



6450-01-P

DEPARTMENT OF ENERGY

Southwestern Power Administration

Integrated System Power Rates

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of Proposed Change to Southwestern Power Administration Integrated System Non-Federal Transmission Service Rate Schedule and Opportunity for Public Review and Comment.

SUMMARY: The Administrator, Southwestern Power Administration (Southwestern), has determined that an additional Section outlining a new methodology within Southwestern's existing Integrated System Non-Federal Transmission Service (NFTS-13) Rate Schedule is necessary to better align Southwestern's rate schedule with standard practices utilized by the Southwest Power Pool, Inc. (SPP) Regional Transmission Organization. A new section 2.3.6 is proposed that establishes a procedure for determining an Annual Revenue Requirement (ARR) for customers that choose to contract for Network Integration Transmission Service (NITS) on Southwestern's transmission system pursuant to the SPP Open Access Transmission Tariff (OATT).

The proposed Section 2.3.6 does not change Southwestern's NFTS ARR, as determined in its 2013 Integrated System Power Repayment Studies (2013 PRS), but rather replaces the current stated-rate for SPP NITS with a revenue-requirement based methodology that includes determining the SPP NITS ARR portion of Southwestern's NFTS ARR. Furthermore, the proposed Section 2.3.6 affects only those customers that choose to contract for SPP NITS on Southwestern's transmission system under the SPP OATT.

Southwestern has determined that Section 2.3.6 will provide a more appropriate methodology for revenue recovery from NFTS customers that choose to contract for SPP NITS on Southwestern's transmission system under the SPP OATT.

DATES: The consultation and comment period will begin on the date of publication of this **Federal Register** notice and will end on *[Insert Date 30 days after date of publication in the FEDERAL REGISTER]*. If requested, a combined Public Information and Comment Forum (Forum) will be held at 9:00 a.m. on November 17, 2016. If requested, persons desiring the Forum to be held should indicate in writing to Mr. Marshall Boyken, Senior Vice President and Chief Operating Officer (see **FOR FURTHER INFORMATION CONTACT**) by *[INSERT DATE 7 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]*, their request for such Forum. If no request is received, no such Forum will be held. Persons interested in speaking at the Forum, if held, should submit a request to Mr. Marshall Boyken, Senior Vice President and Chief Operating Officer (see **FOR FURTHER INFORMATION CONTACT**) by November 10, 2016, so that a list of Forum participants can be developed. All comments on the proposed Section 2.3.6 addition to Southwestern's NFTS Rate Schedule, whether provided to Southwestern in written or electronic copy (MS Word format), are due on or before *[Insert Date 30 days after date of publication in the FEDERAL REGISTER]*.

ADDRESSES: If requested, the Forum will be held in Southwestern's offices, Room 1460, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103.

Comments should be submitted to Mr. Marshall Boyken, Senior Vice President and Chief Operating Officer (see **FOR FURTHER INFORMATION CONTACT**).

FOR FURTHER INFORMATION CONTACT: Mr. Marshall Boyken, Senior Vice President, Chief Operating Officer, Office of Corporate Operations, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6646, marshall.boyken@swpa.gov, or facsimile transmission (918) 595-6646.

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, Public Law 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 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, 26 substations, and 46 communication 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 under separate rate schedules and are not addressed in this notice.

Rate Schedule Change

The current NFTS-13 Rate Schedule includes a stated rate for NITS that is calculated by dividing Southwestern's monthly revenue requirement, derived from Southwestern's NFTS ARR identified within the 2013 PRS, by the net transmission capacity available for NITS. Modifying Southwestern's rate schedule to include an ARR for SPP NITS, rather than applying a stated rate, is necessary to better align with standard practices utilized by SPP. Therefore, in place of applying the NITS stated rate for SPP NITS on Southwestern's transmission system, the proposed Section 2.3.6 includes a procedure for determining (and updating) an SPP NITS ARR, as a portion of Southwestern's NFTS ARR, based on the amount of revenue assumed to be recovered on an annual basis from NITS customers in each approved PRS. If additional

customers choose to contract for SPP NITS on Southwestern's transmission system, the proposed Section 2.3.6 methodology updates the SPP NITS ARR and eliminates the need for Southwestern to revise its NFTS Rate Schedule each time additional customers contract for SPP NITS on Southwestern's transmission system.

The title of the NFTS-13 Rate Schedule was changed to NFTS-13A to reflect the addition of Section 2.3.6. A redlined version of the NFTS-13 Rate Schedule, which shows the revision proposed by rate schedule NFTS-13A, will be made available upon request. To request a copy, please contact Mr. Marshall Boyken, Senior Vice President and Chief Operating Officer, (see **FOR FURTHER INFORMATION CONTACT**).

Following review and consideration of written comments, the Administrator will determine whether to finalize and submit the proposed NFTS-13A Rate Schedule to the Deputy Secretary of Energy for confirmation and approval on an interim basis, and subsequently to the Federal Energy Regulatory Commission (FERC) for confirmation and approval on a final basis. The FERC will allow the public an opportunity to provide written comments on the proposed rate schedule change before making a final decision.

Dated: October 26, 2016

Scott Carpenter
Administrator

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