



**6450-01-P**

**DEPARTMENT OF ENERGY**

**Western Area Power Administration**

**Boulder Canyon Project**

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

**ACTION:** Notice concerning fiscal year 2021 Boulder Canyon Project base charge and rates for electric service.

**SUMMARY:** The Assistant Secretary for Electricity confirms, approves, and places into effect on a final basis the Boulder Canyon Project (BCP) base charge and rates for fiscal year (FY) 2021 under Rate Schedule BCP-F10. The base charge decreased 1.5 percent from \$66.4 million in FY 2020 to \$65.4 million in FY 2021. The reduction is primarily the result of an increase in prior year carryover funds.

**DATES:** The FY 2021 base charge and rates will be effective October 1, 2020 and will remain in effect through September 30, 2021.

**FOR FURTHER INFORMATION CONTACT:** Tracey A. LeBeau, Regional Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, (602) 605-2525, or [dswpwrmrk@wapa.gov](mailto:dswpwrmrk@wapa.gov); or Tina Ramsey, Rates Manager, Desert Southwest Region, Western Area Power Administration, (602) 605-2565, or [ramsey@wapa.gov](mailto:ramsey@wapa.gov).

**SUPPLEMENTARY INFORMATION:**

On June 6, 2018, the Federal Energy Regulatory Commission (FERC) confirmed and approved Rate Schedule BCP-F10 under Rate Order No. WAPA-178 on a final basis through

September 30, 2022.<sup>1</sup> The rate-setting methodology for BCP calculates an annual base charge rather than a unit rate for Hoover Dam hydropower. The base charge recovers an annual revenue requirement that includes Western Area Power Administration (WAPA) and Bureau of Reclamation (Reclamation) projected costs of investment repayment, interest, operations and maintenance (O&M), replacements, payments to States, and Hoover Dam visitor services. Non-power revenue projections such as water sales, Hoover Dam visitor center revenue, ancillary services, and late fees help offset these projected costs. Customers are billed a percentage of the base charge in proportion to their Hoover power allocation. Rates are calculated for comparative purposes but are not used to determine the charges for service.

Rate Schedule BCP-F10 and the BCP Electric Service Contract require WAPA to determine the annual base charge and rates for the next FY before October 1 of each year. The FY 2020 BCP base charge and rates expire on September 30, 2020.

#### **Comparison of Base Charge and Rates**

	<b>FY 2020</b>	<b>FY 2021</b>	<b>Amount Change</b>	<b>Percent Change</b>
Base Charge (\$)	\$66,419,402	\$65,443,462	- \$975,940	- 1.5
Composite Rate (mills/kWh)	18.08	18.10	0.02	0.1
Energy Rate (mills/kWh)	9.04	9.05	0.01	0.1
Capacity Rate (\$/kW-Mo)	\$1.75	\$1.69	- \$0.06	- 3.4

A \$3 million increase in prior year carryover funds significantly contributed to the FY 2021 base charge reduction of 1.5 percent from the FY 2020 base charge. In addition, Reclamation's FY 2021 budget increased by \$470,000 to \$76.2 million, a 0.6 percent increase from FY 2020.

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<sup>1</sup> Order Confirming and Approving Rate Schedule on a Final Basis, FERC Docket No. EF18-1-000, 163 FERC ¶ 62,154 (2018).

The difference between Reclamation's \$3.2 million decrease in O&M expenses and a \$3.4 million increase in replacement costs accounts for most of the budget increase. WAPA's FY 2021 budget decreased by \$370,000 to \$8.4 million, a 4.2 percent decline from FY 2020. A reduction in O&M expenses and the elimination of WAPA's contingency funds resulted in the budget decrease.

Although there is a 1.5 percent reduction to the FY 2021 base charge, the composite and energy rates are both slightly increasing from FY 2020 due to a forecasted decrease in energy from the long-term drought in the Lower Colorado River Basin. The capacity rate, which represents a 3.4 percent reduction from the FY 2020 rate, is decreasing due to changes in capacity projections and the FY 2021 base charge.

### **Public Notice and Comment**

The notice of the proposed FY 2021 base charge and rates for electric service was published consistent with procedures set forth in 10 CFR part 903 and 10 CFR part 904. WAPA took the following steps to involve customers and interested parties in the rate process:

1. On April 6, 2020, a *Federal Register* notice (85 FR 19144) announced the proposed base charge and rates and initiated the 90-day public consultation and comment period.
2. On May 6, 2020, WAPA held a public information forum by web conference. WAPA and Reclamation representatives explained the proposed base charge and rates, answered questions, and posted the presentation materials to WAPA's website.
3. On June 5, 2020, WAPA held a public comment forum by web conference to provide customers and interested parties an opportunity to comment for the record. WAPA received no comments during this forum.
4. On July 6, 2020, the public consultation and comment period ended with WAPA receiving

two comment letters. The comments appear below, paraphrased where appropriate without compromising their meaning.

