



6450-01-P

DEPARTMENT OF ENERGY

Southeastern Power Administration

Proposed Rate Schedules for Kerr-Philpott System

AGENCY: Southeastern Power Administration, DOE.

ACTION: Notice of proposed rates and opportunities for public review and comment.

SUMMARY: Southeastern Power Administration (Southeastern) proposes to update and extend existing schedules of rates and charges applicable to the sale of power from the Kerr-Philpott System effective October 1, 2020, through September 30, 2025. Interested persons may review the rates and supporting studies and submit written comments. Southeastern will consider all comments received in this process.

DATES: Written comments are due on or before **[INSERT DATE 30 DAYS AFTER THE DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. In accordance with 10 CFR 903.23(a), Southeastern has determined that it is not necessary to hold public information or public comment forums for this rate action but is initiating a 30-day consultation and comment period to give the public an opportunity to comment on the proposed extension. Southeastern will review and consider all timely comments at the conclusion of the consultation and comment period and make adjustments to the proposal as appropriate.

ADDRESSES: Written comments should be submitted to: Administrator, Southeastern Power Administration, U. S. Department of Energy, 1166 Athens Tech Road, Elberton, GA. 30635-6711 or Email: *Comments@sepa.doe.gov*.

FOR FURTHER INFORMATION CONTACT: Virgil G. Hobbs III, Assistant Administrator, Finance and Marketing, Southeastern Power Administration, U.S. Department of Energy, 1166 Athens Tech Road, Elberton, GA 30635-6711, (706) 213-3838; Email: *Virgil.Hobbs@sepa.doe.gov*.

SUPPLEMENTARY INFORMATION: The Federal Energy Regulatory Commission (FERC), by order issued February 24, 2016, 154 FERC ¶ 62,129, confirmed and approved Rate Schedules VA-1-C, VA-2-C, VA-3-C, VA-4-C, DEP-1-C, DEP-2-C, DEP-3-C, DEP-4-C, AP-1-C, AP-2-C, AP-3-C, AP-4-C, NC-1-C, and Replacement-2-B, for the period October 1, 2015, through September 30, 2020. A repayment study prepared in February of 2020 showed existing rates are adequate to recover all costs required by present repayment criteria. However, approval of the existing rate schedules expires September 30, 2020.

The existing rate schedules include an annual true-up mechanism for the capacity and energy rates based on the variance of the actual net revenue available for repayment from the planned net revenue available for repayment. The adjustment is for every \$100,000 under-recovery of the planned net revenue available for repayment, the base capacity charge is increased by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and the base energy charge is increased by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt-hour. For every \$100,000 over-recovery of the planned net revenue available for repayment, the base capacity charge is reduced by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and the base energy charge is reduced by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt-hour.

The initial base capacity charge for the current rate schedules was \$4.40 per kilowatt per month. The initial base energy charge was 17.80 mills per kilowatt-hour. As of April 1, 2020, the base capacity charge has been adjusted to \$3.65 per kilowatt per month and the base energy charge has been adjusted to 14.80 mills per kilowatt-hour for net revenue available for repayment. The existing rates are adequate to meet repayment criteria. The annual true-ups incorporated in the rate schedules have proven to be effective in matching revenue available for repayment to planned amounts. Southeastern is proposing to maintain the initial base rate of \$4.40 per kilowatt per month for capacity and the initial base energy charge of 17.80 mills per kilowatt-hour and the annual true-up mechanism.

Proposed Unit Rates

The initial base rates for capacity and energy will be as follows:

Capacity: \$4.40 per kW per month
 Energy: 17.80 mills per kWh

The rates are based on a repayment study estimating the Kerr-Philpott System will produce the following net revenue available for repayment (rounded to nearest \$10,000):

Fiscal Year	Estimated Annual Net Revenue Available for Repayment	Cumulative Net Revenue Available for Repayment
2020	\$ 200,000	\$ 200,000
2021	\$ 2,560,000	\$ 2,760,000
2022	\$ 2,940,000	\$ 5,700,000
2023	\$ 2,360,000	\$ 8,060,000

2024	\$ 2,430,000	\$ 10,490,000
2025	\$ 2,130,000	\$ 12,620,000
2026	\$ 2,210,000	\$ 14,830,000
2027	\$ 2,310,000	\$ 17,140,000
2028	\$ 2,420,000	\$ 19,560,000
2029	\$ 2,530,000	\$ 22,090,000

The proposed rates continue a true-up of the capacity and energy rates based on the cumulative net revenue available for repayment from the table above. For every \$100,000 under-recovery of the planned cumulative net revenue available for repayment, Southeastern will increase the base capacity charge by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and increase the base energy charge by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt-hour. For every \$100,000 over-recovery of the planned cumulative net revenue available for repayment, Southeastern will reduce the base capacity charge by \$0.02 per kilowatt per month, up to a maximum of \$0.75 per kilowatt per month, and reduce the base energy charge by 0.10 mills per kilowatt-hour, up to a maximum of 3.0 mills per kilowatt-hour, to be implemented April 1 of the next fiscal year.

