



6450-01-P

DEPARTMENT OF ENERGY

Southwestern Power Administration

Integrated System, Sam Rayburn Dam and Robert D. Willis Rate Schedules

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of proposed extension and opportunity for public review and comment.

SUMMARY: The Administrator, Southwestern Power Administration (Southwestern), is proposing a two-year extension to the currently approved rate schedules for the Integrated System, the Sam Rayburn Dam, and the Robert Douglas Willis Hydropower Project (Robert D. Willis) for the period October 1, 2019 to September 30, 2021. Southwestern's current Integrated System rate schedules (P-13A, NFTS-13A, and EE-13), Sam Rayburn Dam rate schedule (SRD-15), and Robert D. Willis rate schedule (RDW-15) are set to expire September 30, 2019.

DATES: The consultation and comment period will begin on [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*] and will end on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Written comments are due on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Comments should be submitted to Ms. Fritha Ohlson, Director, Division of Resources and Rates, Office of Corporate Operations, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103.

FOR FURTHER INFORMATION CONTACT: Ms. Fritha Ohlson, Director, Division of Resources and Rates, Office of Corporate Operations, (918) 595-6684, fritha.ohlson@swpa.gov, or facsimile transmission (918) 595-6684.

SUPPLEMENTARY INFORMATION:

Originally established by Order 1865, Secretary of the Interior, dated August 31, 1943 and effective September 1, 1943 (8 FR 12142 (Sept. 3, 1943)), Southwestern is an agency within the U.S. Department of Energy created by section 302 of the Department of Energy Organization Act, Public Law 95-91, dated August 4, 1977 (42 U.S.C. 7152). Guidelines for preparation of power repayment studies are included in DOE Order No. RA 6120.2 (Sept. 20, 1979), 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 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 the costs associated with Southwestern's transmission facilities that consist of 1,380 miles of high-voltage transmission lines, 27 substations, and 46 microwave and VHF radio sites. Costs associated with Sam Rayburn Dam and Robert D. Willis, two Corps hydropower projects that are isolated hydrologically, electrically, and financially from the Integrated System, are repaid by separate rate schedules.

Decision Rationale

Southwestern's current Integrated System rate schedules (P-13A, NFTS-13A, and EE-13) are based on the 2013 Power Repayment Study (PRS). Each subsequent annual PRS, through 2019, has indicated the need for a revenue adjustment that fell within a two percent range of the

current revenue estimate. It is Southwestern's established practice for the Administrator to defer, on a case by case basis, revenue adjustments for the Integrated System if such adjustments are within plus or minus two percent of the revenue estimated from the current Integrated System rate schedules. Therefore, in line with the annual PRS results, the Administrator has deferred revenue adjustments in 2014, 2015, 2016, 2017, 2018, and 2019. The most recent deferral was in response to the 2019 Integrated System PRS, which concluded that the annual revenues needed to be increased by 0.8 percent. It was determined to be prudent to defer the increase and allow the current Integrated System rate schedules, which are set to expire September 30, 2019, to remain in effect. The deferral of a revenue adjustment (rate change) provides for rate stability and savings on the administrative cost of implementation, and recognizes that the revenue sufficiency will be re-examined in the following year's PRS.

Similarly, Southwestern's current rate schedules for the Sam Rayburn Dam and Robert D. Willis isolated rate systems, SRD-15 and RDW-15, are based on their respective 2015 PRSs. Each subsequent annual PRS, through 2019, has indicated the need for a revenue adjustment within a five percent range of the current revenue estimate. It is Southwestern's established practice for the Administrator to defer, on a case by case basis, revenue adjustments for an isolated rate system if such adjustments are within plus or minus five percent of the revenue estimated from the current rate schedule. Therefore, in line with the annual PRS results, the Administrator has deferred revenue adjustments for both Sam Rayburn Dam and Robert D. Willis in 2016, 2017, 2018, and 2019. The most recent deferral was in response to the 2019 PRSs, which concluded that the annual revenues needed to be increased by 1.7 percent for Sam Rayburn Dam and 3.7 percent for Robert D. Willis. It was determined to be prudent to defer the increase and allow the current rate schedules, which are set to expire September 30, 2019, to remain in effect. The deferral of a revenue adjustment (rate change) provides for rate stability

and savings on the administrative cost of implementation and recognizes that the revenue sufficiency will be re-examined in the following year's PRS.

Therefore, Southwestern is proposing an extension of all current rate schedules, for the period October 1, 2019 to September 30, 2021. In accordance with 10 CFR 903.22(h), 903.23(a)(3), and 903.23(b), as amended (84 FR 5347 (Feb. 21, 2019)), and DOE Redelelegation Order No. 00-002.10D (June 4, 2019), the Assistant Secretary may extend existing and provisional rates on an interim basis beyond the period specified by the Federal Energy Regulatory Commission (FERC).

The Integrated System rate schedules (P-13, NFTS-13 and EE-13) were placed into effect on an interim basis by the Deputy Secretary of Energy effective September 1, 2013, and were confirmed and approved by FERC on a final basis on January 9, 2014, for a period that ended September 30, 2017. Subsequently, a new section 2.3.6 was added to the Non-Federal Transmission Service (NFTS) rate schedule NFTS-13 in order to replace a stated-rate for customers taking Southwest Power Pool (SPP) Network Integration Transmission Service (NITS) with a revenue-requirement based methodology that includes determining the SPP NITS Annual Revenue Requirement (ARR) portion of Southwestern's NFTS ARR. The change had no impact on Southwestern's Integrated System revenue requirements and the rate schedule was re-designated NFTS-13A to reflect the change to the initial rate schedule. The NFTS-13A rate schedule change was placed into effect on an interim basis by the Deputy Secretary of Energy effective January 1, 2017, and confirmed and approved on a final basis by FERC on March 9, 2017, under FERC Docket No. EF14-1-001. A two-year extension of all Integrated System rate schedules was approved on an interim basis September 13, 2017, by the Deputy Secretary for the period October 1, 2017 through September 30, 2019. Since the Integrated System rate schedules were placed into effect and subsequently extended, there has been one additional change with no

impact on revenue requirements. Southwestern added section 4.2 within the Hydro Peaking Power rate schedule P-13 in order to effect a uniform shift in the time Southwestern requires its customers to submit Peaking Energy schedules. The rate schedule was re-designated P-13A to reflect the change to the initial rate schedule. The P-13A rate schedule change was placed into effect on an interim basis by the Assistant Secretary effective July 1, 2019, and has been submitted to FERC for confirmation and approval on a final basis.

The current Sam Rayburn Dam rate schedule (SRD-15) was placed into effect on an interim basis by the Deputy Secretary on December 17, 2015, and was confirmed and approved by the FERC on a final basis on June 30, 2016, for a period that ends September 30, 2019.

The current Robert D. Willis rate schedule (RDW-15) was placed into effect on an interim basis by the Deputy Secretary of Energy on December 17, 2015, and was confirmed and approved by the FERC on a final basis on June 15, 2016, for a period that ends September 30, 2019.

The Administrator will review and consider all written comments and the information gathered when submitting the finalized Rate Schedules Extension to the Assistant Secretary for confirmation and approval on an interim basis.

Dated: June 13, 2019.

Mike Wech,
Administrator.

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