§ 825(b) (2000), and Part 45 of the regulations of the Federal Energy Regulatory Commission, 18 CFR Part 45 (2006).

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211, 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. On or before the comment date, it is not necessary to serve motions to intervene or protests on persons other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the ''eFiling'' link at *http://www.ferc.gov.* Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

This filing is accessible on-line at *http://www.ferc.gov,* using the ''eLibrary'' link and is available for review in the Commission's Public Reference Room in Washington, DC. There is an ''eSubscription'' link on the Web site that enables subscribers to receive e-mail notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please e-mail *FERCOnlineSupport@ferc.gov,* or call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Comment Date: 5 p.m. Eastern Time on December 31, 2009.

Kimberly D. Bose,

Secretary.

[FR Doc. E9–30067 Filed 12–17–09; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Western Area Power Administration

Loveland Area Projects—Rate Order No. WAPA–146

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of order concerning firm electric rates.

SUMMARY: The Deputy Secretary of Energy has confirmed and approved Rate Order No. WAPA–146 and Rate Schedule L–F9, placing firm electric service rates from the Loveland Area Projects (LAP) of the Western Area Power Administration (Western) into effect on an interim basis. The provisional rates will be in effect until the Federal Energy Regulatory Commission (FERC) confirms, approves, and places them into effect on a final basis or until they are replaced by other rates. The provisional rates will provide sufficient revenue to pay all annual costs, including interest expense, and repay investments and irrigation aid within the allowable periods.

DATES: Rate Schedule L–F9 will be placed into effect on an interim basis on the first day of the first full billing period beginning on or after January 1, 2010, and will remain in effect until FERC confirms, approves, and places the rate schedule into effect on a final basis ending December 31, 2014, or until the rate schedule is superseded.

FOR FURTHER INFORMATION CONTACT: Mr. Bradley S. Warren, Regional Manager, Rocky Mountain Customer Service Region, Western Area Power Administration, 5555 East Crossroads Boulevard, Loveland, CO 80538–8986, telephone (970) 461–7201, or Mrs. Sheila D. Cook, Rates Manager, Rocky Mountain Customer Service Region, Western Area Power Administration, 5555 East Crossroads Boulevard, Loveland, CO 80538–8986, telephone (970) 461–7211, e-mail *scook@wapa.gov.*

SUPPLEMENTARY INFORMATION: The Acting Deputy Secretary of Energy approved existing Rate Schedule L–F8 for firm electric service on an interim basis on January 8, 2009 (74 FR 3015, January 16, 2009), for a 5-year period beginning on February 1, 2009, and ending December 31, 2013.[1] Under Rate Schedule L–F8, the composite rate is 37.24 mills per kilowatthour (mills/kWh), the firm energy rate is 18.62 mills/kWh, and the firm capacity rate is $4.88 per kilowattmonth (kWmonth). This Rate Schedule is formula based, providing for an increase in the Drought Adder rate component of up to 2 mills/kWh without a formal public process.

The current rate, including a 2 mills/kWh increase provided for under the Drought Adder rate component, is not sufficient to meet the LAP revenue requirement. As a result, the LAP firm electric service rates must be increased mostly due to the financial impacts of the drought. The drought is causing a decrease in hydro-power generation, leading to an increase in purchase power expenses and a decrease in revenue from non-firm energy sales. Additional increases are being driven by slight increases in operation and maintenance costs, as well as the inclusion of additional transmission costs associated with the wheeling of Mt. Elbert generation in the Fryingpan-Arkansas Power Repayment Study.

Rate Schedule L–F8 is being superseded by Rate Schedule L–F9. Under Rate Schedule L–F9, the provisional rates for firm electric service will result in a composite rate of 41.42 mills/kWh. The firm energy rate will be 20.71 mills/kWh (a Base component of 12.54 mills/kWh and a Drought Adder component of 8.17 mills/kWh) and the capacity rate will be $5.43/kWmonth (a Base component of $3.29/kWmonth and a Drought Adder component of $2.14/kWmonth). This is an 11.2 percent increase when compared to the LAP firm electric rates under Rate Schedule L–F8.

