



DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of proposed fiscal year 2022 Boulder Canyon Project base charge and rates for electric service.

SUMMARY: The Desert Southwest Region (DSW) of the Western Area Power Administration (WAPA) is proposing an adjustment to the base charge and rates for fiscal year (FY) 2022 Boulder Canyon Project (BCP) electric service under Rate Schedule BCP-F10. The proposal would increase the base charge 9 percent from \$65.4 million in FY 2021 to \$71.3 million in FY 2022. The change is primarily the result of an increase in Bureau of Reclamation's (Reclamation) replacement costs, an increase in WAPA's operations and maintenance expenses and replacement costs, and a decrease in prior year carryover funds from FY 2021. The proposed base charge and rates would go into effect on October 1, 2021 and remain in effect through September 30, 2022. Publication of this *Federal Register* notice will initiate the public process.

DATES: The consultation and comment period begins today and will end **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. DSW will present a detailed explanation of the proposed FY 2022 base charge and rates at a public information forum that will be held on **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**, from 10 a.m. to 12 p.m. Mountain Standard Time. DSW will also host a public comment forum that will be held on **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**, from 10 a.m. to 12 p.m. Mountain Standard Time. DSW will conduct both the public information forum and the public comment forum via Webex. Instructions for participating in

the forums will be posted on DSW's website at least 14 days prior to the public information and comment forums at <https://www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx>. DSW will accept written comments any time during the consultation and comment period.

ADDRESSES: Send written comments to Mr. Jack D. Murray, Acting Regional Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box 6457, Phoenix, Arizona 85005-6457, or dswpwrmrk@wapa.gov. DSW will post information concerning the rate process and written comments received on its website at <https://www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx>.

FOR FURTHER INFORMATION CONTACT: Ms. Tina Ramsey, Rates Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box 6457, Phoenix, Arizona 85005-6457, (602) 605-2565, or dswpwrmrk@wapa.gov.

SUPPLEMENTARY INFORMATION: Hoover Dam,¹ authorized by the Boulder Canyon Project Act of 1928, as amended (43 U.S.C. 617 *et seq.*), sits on the Colorado River along the Arizona-Nevada border. The Hoover Dam power plant has 19 generating units (two for plant use) and an installed capacity of 2,078.8 megawatts (4,800 kilowatts for plant use). In collaboration with Reclamation, WAPA markets and delivers hydropower from the Hoover Dam power plant through high-voltage transmission lines and substations to Arizona, Southern California, and Southern Nevada.

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 projected costs of investment repayment, interest, operations, maintenance, replacements, payments to States, and Hoover Dam visitor services. Non-power revenue projections such as water sales, Hoover Dam visitor revenue, ancillary services, and late fees help offset these projected costs.

¹ Hoover Dam was known as Boulder Dam from 1933 to 1947, but was renamed Hoover Dam by an April 30, 1947 joint resolution of Congress. *See* Act of April 30, 1947, H.J. Res. 140, ch. 46, 61 Stat. 56-57.

Hoover power customers are billed a percentage of the base charge in proportion to their power allocation. A unit rate is calculated for comparative purposes but is not used to determine the charge for service.

On June 6, 2018, the Federal Energy Regulatory Commission (FERC) confirmed and approved Rate Schedule BCP-F10 for a 5 year period ending September 30, 2022.² Rate Schedule BCP-F10 and the BCP Electric Service Contract require WAPA to determine the annual base charge and rates for the next fiscal year before October 1 of each year. The FY 2021 BCP base charge and rates expire on September 30, 2021.

Comparison of Base Charge and Rates

	FY 2021	FY 2022	Amount Change	Percent Change
Base Charge (\$)	\$65,443,462	\$71,315,922	\$5,872,460	9.0
Composite Rate (mills/kWh)	18.10	19.72	1.62	9.0
Energy Rate (mills/kWh)	9.05	9.86	0.81	9.0
Capacity Rate (\$/kW-Mo)	\$1.69	\$1.84	0.15	8.9

Reclamation’s FY 2022 budget is increasing \$3.6 million to \$83.7 million, a 4.4 percent increase from FY 2021. While operations and maintenance costs are decreasing \$3.3 million compared to FY 2021, replacement costs are increasing \$5.3 million due to the inclusion of projects that were deferred in FY 2020 and FY 2021 due to the COVID-19 pandemic as well as the addition of projects that are beginning in FY 2022. These projects include 480-volt switchgear replacement, water plant and wastewater plant controls replacement, wastewater treatment facility replacement, escalator replacement, additional tail bay stop log installation, central section HVAC replacement, Cisco optical networking services upgrade, and N7 unit oil system replacement. Visitor services costs also are increasing by \$1.5 million in FY 2022, primarily due to a \$1 million reallocation of expenses from administrative and general expenses

² Order Confirming and Approving Rate Schedule on a Final Basis, FERC Docket No. EF18-1-000, 163 FERC ¶ 62,154 (2018).

in operations and maintenance to visitor services expenses. Higher labor projections in salaries, overtime, overhead, and benefits also contribute to the visitor services increase.