*Comment:* Both commenters thanked WAPA and Reclamation for their efforts to decrease the BCP base charge and electric service rates for FY 2021 amid the COVID-19 pandemic. They applauded efforts by Reclamation to mitigate revenue losses due to the pandemic's effects on tourism.

*Response:* WAPA and Reclamation acknowledge the comments. Non-power revenue projections decreased by \$4 million since publication of the proposed base charge and rates due to the closing of the Hoover Dam visitor center as a result of the pandemic. Reclamation reduced FY 2021 O&M and replacement costs by \$4 million to maintain the proposed decrease to the FY 2021 base charge.

*Comment:* A commenter had concerns about future costs for the landfill mitigation, post-retirement benefit costs, and the potential for a continued decrease in Hoover Dam visitor center tourism revenue.

*Response:* WAPA and Reclamation will continue to work with the BCP contractors on moderating future costs.

*Comment:* A commenter requested that future maintenance schedules be adjusted to minimize capacity downtime in the summer.

*Response:* Reclamation plans to continue to limit routine maintenance from May through October to provide maximum available capacity to the BCP contractors.

## **Certification of Rates**

WAPA's Administrator certified that the FY 2021 base charge and rates under Rate Schedule

BCP-F10 are the lowest possible rates consistent with sound business principles. The base charge and rates were developed following administrative policies and applicable laws.

### **Availability of Information**

Information about the rate process to establish the FY 2021 base charge and rates was made available on WAPA's website at <https://www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx>.

### **Legal Authority**

10 CFR 904.7(e) requires annual review of the BCP base charge and an adjustment, either upward or downward, when necessary and administratively feasible to assure sufficient revenues to effect payment of all costs and financial obligations associated with the project. WAPA's Administrator provided all BCP contractors an opportunity to comment on the proposed base charge adjustment consistent with the procedures for public participation in rate adjustments as required under 10 CFR 904.7(e) and the BCP Electric Service Contract. The BCP Electric Service Contract goes on to state that in years other than the first and fifth years of a rate schedule approved by the Deputy Secretary on a provisional basis and by FERC on a final basis, adjustments to the base charge "shall be effective upon approval by the Deputy Secretary of Energy." Under the Department of Energy Organization Act, the Secretary of Energy holds plenary authority over Department of Energy affairs with respect to the Power Marketing Administrations, and the Secretary of Energy may therefore exercise the Deputy Secretary's contractual authority in this context. By Delegation Order No. 00-002.00S, effective January 15, 2020, the Secretary of Energy delegated to the Under Secretary of Energy the authority vested in the Secretary with respect to WAPA. By Redelegation Order No. 00-002.10E, effective February 14, 2020, the Under Secretary of Energy delegated to the Assistant Secretary for

Electricity the same authority with respect to WAPA. By Redefinition Order No. 00-002.10-5, effective July 8, 2020, the Assistant Secretary for Electricity delegated to WAPA's Administrator the same authority with respect to WAPA. However, based upon the governing terms of existing BCP Electric Service Contract, the Assistant Secretary for Electricity is approving the FY 2021 base charge and rates for BCP electric service. This rate action is issued under the Redefinition Orders and Department of Energy (DOE) procedures for public participation in rate adjustments set forth at 10 CFR part 903 and 10 CFR part 904.<sup>3</sup>

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<sup>3</sup> 50 FR 37835 (Sept. 18, 1985); 85 FR 19144 (Apr. 6, 2020).

Following DOE's review of WAPA's proposal, and as authorized by applicable provisions of the BCP Electric Service Contract, I hereby confirm, approve, and place the FY 2021 base charge and rates for BCP electric service, under Rate Schedule BCP-F10, into effect on a final basis through September 30, 2021.

## **RATEMAKING PROCEDURE REQUIREMENTS**

### **Environmental Compliance**

In compliance with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321-4347; the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021), WAPA has determined that this action is categorically excluded from preparing an environmental assessment or an environmental impact statement.

### **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.

### **Signing Authority**

This document of the Department of Energy was signed on August 24, 2020, by Bruce J. Walker, Assistant Secretary, Office of Electricity, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on August 26, 2020.

**Treena V. Garrett,**  
*Federal Register Liaison Officer,*  
*U.S. Department of Energy.*

[FR Doc. 2020-19116 Filed: 8/28/2020 8:45 am; Publication Date: 8/31/2020]