



DEPARTMENT OF ENERGY

Western Area Power Administration

Boulder Canyon Project

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice concerning fiscal year 2026 base charge and rates for electric service.

SUMMARY: The Deputy Secretary confirms, approves, and places into effect on a final basis the Western Area Power Administration (WAPA) Desert Southwest Region's (DSW) fiscal year (FY) 2026 base charge and rates for Boulder Canyon Project (BCP) electric service under Rate Schedule BCP-F11. The base charge is increasing 2.5 percent, from \$74.3 million in FY 2025 to \$76.2 million in FY 2026. This change is primarily due to a decrease in anticipated prior year carryover funds from FY 2025.

DATES: The FY 2026 base charge and rates are effective October 1, 2025, and will remain in effect through September 30, 2026.

FOR FURTHER INFORMATION CONTACT: Scott R. Lund, Regional Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, or Tina Ramsey, Rates Manager, Desert Southwest Region, Western Area Power Administration, (602) 812-2355, or email: dswpwrmrk@wapa.gov.

SUPPLEMENTARY INFORMATION: On March 31, 2023, the Federal Energy Regulatory Commission (FERC) approved and confirmed Rate Schedule BCP-F11, under Rate Order No. WAPA-204, on a final basis through September 30, 2027.¹ WAPA published a *Federal Register* notice (FRN) on April 28, 2025 (90 FR 17591), proposing the FY 2026 base charge and rates under Rate Schedule BCP-F11. The FRN also initiated a 90-day public consultation and comment period and set forth the date and location of the public information and public comment forums.

¹ *Order Confirming and Approving Rate Schedule on a Final Basis*, FERC Docket No. EF22-4-000 (2023).

The rate-setting methodology for BCP electric service requires calculation of 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 offset these projected costs. Hoover power contractors 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 electric service.

Rate Schedule BCP-F11 and the BCP Electric Service Contract require WAPA to calculate 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	76,174,568	1,840,283	2.5
Composite Rate (mills/kWh)	24.39	25.89	1.50	6.2
Energy Rate (mills/kWh)	12.20	12.95	0.75	6.1
Capacity Rate (\$/kW-Mo)	2.17	2.27	0.10	4.6

The base charge for BCP electric service is increasing from \$74.3 million in FY 2025 to \$76.2 million in FY 2026.

Comparison of Base Charge Inputs

	FY 2025	FY 2026 Proposed FRN	FY 2026	Change (FY 2025 to FY 2026)	Percent Change
Reclamation Budget (\$)	87,237,463	88,803,044	86,339,548	(897,915)	(1.0)
WAPA Budget (\$)	10,136,615	10,136,615	9,090,506	(1,046,109)	(10.3)
Non-Power Revenue (\$)	18,907,029	18,826,056	18,826,056	(80,973)	(0.4)

Carryover (\$)	4,132,764	(70,570)	429,430	(3,703,334)	(89.6)
Base Charge (\$) ²	74,334,285	80,184,173	76,174,568	1,840,283	2.5

The Bureau of Reclamation’s (Reclamation) FY 2026 budget reflects reductions, decreasing by \$898,000 from \$87.2 million to \$86.3 million, a 1 percent decrease from FY 2025. After publication of the FRN and a comprehensive review of operations and maintenance (O&M) expenditures, Reclamation’s initial FY 2026 projected increase of \$3.1 million in O&M costs was reduced by \$2.3 million to an increase of \$898,000. The increase is primarily due to higher projected labor costs for salaries, benefits, and overhead, as well as increased costs for services, materials and supplies, and equipment due to rising purchase needs and inflation. In addition, visitor services costs are increasing by \$772,000 also due to higher projected labor costs for salaries, benefits, overhead, and overtime. These increases, totaling \$1.6 million, were offset by a \$2.5 million reduction in replacement costs due to several large projects being delayed.

WAPA made reductions to both its FY 2025 and FY 2026 budgets totaling \$1.5 million over both fiscal years. WAPA’s FY 2025 O&M budget was reduced by \$500,000 impacting the carryover from FY 2025 to FY 2026. WAPA’s FY 2026 budget is decreasing \$1 million from \$10.1 million to \$9.1 million, a 10 percent decrease from FY 2025. These adjustments were made after publication of the FRN, stemming from strategic cost-containment initiatives and a comprehensive review of expenditures.

Non-power revenue projections for Reclamation and WAPA are decreasing \$81,000 to \$18.3 million, due to lower estimated revenue from ancillary services.

The projected FY 2025 to FY 2026 carryover is \$429,000. While carryover was originally projected to be a shortfall in the FRN, the updated figure is a result of WAPA’s previously mentioned cuts to their FY 2025 O&M budget. This amount represents a \$3.7

² Base Charge = Reclamation Budget + WAPA Budget – Non-Power Revenue – Carryover.

million decrease from the FY 2025 projected carryover. This decrease occurred due to higher than anticipated execution rates in FY 2024 and the application of previously collected multi-year project funds to ongoing and upcoming work.

The composite rate is increasing 6.2 percent, the energy rate is increasing 6.1 percent, and the capacity rate is increasing 4.6 percent from FY 2025. These unit rate calculations use forecasted energy and capacity values which decreased by 3.5 percent and 2.3 percent, respectively, when compared to FY 2025.