WAPA's FY 2022 budget is increasing \$762,000 to \$9.2 million, a 9.1 percent increase from FY 2021. A \$247,000 increase in WAPA's replacement budget for communication equipment, as well as higher operations and maintenance expenses of \$520,000, account for this increase. The increase in operations and maintenance expenses is primarily due to the Hoover-Mead transmission line lease costs, which were not budgeted in FY 2021; an updated distribution of labor costs resulting from the closure of the Navajo Generating Station near Page, Arizona; and higher labor projections for salaries, overtime, overhead, and benefits in power operations. The increase in replacements and operations and maintenance costs is offset by a modest decrease in facility expenses and post-retirement benefits.

The cost increase for both Reclamation and WAPA is offset by a \$2.1 million increase in non-power revenue projections due to the added commercial use authorization for road-based tours. Prior year carryover is estimated to be \$684,000, a \$3.6 million decrease from FY 2021.

The composite and energy rates are both increasing 9 percent from FY 2021. The composite and energy rates use a forecasted energy value. The capacity rate is increasing 8.9 percent from FY 2021 due to the increase in the base charge. Forecasted energy and capacity values may be updated when determining the final base charge if hydrological conditions change.

This proposed rate adjustment, which would be effective October 1, 2021, is preliminary and subject to change based on modifications to forecasts before publication of the final base charge and rates.

Legal Authority

This action constitutes a major rate adjustment as defined by 10 CFR 903.2(e). Pursuant to 10 CFR 903.15 and 10 CFR 903.16, DSW will hold public information and public comment forums for this rate adjustment. DSW will review and consider all timely public comments at

the conclusion of the consultation and comment period and make adjustments to the proposal as appropriate.

WAPA is establishing rates for BCP electric service in accordance with section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152). This provision transferred to, and vested in, the Secretary of Energy certain functions of the Secretary of the Interior, along with the power marketing functions of Reclamation. Those functions include actions that specifically apply to the BCP.

The BCP Electric Service Contract states that for years other than the first year and each fifth year thereafter, when the rate schedule is 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 DOE Organization Act, the Secretary of Energy holds plenary authority over DOE 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. S1-DEL-S4-2021, effective February 25, 2021, the Acting Secretary of Energy delegated to the Under Secretary for Science (and Energy) the authority vested in the Secretary with respect to WAPA. By Redelelegation Order No. 00-002.10E, effective February 14, 2020, the Under Secretary of Energy (to whom such authority was delegated by the Secretary of Energy in Delegation Order No. 00-002.00S from January 15, 2020 until that delegation was rescinded on February 25, 2021) redelegated to the Assistant Secretary for Electricity the same authority with respect to WAPA. By Redelelegation Order No. 00-002.10-5, effective July 8, 2020, the Assistant Secretary for Electricity redelegated to WAPA’s Administrator the same authority with respect to WAPA. However, based upon the governing terms of the existing BCP Electric Service Contract, the Assistant Secretary for Electricity will approve the FY 2022 base charge and rates for BCP electric service. This rate action is issued under the Redelelegation Orders and DOE’s procedures

for public participation in rate adjustments set forth at 10 CFR parts 903 and 904.³ The delegations and redelegations not affirmatively rescinded remain valid.

Availability of Information

All studies, comments, letters, memoranda, and other documents DSW initiates or uses to develop the proposed base charge and rates are available for inspection and copying at the Desert Southwest Customer Service Regional Office, Western Area Power Administration located at 615 South 43rd Avenue, Phoenix, Arizona 85009. Many of these documents and supporting information are also available on WAPA's website at

<https://www.wapa.gov/regions/DSW/Rates/Pages/boulder-canyon-rates.aspx>.

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

WAPA is in the process of determining whether an environmental assessment or an environmental impact statement should be prepared or if this action can be categorically excluded from those requirements.⁴

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 March 26, 2021, by Tracey A. LeBeau, Administrator (Interim), Western Area Power Administration, 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

³ 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

⁴ In compliance with the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321 *et seq.*, 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).

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 April 12, 2021.

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

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