project Power Rates         )

**ORDER CONFIRMING AND APPROVING  
POWER RATES ON AN INTERIM BASIS**

Pursuant to Sections 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, relating to the Southeastern Power Administration (“Southeastern” or “SEPA”) were transferred to and vested in the Secretary of Energy. By Delegation Order No. 00-037.00A, effective October 25, 2013, the Secretary of Energy delegated to Southeastern’s Administrator the authority to develop power and transmission rates, delegated to the Deputy Secretary of Energy the authority to confirm, approve, and place in effect such rates on an interim basis, and delegated to the Federal Energy Regulatory Commission (“Commission”) the authority to confirm, approve, and place into effect on a final basis or to disapprove rates developed by the Administrator under the delegation. This rate order is issued by the Deputy Secretary pursuant to this delegation order.

**BACKGROUND**

Power from the Jim Woodruff Project is presently sold under Wholesale Power Rate Schedules JW-1-J and JW-2-F. These rate schedules were approved by the Commission on

December 22, 2011, for a period ending September 19, 2016 (171 FERC ¶62,248). By order dated March 31, 2016, (81 FR 18607) these rate schedules were extended to September 30, 2016.

### **Public Notice and Comment**

Southeastern prepared a Power Repayment Study, dated July 2016, showing revenues at current rates were adequate to meet repayment criteria and generate an estimated cumulative surplus of over \$159 million by fiscal year 2066. The rate reduction is due to reduced United States Army Corps of Engineers (Corps) Operation and Maintenance expense estimates.

Southeastern is proposing a rate reduction of about 24 percent to reduce this surplus. On March 31, 2016, by *Federal Register* notice (81 FR 18624), Southeastern proposed a rate adjustment.

The notice also announced a Public Information and Comment Forum to be held May 5, 2016, in Chattahoochee, Florida. Two parties asked questions at the forum. Responses to the questions are part of the written record of the forum, and a transcript of the forum is available at Southeastern Power Administration (see FOR FURTHER INFORMATION CONTACT section).

The transcript of the forum is part of the record to be filed with the Commission and will be available on the Commission's web site at [www.ferc.gov](http://www.ferc.gov). Written comments were accepted on or before June 29, 2016. Written comments were received from one source, the Southeastern Federal Power Customers. All comments received are summarized and responded to in the following section.

### **Staff Review of Comments**

Notice of proposed rate schedules for the Jim Woodruff System was published in the *Federal Register* March 31, 2016 (81 FR 18624). The notice advised interested parties that a public information and comment forum would be held in Chattahoochee, Florida, on May 5,

2016. The end of the comment period was June 29, 2016. Written comments were received from one source, the Southeastern Federal Power Customers.

Written comments received from the Southeastern Federal Power Customers and the comments received at the public forum are summarized below. Southeastern's response follows each comment.

**Comment 1:** Overall, the SeFPC supports the rate proposed by SEPA.

**Response 1:** Southeastern has requested the Deputy Secretary to approve the proposed rate schedules on an interim basis. The Deputy Secretary has approved the proposed rate schedules and Southeastern will request the Federal Energy Regulatory Commission (FERC) approve the proposed rate schedules on a final basis.

**Comment 2:** In our review of the executive summary of the repayment study, we noted that SEPA had modeled roughly \$2 million in incremental investment over the course of the repayment study. The customers desire to know the priority of the modeled investment for the Corps.

**Response 2:** Southeastern is required to provide for estimated replacements in its rate studies. The incremental investment in the comment includes governor replacements for generators 1, 2, and 3 which the Corps plans to place in service in fiscal year 2018. The Corps has provided estimates of future capital investments to Southeastern, which include the governor replacements noted. There is no certainty of appropriated funding, and Southeastern does not currently have

the option of customer funding in the Jim Woodruff System.

Southeastern will continue to work with the customers and the Corps to assure appropriate funding of capital investment to ensure reliable, cost effective service.