By Delegation Order No. 00–037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to the Administrator of Western; (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. Existing Department of Energy procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

Under Delegation Order Nos. 00–037.00 and 00–001.00C, 10 CFR part 903, and 18 CFR part 300, I hereby confirm, approve, and place Rate Order No. WAPA–146, the proposed LAP firm electric service rates, into effect on an interim basis.

The new Rate Schedule L–F9 will be promptly submitted to FERC for confirmation and approval on a final basis.

[1] FERC confirmed and approved Rate Order WAPA–142 on June 26, 2009, in Docket No. EF09–5181. *See United States Department of Energy, Western Area Power Administration, Loveland Area Projects,* 127 FERC ¶ 62,245.

Dated: December 14, 2009.

Daniel B. Poneman,

Deputy Secretary.

Department of Energy Deputy Secretary

[Rate Order No. WAPA–146]

In the matter of: Western Area Power Administration Rate Adjustment for the Loveland Area Projects; Order Confirming, Approving, and Placing the Loveland Area Projects Firm Electric Service Rates Into Effect on an Interim Basis

These rates for the Loveland Area Projects were established in accordance with section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152). This Act 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)), section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s) and other acts that specifically apply to the project involved.

By Delegation Order No. 00–037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to the Administrator of Western; (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 the Federal Energy Regulatory Commission. Existing DOE procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985.

Acronyms and Definitions

As used in this Rate Order, the following acronyms and definitions apply:

Administrator: The Administrator of the Western Area Power Administration.
Base: Revenue requirement component of the firm electric service rate including annual operation and maintenance expenses, investment repayment and associated interest, normal timing power purchases, and transmission costs.
Capacity: The electric capability of a generator, transformer, transmission circuit, or other equipment. It is expressed in kilowatts.
Capacity Rate: The rate which sets forth the charges for capacity. It is expressed in dollars per kilowattmonth and applied to each kilowatt of the Contract Rate of Delivery (CROD).
Composite Rate: The rate for commercial firm power which is the total annual revenue requirement for capacity and energy divided by the total annual energy sales. It is expressed in mills per kilowatthour and used for comparison purposes.
Criteria: The Post-1989 General Power Marketing and Allocation Criteria for the sale of energy with capacity from the Pick-Sloan Missouri Basin Program—Western Division and the Fryingpan-Arkansas Project.
Customer: An entity with a contract that is receiving firm electric service from Western's Rocky Mountain Region.
Deficits: Deferred or unrecovered annual and/or interest expenses.
DOE: The United States Department of Energy.
DOE Order RA 6120.2: An order outlining power marketing administration financial reporting and rate-making procedures.
Drought Adder: Formula-based revenue requirement component including costs associated with the drought.
Energy: Power produced or delivered over a period of time. It is expressed in kilowatthours.
Energy Rate: The rate which sets forth the charges for energy. It is expressed in mills per kilowatthour and applied to each kilowatthour delivered to each Customer.
FERC: The Federal Energy Regulatory Commission.
Firm: A type of product and/or service always available at the time requested by a Customer.
FRN: **Federal Register** notice.
Fry–Ark: Fryingpan-Arkansas Project.
FY: Fiscal year; October 1 to September 30.
kW: Kilowatt—the electrical unit of capacity that equals 1,000 watts.
kWh: Kilowatthour—the electrical unit of energy that equals 1,000 watts in 1 hour.
kWmonth: Kilowattmonth—the electrical unit of the monthly amount of capacity.
LAP: Loveland Area Projects.
L–F8: Loveland Area Projects existing firm electric service rate schedule (expires December 31, 2013, or until superseded).
L–F9: Loveland Area Projects provisional firm electric service rate schedule to be effective January 1, 2010 (to expire December 31, 2014, or when superseded).
M&I: Municipal and Industrial water development.
mills/kWh: Mills per kilowatthour—the unit of charge for energy (equal to one tenth of a cent or one thousandth of a dollar).
MW: Megawatt—the electrical unit of capacity that equals 1 million watts or 1,000 kilowatts.
Non-timing Power Purchases: Power purchases that are not related to operational constraints such as management of endangered species, species habitat, water quality, navigation, and control area purposes.
O&M: Operation and Maintenance.
P–SMBP: The Pick-Sloan Missouri Basin Program.
P–SMBP—ED: Pick-Sloan Missouri Basin Program—Eastern Division.
P–SMBP—WD: Pick-Sloan Missouri Basin Program—Western Division.
Power: Capacity and energy.
Power Factor: The ratio of real to apparent power at any given point and time in an electrical circuit. Generally, it is expressed as a percentage.
Preference: The provisions of Reclamation Law which require Western to first make Federal power available to certain entities. For example, section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) states that preference in the sale of Federal power shall be given to municipalities and other public corporations or agencies and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made under the Rural Electrification Act of 1936.
Provisional Rate: A rate which has been confirmed, approved and placed into effect on an interim basis by the Deputy Secretary of Energy.
PRS: Power Repayment Study.
Rate Brochure: An August 2009 document explaining the rationale and background for the rate proposal contained in this Rate Order.
Ratesetting PRS: The PRS used for the rate adjustment period.
Reclamation: The United States Department of the Interior, Bureau of Reclamation.
Reclamation Law: A series of Federal laws that contain the framework under which Western markets power.
Regions: Western's Rocky Mountain Region and Upper Great Plains Region.
Revenue Requirement: The revenue required to recover annual expenses (such as O&M, purchase power, transmission service expenses, interest and deferred expenses) and repay Federal investments and other assigned costs.
Rocky Mountain Region: The Rocky Mountain Customer Service Region of the Western Area Power Administration.
Upper Great Plains Region: The Upper Great Plains Customer Service Region of the Western Area Power Administration.
Western: The United States Department of Energy, Western Area Power Administration.