Public Notice and Comment

DSW followed the Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions (10 CFR part 903) and General Regulations for the Charges for the Sale of Power from the BCP (10 CFR part 904). DSW took the following steps to involve interested parties in the rate process:

1. DSW provided a website where information is posted about this rate process. The website is located at www.wapa.gov/about-wapa/regions/dsw/rates/boulder-canyon-project-rates.
2. On April 28, 2025, a Federal Register notice (90 FR 17591) (FRN) announced the proposed FY 2026 base charge and rates and initiated a 90-day public consultation and comment period.
3. On April 28, 2025, DSW notified contractors and interested parties of the proposed rates and provided a copy of the published FRN by email.
4. On May 28, 2025, DSW held a public information forum, with options to attend virtually or in person, at the Desert Southwest Regional Office, Phoenix, Arizona. DSW representatives explained the proposed base charge and provided contractors and interested parties an opportunity to ask questions and provide comments for the record.
5. On June 25, 2025, DSW posted on its website responses to questions asked at the public information forum. These questions focused on the increase in Reclamation's

maintenance budget and the projected monthly billing for the BCP base charge for FY 2026.

6. On June 27, 2025, DSW held a public comment forum, with options to attend virtually or in person, at the Desert Southwest Regional Office, Phoenix, Arizona, to provide an opportunity for contractors and other interested parties to provide comments for the record.

7. On July 28, 2025, the public consultation and comment period ended with DSW receiving one oral comment and several questions at the public information forum (see #5 previously listed) and written comments from Arizona Power Authority, Irrigation & Electrical Districts Association of Arizona and Colorado River Commission of Nevada.

8. The comments appear below, paraphrased where appropriate without compromising the meaning.

Oral comments were received from the following organization:

Arizona Power Authority

Written comments were received from the following organizations:

Arizona Power Authority

Colorado River Commission of Nevada

Irrigation and Electrical Districts Association of Arizona

Comments

Comment: At the public information forum, a commenter expressed concerns regarding the increase in personnel costs for Hoover Dam Visitor Services, as well as overall rising personnel expenses. The commenter recommended exploring cost-control measures, particularly given the subsidies allocated to Visitor Services.

Response: Reclamation acknowledges the commenter's concern regarding rising personnel costs, particularly the increases affecting Hoover Dam Visitor Services.

Reclamation will continue to evaluate and discuss potential cost-control measures at the Visitor Services Ad Hoc Committee meetings.

Comment: A commenter requested Reclamation seek methods to reduce operation costs in future base charge adjustments.

Response: Reclamation acknowledges the commenter's concerns and maintains an ongoing commitment to managing expenditures efficiently and reducing operational costs.

Comment: Commenters requested WAPA to cease collecting post-retirement benefits (PRBs) in the BCP rates to prevent further accumulation of funds, or to change its practice and defer collection until a resolution is reached by legislation for the use of these funds.

Response: Reclamation and WAPA acknowledge the commenters' concerns and recommendations regarding PRBs and will collaboratively work with Hoover Contractors to explore potential solutions that comport with contractual and legal requirements related to the collection and use of these funds.

Comment: A commenter requested WAPA, Reclamation and the Hoover Contractors to convene a workgroup to identify an administrative solution for utilizing stranded PRB funds on necessary maintenance and replacements at Hoover Dam.

Response: Reclamation and WAPA acknowledge the request to convene a workgroup, including Hoover Contractors, to identify administrative solutions for applying PRB funds toward essential maintenance and replacements at Hoover Dam. This requested collaborative approach will be considered as part of our continuous work toward developing and pursuing a comprehensive resolution for PRBs.

Comment: A commenter thanked WAPA for its cost-containment efforts and noted the increase in the FY 2026 base charge was not the result of an increase in WAPA's costs.

Response: WAPA appreciates the comment and is committed to developing budgets that will accomplish necessary work while ensuring the base charge and rates are the lowest cost possible consistent with sound business principles.

Certification of Rates

WAPA's Administrator certified the FY 2026 base charge and rates under Rate Schedule BCP-F11 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 used by WAPA to develop the base charge and rates for electric service is available for inspection and copying at the Desert Southwest Regional Office, located at 615 South 43rd Avenue, Phoenix, Arizona, 85009. Many of these documents are also available on DSW's website at www.wapa.gov/about-wapa/regions/dsw/rates/boulder-canyon-project-rates.

Legal Authority

DOE is setting 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.

DOE regulations governing charges for the sale of BCP power, 10 CFR 904.7(e), require 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."

WAPA's Administrator provided all BCP contractors an opportunity to comment on the proposed base charge adjustment, consistent with DOE procedures for public participation in rate adjustments. 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 may approve the 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

Following DOE’s review of WAPA’s proposal, and as authorized by applicable provisions of the BCP Electric Service Contract, I have confirmed, approved, and placed the FY 2026 base charge and rates for BCP electric service, under Rate Schedule BCP-F11, into effect on a final basis through September 30, 2026.

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

WAPA has determined that this action fits within the following categorical exclusion listed in appendix B to 10 CFR part 1021 and appendix B of DOE’s National Environmental Policy Act (NEPA) Implementing Procedures published on June 30, 2025: B4.3 (Electric power marketing rate changes). Under 10 CFR 1021.102, categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment.⁴ A copy of the categorical exclusion determination titled Boulder Canyon Project – Proposed Rate-Setting Formulas for Electric Service and Fiscal Year 2023 Base Charge and Rates, Rate Order WAPA-204 (1-31-2022) is available on WAPA’s website at:

www.wapa.gov/about-wapa/regions/dsw/environment/dsw-cx.

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive

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

⁴ The determination was done in compliance with the National Environmental Policy Act (NEPA) of 1969, as amended, 42 U.S.C. 4321 *et seq.*, and DOE NEPA Implementing Procedures, including 10 CFR part 1021.

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 October 17, 2025, by James Danly, Deputy 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 November 17, 2025.

Jennifer Hartzell,
Alternate Federal Register Liaison Officer,
U.S. Department of Energy.

[FR Doc. 2025-20296 Filed: 11/18/2025 8:45 am; Publication Date: 11/19/2025]