

DEPARTMENT OF ENERGY

Western Area Power Administration

Provo River Project Rate Order No. WAPA-165

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Rate Order Concerning a Formula Rate.

SUMMARY: Western Area Power Administration (Western) extends, on an interim basis, the existing Provo River Project Formula Rate through March 31, 2020. The existing Formula Rate under Rate Order No. WAPA-149 expires on March 31, 2015. The Formula Rate will be in effect until the Federal Energy Regulatory Commission (FERC) places it into effect on a final basis or until it is replaced by another rate.

DATES: This action is effective April 1, 2015.

FOR FURTHER INFORMATION CONTACT: Ms. Lynn C. Jeka, Colorado River Storage Project (CRSP) Manager, CRSP Management Center, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, telephone (801) 524-6372, e-mail: jeka@wapa.gov, or Mr. Rodney Bailey, Power Marketing Manager, CRSP Management Center, 150 East Social Hall Avenue, Suite 300, Salt Lake City, UT 84111-1580, telephone (801) 524-4007, e-mail: rbailey@wapa.gov.

SUPPLEMENTARY INFORMATION: By Delegation Order No. 00-037.00A, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Western's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand or to disapprove such rates to FERC. This extension

is issued pursuant to Delegation Order No. 00-37.00A and Department of Energy (DOE) rate extension procedures at 10 CFR 903.23(a).

Under Delegation Order No. 0204-108 and existing DOE procedures for public participation in rate adjustments at 10 CFR part 903, Western's Provo River Formula Rate was submitted to FERC for confirmation and approval on February 2, 2010. The Provo River Formula Rate, Rate Order No. WAPA-149, was approved for 5 years beginning April 1, 2010, and ending March 31, 2015.

The Provo River Project, which includes Deer Creek Dam on the Provo River in Utah, was authorized in 1935. Construction of the dam began in 1938 and was completed in 1951. The Deer Creek Powerplant was authorized on August 20, 1951; construction began in 1956 and was completed in 1958; generation began that same year. Its maximum operating capacity is 5,200 kilowatts.

The Provo River Project's power is sold according to a marketing plan that was published in the Federal Register on November 21, 1994 (59 FR 60010). This marketing plan allows Western to sell the output of the Provo River Project to Utah Municipal Power Agency, Utah Associated Municipal Power Systems, and Heber Light and Power (Customers) in the Provo River drainage area.

Contract Nos. 94-SLC-0253, 94-SLC-0254, and 07-SLC-0601 between the United States and Customers require that each fiscal year (FY) a new annual installment be calculated in advance by Western and submitted to the Customers on or before August 31 of the year preceding the applicable FY. Each FY Western prepares a power repayment study, which includes estimates of operation, maintenance, and replacement costs for the Deer Creek Powerplant. The annual installment is adjusted on or before August 31 of the year preceding the FY to which it pertains,

and Western identifies this amount in contract revisions. Each annual installment pays the amortized portion of the United States' investment in the Deer Creek hydroelectric facilities, with interest, and the associated operation, maintenance, and administrative costs. This repayment schedule is not dependent upon the capacity and associated energy made available for sale each year.

Rate extensions are authorized under 10 CFR 903.23. Rates previously confirmed and approved by FERC for which no adjustment is contemplated may be extended by the Deputy Secretary on an interim basis following notice of proposed extension at least 30 days before expiration. On October 6, 2014, Western published a notice of proposed extension in the Federal Register [(79 FR 60153)].

Following review of Western's proposal within DOE, I hereby approve, on an interim basis, Rate Order No. WAPA-165, which extends, without adjustment, the existing Formula Rate through March 31, 2020. Rate Order No. WAPA-165 will be submitted to FERC for confirmation and approval on a final basis.

Dated: February 4, 2015

Elizabeth Sherwood-Randall
Deputy Secretary

DEPARTMENT OF ENERGY
DEPUTY SECRETARY

In the matter of:)
)
Western Area Power Administration) Rate Order No. WAPA-165
Formula Rate for the)
Provo River Project)

ORDER CONFIRMING, APPROVING, AND PLACING THE
FORMULA RATE FOR THE PROVO RIVER PROJECT
INTO EFFECT ON AN INTERIM BASIS

Section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152) transferred to and vested in the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)), and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00A, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Administrator of Western Area Power Administration (Western); (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to the Federal Energy Regulatory Commission (FERC). This extension is issued pursuant to the Delegation Order and DOE rate extension procedures at 10 CFR 903.23(a).

BACKGROUND

On November 2, 2010, FERC confirmed and approved the existing Formula Rate for the Provo River Project under Rate Order No. WAPA-149.¹ FERC approved this Rate Order for 5 years beginning April 1, 2010, through March 31, 2015. On October 6, 2014, pursuant to 10 CFR 903.23(a), Western filed a notice in the Federal Register proposing to extend, without adjustment, Provo River Project's Formula Rate as Rate Order No. WAPA-165.² Consistent with its regulations at 10 CFR 903.23(a), Western did not hold a consultation and comment period; however, the customers were notified of Western's intent to extend the current Formula Rate during the Provo River Project Annual Customer Meeting on April 22, 2014, and later through certified letter. Western has received notifications from the customers through letter and e-mail that they wish to have Western extend the Provo River Project Formula Rate.

DISCUSSION

The Provo River Project's Formula Rate under Rate Order No. WAPA-149 expires on March 31, 2015. Contract Nos. 94-SLC-0253, 94-SLC-0254, and 07-SLC-0601 between the United States and customers require that each fiscal year (FY) a new annual installment be calculated in advance by Western and submitted to the customers on or before August 31 of the year preceding the appropriate FY. Each FY Western prepares a power repayment study, which includes estimates of operation, maintenance, and replacement costs for the Deer Creek Powerplant. The annual installment is adjusted on or before August 31 of the year preceding the FY to which it pertains, and Western identifies this amount in contract revisions. Each annual installment pays the amortized portion of the United States' investment in the Deer Creek hydroelectric facilities, with interest, and the associated operation, maintenance, and

¹ See U.S. Dept. of Energy, Western Area Power Admin., Docket No, EF10-5-000, 133 FERC ¶ 62,112 (2010).

² See 79 FR 60153 (October 6, 2014)

administrative costs. This repayment schedule is not dependent upon the capacity and associated energy made available for sale each year.

There is no adjustment to the Formula Rate for the extension period, April 1, 2015, through March 31, 2020. The forecasted revenue for the extension period is \$2,017,986 with an increase of approximately \$218,060 from the prior rate period, due mostly to projected turbine replacements. The data is projected 6 years because FY 2015 is an estimate used for the current FY 2015 annual installment.

ORDER

In view of the foregoing and under the authority delegated to me, I confirm, approve, and place into effect on an interim basis an extension of the Formula Rate, effective April 1, 2015. The Formula Rate shall remain in effect on an interim basis, pending FERC's confirmation and approval of this or a substitute Formula Rate on a final basis, through March 31, 2020.

Dated: February 4, 2015

Elizabeth Sherwood-Randall
Deputy Secretary

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