Effective Date

The provisional rates will take effect on the first day of the first full billing period beginning on or after January 1, 2010, and will remain in effect until December 31, 2014, pending approval by FERC on a final basis.

Public Notice and Comment

Western followed the Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR part 903, in developing these rates. The steps Western took to involve interested parties in the rate process were as follows:

1. The proposed rate adjustment process began March 17, 2009, when Western's Rocky Mountain Region mailed a notice announcing informal meetings to all LAP preference Customers and interested parties.

2. The informal meetings were held on April 15, 2009, in Sioux Falls, South Dakota, and on April 16, 2009, in Northglenn, Colorado. At these informal meetings, Western explained the rationale for the rate adjustment, presented rate designs and methodologies, and answered questions.

3. A **Federal Register** notice, published on July 14, 2009 (74 FR 34009), announced the proposed rates for LAP, began the public consultation and comment period, and announced the public information and public comment forums.

4. On July 14, 2009, Western mailed letters to all LAP preference Customers and interested parties transmitting the FRN published on July 14, 2009.

5. On August 18, 2009, at 9 a.m. (MDT), Western held a public information forum at the Ramada Plaza Hotel in Northglenn, Colorado. Western provided updates to the proposed firm electric service rates for LAP and P–SMBP—ED. Western also answered questions and gave notice that more information was available in the Rate Brochure.

6. On August 18, 2009, at 11 a.m. (MDT), following the public information forum, a public comment forum was held. The comment forum gave the public an opportunity to comment for the record. No oral or written comments were received at this forum.

7. Western provided a Website with all of the letters, time frames, dates and locations of forums, documents discussed at the information meetings, FRNs, Rate Brochure, and all other information about this rate process. The Web site is located at h*ttp://www.wapa.gov/rm/ratesRM/2010/default.htm.*

8. Western received one comment letter and no oral comments during the consultation and comment period, which ended October 13, 2009. All formally submitted comments have been considered in preparing this Rate Order.