## **DISCUSSION**

### **System Repayment**

An examination of Southeastern's revised system power repayment study, prepared in July 2016, for the Jim Woodruff Project, shows the rates will pay all system power costs within the 50-year repayment period required by existing law and DOE Order RA 6120.2. The Administrator of Southeastern has certified the rates are consistent with applicable law and are the lowest possible rates to preference customers consistent with sound business principles.

### **Environmental Impact**

Southeastern has reviewed the possible environmental impacts of the rate adjustment under consideration and has concluded the adjusted rates would not significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969. The proposed action is not a major Federal action for which preparation of an Environmental Impact Statement is required.

### **Availability of Information**

Information regarding these rates, including studies, and other supporting materials, is available for public review in the offices of Southeastern Power Administration, 1166 Athens Tech Road, Elberton, Georgia 30635-6711.

### **Submission to the Federal Energy Regulatory Commission**

The rates hereinafter confirmed and approved on an interim basis, together with supporting documents, will be submitted promptly to the Federal Energy Regulatory Commission for confirmation and approval on a final basis for a period beginning October 1, 2016, and ending no later than September 30, 2021.

## **ORDER**

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I hereby confirm and approve on an interim basis, effective October 1, 2016, attached Wholesale Power Rate Schedules JW-1-K and JW-2-F. The rate schedules shall remain in effect on an interim basis through September 30, 2021, unless such period is extended or until the Federal Energy Regulatory Commission confirms and approves them or substitute rate schedules on a final basis.

Dated: August 22, 2016

Elizabeth Sherwood-Randall  
Deputy Secretary

Wholesale Power Rate Schedule JW-1-K

Availability:

This rate schedule shall be available to public bodies and cooperatives served by the Duke Energy Florida and having points of delivery within 150 miles of the Jim Woodruff Project (hereinafter called the Project).

Applicability:

This rate schedule shall be applicable to firm power and accompanying energy made available by the Government from the Project and sold in wholesale quantities.

Character of Service:

The electric capacity and energy supplied hereunder will be three-phase alternating current at a nominal frequency of 60 cycles per second delivered at the delivery points of the customer.

Monthly Rate:

The monthly rate for capacity and energy made available or delivered under this rate schedule shall be:

Demand Charge:

\$7.74 per kilowatt of monthly contract demand

Energy Charge:

20.44 mills per kilowatt-hour

Purchased Power Pass-Through:

In addition to the capacity and energy charges, each preference customer will be charged for power purchased by Southeastern on behalf of the preference customer. This pass-through will be computed as follows:

Each month, Duke Energy Florida provides Southeastern with the meter readings for preference customers' delivery points that have an allocation of capacity from Southeastern. Subsequently, Duke Energy Florida provides Southeastern with reports of purchased power and support capacity requirements around the 10th of the succeeding month.

Southeastern computes its purchased power obligation for each delivery point monthly. Southeastern computes any revenue from sales to Duke Energy Florida for each delivery point monthly. Southeastern sums the purchased power obligation and any revenue from sales to Duke Energy Florida for each preference customer monthly. The purchased power obligation minus any revenue from sales to Duke Energy Florida for each customer is called the Net Purchased Power Cost. Southeastern charges each customer its respective monthly Net Purchased Power Cost in equal portions over the next eleven billing months.

Billing Demand:

The monthly billing demand for any billing month shall be the lower of (a) the Customer's contract demand or (b) the sum of the maximum 30-minute integrated demands for the month at each of the Customer's points of delivery; provided, that, if an allocation of contract demand to delivery points has become effective, the 30-minute maximum integrated demand for any point of delivery shall not be considered to be greater than the portion of the Customer's contract demand allocated to that point of delivery.

Contract Demand:

The contract demand is the amount of capacity in kilowatts stated in the contract which the Government is obligated to supply and the Customer is entitled to receive.

