



DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of proposed fiscal year 2026 Boulder Canyon Project base charge and rates for electric service.

SUMMARY: The Desert Southwest region (DSW) of the Western Area Power Administration (WAPA) proposes an adjustment to the fiscal year (FY) 2026 base charge and rates for Boulder Canyon Project (BCP) electric service under Rate Schedule BCP-F11. The proposal would increase the base charge 7.9 percent, from \$74.3 million in FY 2025 to \$80.2 million in FY 2026. The change is due primarily to an increase in the Bureau of Reclamation's (Reclamation) operations and maintenance (O&M) expenses and a decrease in anticipated prior year carryover funds from FY 2025. The proposed base charge and rates would go into effect on October 1, 2025, and remain in effect through September 30, 2026. Publication of this *Federal Register* notice will initiate the public process.

DATES: A consultation and comment period begins **[INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]** and will end on **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**. DSW will present a detailed explanation of the proposed FY 2026 base charge and rates at a public information forum on **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**, from 10 a.m. Mountain Standard Time to no later than 12 p.m. Mountain Standard Time. DSW will also host a public comment forum on **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**, from 10 a.m. Mountain Standard Time to no later than 12 p.m. Mountain Standard Time, or until the last comment is received. The public information and public comment forums will be held virtually and in person at WAPA's Desert

Southwest Regional Office located at 615 South 43rd Avenue, Phoenix, Arizona 85009.

Instructions for participating in the forums will be posted on DSW's BCP Rates website at least 14 days prior to the public information and comment forums at: www.wapa.gov/about-wapa/regions/dsw/rates/boulder-canyon-project-rates. DSW will accept written comments any time during the consultation and comment period.

As access to federal facilities is controlled, any U.S. citizen wishing to attend a public forum at WAPA must present an official form of picture identification (ID), such as a U.S. driver's license, U.S. passport, U.S. government ID, or U.S. military ID at the time of the meeting. Foreign nationals should contact Tina Ramsey, Rates Manager, Desert Southwest Region, Western Area Power Administration, (602) 812-2355, or dswpwrmrk@wapa.gov in advance of a forum to obtain the necessary form for admittance to the DSW Regional Office.

ADDRESSES: Written comments and requests to be informed of Federal Energy Regulatory Commission (FERC) actions concerning the proposed base charge and rates should be sent to: Regional Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, or dswpwrmrk@wapa.gov. DSW will post information concerning the rate process and written comments received to its BCP Rates website at: www.wapa.gov/about-wapa/regions/dsw/rates/boulder-canyon-project-rates.

FOR FURTHER INFORMATION CONTACT: Tina Ramsey, Rates Manager, Desert Southwest Region, Western Area Power Administration, (602) 812-2355, 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) with installed capacity of 2,078.8 megawatts (4,800 kilowatts for plant use). In collaboration with

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.

Reclamation, WAPA markets and delivers hydropower from the Hoover Dam power plant through high-voltage transmission lines and substations to customers in 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 for 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. Hoover power customers are billed a percentage of the base charge in proportion to their power allocation. Unit rates are calculated for comparative purposes but are not used to determine the charges for service.

On March 31, 2023, FERC approved and confirmed Rate Schedule BCP-F11, under Rate Order No. WAPA-204, on a final basis through September 30, 2027.² Rate Schedule BCP-F11 and the BCP Electric Service Contract requires WAPA to determine the annual base charge and rates for the next fiscal year before October 1 of each year. The FY 2025 BCP base charge and rates expire on September 30, 2025.

Comparison of Base Charge and Rates

	FY 2025	FY 2026	Amount Change	Percent Change
Base Charge (\$)	74,334,285	80,184,173	5,849,888	7.9
Composite Rate (mills/kWh)	24.39	26.31	1.92	7.9
Energy Rate (mills/kWh)	12.20	13.16	.96	7.9
Capacity Rate (\$/kW-Mo)	2.17	2.34	0.17	7.8

The proposed FY 2026 base charge for BCP electric service is projected to increase from \$74.3 million in FY 2025 to \$80.2 million in FY 2026, a 7.9 percent increase.

² *Order Confirming and Approving Rate Schedule on a Final Basis*, FERC Docket No. EF22-4-000.

Reclamation's FY 2026 budget is increasing \$1.6 million, from \$87.2 million to \$88.8 million, a 1.8 percent increase from FY 2025. This budget reflects a \$3.1 million increase in O&M costs, primarily due to higher projected labor costs for salaries, benefits, and overhead. Additionally, services, materials and supplies, and equipment costs have increased due to rising purchase needs and inflation. Several large projects are being delayed, reducing replacements costs by \$2.5 million. Post-retirement benefits costs are increasing \$189,000 based on a higher five-year average of recent actual expenses. Visitor services costs are increasing \$772,000 primarily due to higher projected labor costs for salaries, benefits, overhead, and overtime.

WAPA's FY 2026 budget is unchanged from FY 2025 and will remain at \$10.1 million. Non-power revenue projections for Reclamation and WAPA are decreasing \$81,000 to \$18.3 million, due to lower estimated revenues for ancillary services. Prior year carryover is projected to result in a shortfall of approximately \$71,000, a \$4.2 million decrease from FY 2025. This decrease is attributed to higher execution rates in FY 2024 and the allocation of previously collected multiyear project funds for ongoing and upcoming work.

The composite and energy rates are increasing 7.9 percent, and the capacity rate is increasing 7.8 percent from FY 2025. These unit rate calculations use forecasted energy and capacity values, which may be updated when determining the final base charge and rates if hydrological conditions change.

WAPA's proposed base charge and rates for FY 2026, which would be effective October 1, 2025, are preliminary and subject to change based on modifications to forecasts before publication of the final base charge and rates.

Legal Authority

WAPA is establishing rates for BCP electric service in accordance with section 302 of the 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.

WAPA's proposal to calculate the base charge and rates for FY 2026 constitutes a major rate adjustment, as defined by 10 CFR 903.2(d). In accordance with 10 CFR 903.15, 10 CFR 903.16, and 10 CFR 904.7(e), 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 adjust the proposal as appropriate.

DOE regulations governing charges for the sale of BCP power, 10 CFR 904.7(e), requires annual review of the BCP base charge and an "adjust[ment] 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 [p]roject." This proposal is issued pursuant to Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, in which the Secretary of Energy delegated the authority to develop power and transmission rates to WAPA's Administrator. 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 of Energy on a provisional basis and by FERC on a final basis, adjustments to the base charge "shall become effective upon approval by the Deputy Secretary of Energy." Accordingly, the Deputy Secretary of Energy would approve the final FY 2026 base charge and rates for BCP electric service, as authorized by the BCP Electric Service Contract and DOE's procedures for public participation in rate adjustments set forth at 10 CFR parts 903 and 904.³ The FY 2026 base charge will also be filed at FERC for informational purposes only.

Availability of Information

All brochures, studies, comments, letters, memorandums, or other documents that DSW initiates or uses to develop the proposed formula rates for electric service and the base charge and rates are available for inspection and copying at the Desert Southwest Regional Office,

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

located at 615 South 43rd Avenue, Phoenix, Arizona. Many of these documents and supporting information are also available on DSW's BCP Rates website at: www.wapa.gov/about-wapa/regions/dsw/rates/boulder-canyon-project-rates.

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 April 22, 2025, by Tracey A. LeBeau, Administrator, 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 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 23, 2025.

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

⁴ In compliance with the National Environmental Policy Act of 1969 (NEPA), 42 U.S.C. 4321 *et seq.*, and DOE NEPA Implementing Procedures and Guidelines, 10 CFR part 1021.

