



6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Proposed 2018 Olmsted Power Marketing Plan

AGENCY: Western Area Power Administration, Department of Energy (DOE).

ACTION: Notice of Proposed Olmsted Power Marketing Plan and announcement of public information and comment forum.

SUMMARY: Western Area Power Administration (WAPA), a Federal power marketing agency of the Department of Energy, is seeking comments about this Proposed Olmsted Power Marketing Plan. WAPA has responsibility for the marketing of energy from the Colorado River Storage Project (CRSP), among other projects, and operates the transmission infrastructure associated with these Federal projects.

DATES: The public comment period on the Proposed Olmsted Power Marketing Plan begins **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]** and ends **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. To be assured of consideration, WAPA must receive all written comments by the end of the comment period. WAPA reserves the right not to consider any comments received after the prescribed date and time.

WAPA will hold a public information forum about this proposed marketing plan on Friday, January 13, 2017, from 10 a.m. to 12 p.m. MST at the Bureau of Reclamation, 125 South State Street, Salt Lake City, Utah. The public comment forum is scheduled for the afternoon of the same day Friday, January 13, 2017, from 1 p.m. to 3 p.m. MST at the Bureau of Reclamation, 125 South State Street, Salt Lake City, Utah.

ADDRESSES: Submit written comments about this proposed marketing plan to: Ms. Lynn C. Jeka, CRSP Manager, CRSP Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580. Comments may also be e-mailed to jeka@wapa.gov or be faxed to (801) 524-5017. All documentation developed or retained by WAPA for the purpose of developing the proposed marketing plan will be available for inspection and copying at the CRSP Management Center office, 150 East Social Hall Avenue, Suite 300, Salt Lake City, Utah.

FOR FURTHER INFORMATION CONTACT: Mr. Brent Osiek, CRSP Power Marketing Manager, osiek@wapa.gov, (801) 524-5495; or Mr. Steve Mullen, CRSP Public Utilities Specialist, smullen@wapa.gov, (801) 524-6383. Written requests for information should be mailed to CRSP Management Center, Western Area Power Administration, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, or faxed to (801) 524-5017.

SUPPLEMENTARY INFORMATION: The Olmsted Powerplant, located in northern Utah, was acquired in condemnation proceedings by the United States in 1990 in order to secure water rights associated with the Olmsted Powerplant deemed essential to the Central Utah Project (CUP). The CUP is a participating project of the CRSP. As part of the condemnation proceedings, PacifiCorp continued Olmsted operations until 2015, after which time the operation of the facility became the responsibility of the Department of the Interior, Bureau of Reclamation.

The existing Olmsted Powerplant is over 100 years old and has greatly exceeded its operational life. A replacement facility is being constructed for the generation of power and the preservation of associated non-consumptive water rights necessary for the CUP. On February 4, 2015, an Implementation Agreement (Agreement) for the Olmsted Powerplant Replacement

Project (Project) was signed by Central Utah Water Conservancy District (District); Department of the Interior, Bureau of Reclamation; and Department of Energy, WAPA (Participants). The Agreement sets forth the responsibilities of the Participants and how the Project will be funded. The District will construct, operate, maintain, and replace the Olmsted facilities in connection with its CUP operations, including power generation.

The Olmsted facilities are a feature of the CUP, which is a participating project of CRSP. WAPA markets the hydropower generated from the CRSP facilities as well as the participating projects of CRSP. In accordance with Acts of Congress approved April 11, 1956 (70 Stat. 105); August 4, 1977 (91 Stat. 565); October 30, 1992 (106 Stat.46050); and Acts amendatory or supplementary to the foregoing Acts, WAPA will be responsible for marketing the energy from the Olmsted Powerplant. WAPA plans to begin marketing energy from the Olmsted Powerplant in the summer of 2018. Only energy, without capacity, will be available for marketing (power production will be non-dispatchable and incidental to the delivery of water). It is expected that annual energy production from the replacement Olmsted Powerplant will average approximately 27,000,000 kWh per year.