Energy Made Available:

During any billing month in which the Government supplies all the Customer's capacity requirements for a particular delivery point, the Government will make available the total energy requirement of said point. When both the Government and the Duke Energy Florida are supplying capacity to a delivery point, each kilowatt of capacity supplied to such point during such month will be considered to be accompanied by an equal quantity of energy.

Billing Month:

The billing month for power sold under this schedule shall end at 12:00 midnight on the last day of each calendar month.

Conditions of Service:

The customer shall, at its own expense, provide, install, and maintain on its side of each delivery point the equipment necessary to protect and control its own system. In so doing, the installation, adjustment, and setting of all such control and protective

equipment at or near the point of delivery shall be coordinated with that which is installed by and at the expense of the Duke Energy Florida on its side of the delivery point.

Service Interruption:

When energy delivered to the Customer's system for the account of the Government is reduced or interrupted for one hour or longer, and such reduction or interruption is not due to conditions on the Customer's system or has not been planned and agreed to in advance, the demand charge for the month shall be appropriately reduced.

October 1, 2016

Wholesale Power Rate Schedule JW-2-F

Availability:

This rate schedule shall be available to the Duke Energy Florida (formerly known as Florida Power Corporation, and hereinafter called the Company).

Applicability:

This rate schedule shall be applicable to electric energy generated at the Jim Woodruff Project (hereinafter called the Project) and sold to the Company in wholesale quantities.

Points of Delivery:

Power sold to the Company by the Government will be delivered at the connection of the Company's transmission system with the Project bus.

Character of Service:

Electric power delivered to the Company will be three-phase alternating current at a nominal frequency of 60 cycles per second.

Monthly Rate:

The monthly rate for energy sold under this schedule shall be equal to 100 percent of the calculated saving in the cost of fuel per kWh to the Company determined as follows:

$$\text{Energy Rate} = 100\% \times \frac{F_m}{S_m}$$

[Computed to the nearest \$0.00001 (1/100mill) per kWh]

Where: Fm = Company fuel cost in the current period as defined in Federal Power Commission Order 517 issued November 13, 1974, Docket No. R-479.

Sm = Company sales in the current period reflecting only losses associated with wholesale sales for resale. Sale shall be equated to the sum of (a) generation, (b) purchases, (c) interchange-in, less (d) inter-system sales, less estimated wholesale losses (based on average transmission loss percentage for preceding calendar year).

Determination of Energy Sold:

Energy will be furnished by the Company to supply any excess of Project use over Project generation. Energy so supplied by the Company will be deducted from the actual deliveries to the Company's system to determine the net deliveries for energy accounting and billing purposes. Energy for Project use shall consist of energy used for station service, lock operation, Project yard, village lighting, and similar uses.

The on-peak hours shall be the hours between 7:00 a.m. and 11:00 p.m., Monday through Sunday, inclusive. Off-peak hours shall be all other hours.

All energy made available to the Company shall, to the extent required, be classified as energy transmitted to the Government's preference customers served from the Company's system. All energy made available to the Company from the Project shall be separated on the basis of the metered deliveries to it at the Project during on-peak and off-peak hours, respectively. Deliveries to preference customers of the Government shall be divided on the basis (with allowance for losses) of 77 percent being considered as on-peak energy and 23 percent being off-peak energy. Such percentages may by mutual consent be changed from time to time as further studies show to be appropriate. In the event that in classifying energy there is more than enough on-peak energy available to supply on-peak requirements of the Government's preference customers but less than enough off-peak energy available to supply such customers off-peak requirements, such excess on-peak energy may be applied to the extent necessary to meet off-peak requirements of such customers in lieu of purchasing deficiency energy to meet such off-peak requirements.

Billing Month:

The billing month under this schedule shall end at 12:00 midnight on the last day of each calendar month.

Power Factor:

The purchaser and seller under this rate schedule agree that they will both so operate their respective systems that neither party will impose an undue reactive burden on the other.

October 1, 2016

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