Southeastern is proposing the following rate schedules to be effective for the period from October 1, 2020, through September 30, 2025. The capacity charge and energy charge will be the same for all rate schedules. These rate schedules are necessary to accommodate the transmission and scheduling arrangements available in the Kerr-Philpott System.

Rate Schedule VA-1-D

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may be transmitted and scheduled pursuant to contracts between the Government, Virginia Electric and Power Company (also known as Dominion Virginia Power [DVP]), and DVP's Transmission Operator, PJM Interconnection, LLC (PJM).

Rate Schedule VA-2-D

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may be transmitted pursuant to contracts between the Government, DVP, and PJM. The customer is responsible for providing a scheduling arrangement with the Government.

Rate Schedule VA-3-D

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may be scheduled pursuant to contracts between the Government, DVP, and PJM. The customer is responsible for providing a transmission arrangement.

Rate Schedule VA-4-D

Available to public bodies and cooperatives in the service area of DVP and PJM. The customer is responsible for providing a scheduling arrangement with the Government and for providing a transmission arrangement.

Rate Schedule DEP-1-D

Available to public bodies and cooperatives in North Carolina to whom power may be transmitted and scheduled pursuant to contracts between the Government and Duke Energy Progress.

Rate Schedule DEP-2-D

Available to public bodies and cooperatives in North Carolina to whom power may be transmitted pursuant to contracts between the Government and Duke Energy Progress. The customer is responsible for providing a scheduling arrangement with the Government.

Rate Schedule DEP-3-D

Available to public bodies and cooperatives in North Carolina to whom power may be scheduled pursuant to contracts between the Government and Duke Energy Progress. The customer is responsible for providing a transmission arrangement.

Rate Schedule DEP-4-D

Available to public bodies and cooperatives in the service area of Duke Energy Progress. The customer is responsible for providing a scheduling arrangement with the Government and for providing a transmission arrangement.

Rate Schedule AP-1-D

Available to public bodies and cooperatives in Virginia to whom power may be transmitted and scheduled pursuant to contracts between the Government, American Electric Power Service Corporation and the American Electric Power Service Corporation's Transmission Operator, PJM Interconnection, LLC (PJM).

Rate Schedule AP-2-D

Available to public bodies and cooperatives in Virginia to whom power may be transmitted pursuant to contracts between the Government, American Electric Power Service Corporation, and PJM. The customer is responsible for providing a scheduling arrangement with the Government.

Rate Schedule AP-3-D

Available to public bodies and cooperatives in Virginia to whom power may be scheduled pursuant to contracts between the Government, American Electric Power Service Corporation, and PJM. The customer is responsible for providing a transmission arrangement.

Rate Schedule AP-4-D

Available to public bodies and cooperatives in the service area of American Electric Power Service Corporation and PJM. The customer is responsible for providing a scheduling arrangement with the Government and for providing a transmission arrangement.

Rate Schedule NC-1-D

Available to public bodies and cooperatives in Virginia and North Carolina to whom power may be transmitted pursuant to a contract between the Government and PJM and scheduled pursuant to a contract between the Government and Duke Energy Progress.

Rate Schedule Replacement-2-C

This rate schedule shall be applicable to the sale of energy purchased to meet contract minimum energy and sold under appropriate contracts between the Government and the Customer.

The referenced repayment studies are available for examination at 1166 Athens Tech Road, Elberton, GA 30635. Proposed Rate Schedules VA-1-D, VA-2-D, VA-3-D, VA-4-D, DEP-1-D, DEP-2-D, DEP-3-D, DEP-4-D, AP-1-D, AP-2-D, AP-3-D, AP-4-D, NC-1-D, and Replacement-2-C are also available.

Dated: March 20, 2020.

Virgil G. Hobbs III,
Acting Administrator.

[FR Doc. 2020-06558 Filed: 3/27/2020 8:45 am; Publication Date: 3/30/2020]