Proposed 2018 Olmsted Power Marketing Plan

WAPA proposes to apply the following criteria to applicants seeking an allocation of energy under the proposed 2018 Olmsted Power Marketing Plan:

1. Contract Term: Due to the lack of actual generating data, the term of the contract will be limited. Service is expected to begin on July 1, 2018, or as soon as the Project is declared commercially operable; and the contract term will be effective through September 30, 2024.
2. Marketing Area: Due to the relatively small size of the resource and its operating characteristics, eligible applicants must be preference entities, in accordance with

section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), located within the following counties in Utah: Davis, Morgan, Salt Lake, Summit, Utah, Weber, and Wasatch.

3. Delivery Point: 12.47-kV bus at PacifiCorp's Hale Substation or another substation that may be identified that can be electrically interconnected to the Project.
4. Transmission: Any associated transformation/transmission beyond PacifiCorp's 12.47-kV bus at the Hale Substation, or other identified substation if delivery is not made at the Hale Substation, is the sole responsibility of the applicant. Applicants must have the necessary arrangements for transmission and/or distribution service in place by April 1, 2018.
5. Eligible Applicants: WAPA will provide allocations only to preference entities in the marketing area. WAPA, through the public process, will determine the amount of energy, if any, to allocate in accordance with the marketing criteria and administrative discretion under Reclamation Law. Priority will be given to the District as the operator of the Olmsted Powerplant.
6. Resource Pool: WAPA will take into consideration all existing Federal hydropower allocations an applicant is currently receiving when determining each allocation. Allocations of Olmsted energy will be determined solely by WAPA. Applicants who receive an allocation will be allocated a percentage of the annual energy output of the Powerplant.
7. Preference Entities: Preference will be given to entities in accordance with section 9(c) of the Reclamation Project Act of 1939, 43 U.S.C. 485h(c), as amended and supplemented, including Municipalities, Rural Cooperatives, and political subdivisions including irrigation or other districts, municipalities, and other governmental organizations that have electric utility status by April 1, 2018; and, Federally recognized Native American tribes as defined in the Indian Self Determination Act of 1975, 25 USC 5304 as amended. "Electric utility

status” means that the entity has responsibility to meet load growth, has a distribution system, and is ready, willing, and able to purchase Federal power from WAPA on a wholesale basis.

8. Ready, Willing, and Able: Eligible applicants must be ready, willing, and able to receive and distribute or use energy from WAPA. Ready, willing, and able means the applicant has the facilities needed for the receipt of power or has made the necessary arrangements for transmission and/or distribution service, and its power supply contracts with third parties permit the delivery of WAPA’s power.
9. Rates and Payment: Each applicant who receives an allocation will pay its proportional share of the annual expenses of the Project based on its proportional share of the energy produced. WAPA, through a separate public process, will establish a rate methodology for the Project. Rather than pay a stated rate per kWh for energy, applicants who receive allocations will pay their proportional shares of the Project’s total annual OM&R expenses in return for their proportional shares of total marketable energy production.

Availability of Information

Documents developed or retained by WAPA during this public process will be available, by appointment, for inspection and copying at the CRSP Management Center, located at 150 East Social Hall Avenue, Suite 300, Salt Lake City, Utah. Written comments received as part of the Olmsted Marketing Plan formal public process will be available for viewing on WAPA’s Web site after the close of the comment period.

Procedural Requirements

Environmental Compliance

WAPA Olmsted Power Marketing Plan will comply with the National Environmental Policy

Act (NEPA) of 1969 (42 U.S.C. 4321-4347), the Council on Environmental Quality Regulations (40 CFR parts 1500-1508), and DOE NEPA Regulations (10 CFR 1021).

Review Under the Regulatory Flexibility Act

The Regulatory Flexibility Act of 1980 (RFA; 5 U.S.C. 601, *et seq.*) requires a Federal agency to perform a regulatory flexibility analysis whenever the agency is required by law to publish a general notice of proposed rulemaking for any proposed rule, unless the agency can certify that the rule will not have a significant economic impact on a substantial number of small entities. In defining the term “rule,” the RFA specifies that a “rule” does not include “a rule of particular applicability relating to rates [and] services...or to valuations, costs or accounting, or practices relating to such rates [and] services...” (5 U.S.C. 601). WAPA has determined that this action relates to rates or services offered by WAPA and, therefore, is not a rule within the purview of the Regulatory Flexibility Act.

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Dated: November 23, 2016

Mark A. Gabriel
Administrator

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