Comments

Written comments were received from the following organization:

Mid-West Electric Consumers Association

Project Descriptions

Loveland Area Projects

The Post-1989 General Power Marketing and Allocation Criteria, published in the **Federal Register** on January 31, 1986 (51 FR 4012), integrated the resources of the P–SMBP—WD and Fry-Ark. This operational and contractual integration, known as LAP, allowed an increase in marketable resource, simplified contract administration, and established a blended rate for LAP power sales. The Rocky Mountain Region markets LAP power in northeastern Colorado, east of the Continental Divide in Wyoming, west of the 101st meridian in Nebraska, and most of Kansas.

The P–SMBP—WD and Fry-Ark retain separate financial status. For this reason, separate PRSs are prepared annually for each project. These PRSs are used to determine the sufficiency of the firm electric service rate to generate adequate revenue to repay project investment and costs during each project's prescribed repayment period. The revenue requirement of the Fry-Ark PRS is combined with the P–SMBP—WD revenue requirement, derived from the P–SMBP PRS, to develop one rate for LAP firm electric sales.

Pick-Sloan Missouri Basin Program—Western Division

The P–SMBP was authorized by Congress in Section 9 of the Flood Control Act of December 22, 1944, commonly referred to as the Flood Control Act of 1944. This multipurpose program provides flood control, irrigation, navigation, recreation, preservation and enhancement of fish and wildlife, and power generation. Multipurpose projects have been developed on the Missouri River and its tributaries in Colorado, Montana, Nebraska, North Dakota, South Dakota, and Wyoming.

In addition to the multipurpose water projects authorized by Section 9 of the Flood Control Act of 1944, certain other existing projects have been integrated with the P–SMBP for power marketing, operation, and repayment purposes. The Colorado-Big Thompson, Kendrick, and Shoshone Projects were combined with the P–SMBP in 1954, followed by the North Platte Project in 1959. These projects are referred to as the ''Integrated Projects'' of the P–SMBP.

The Flood Control Act of 1944 also authorized the inclusion of the Fort Peck Project with the P–SMBP for operation and repayment purposes. The Riverton Project was integrated with the P–SMBP in 1954, and in 1970 was reauthorized as a unit of P–SMBP.

The P–SMBP is administered by two regions. The Rocky Mountain Region, with a regional office in Loveland, Colorado, markets the Western Division power of P–SMBP through LAP. The Upper Great Plains Region, with a regional office in Billings, Montana, markets power from the Eastern Division of P–SMBP. Eastern Division power is marketed in western Iowa, western Minnesota, Montana, east of the Continental Divide, North Dakota, South Dakota, and the eastern two-thirds of Nebraska. P–SMBP power is marketed to approximately 54 firm power Customers by the Rocky Mountain Region and approximately 300 firm power Customers by the Upper Great Plains Region.

Fryingpan-Arkansas Project

Fry-Ark is a trans-mountain diversion development in southeastern Colorado authorized by the Act of Congress on August 16, 1962 (Pub. L. 87–590, 76 Stat. 389, as amended by Title XI of the Act of Congress on October 27, 1974 (Pub. L. 93–493, 88 Stat. 1486, 1497)). The Fry-Ark diverts water from the Fryingpan River and other tributaries of the Roaring Fork River in the Colorado River Basin on the West Slope of the Rocky Mountains to the Arkansas River on the East Slope. The water diverted from the West Slope, together with regulated Arkansas River water, provides supplemental irrigation and M&I water supplies, and produces hydroelectric power. Flood control, fish and wildlife enhancement, and recreation are other important purposes of Fry-Ark. The only generating facility in Fry-Ark is the Mt. Elbert Pumped-Storage powerplant on the East Slope.

Power Repayment Studies—Firm Electric Service Rate

Western prepares PRSs each FY to determine if revenues will be sufficient to repay, within the required time, all costs assigned to the LAP. Repayment criteria are based on Western's applicable laws and legislation, as well as policies including DOE Order RA 6120.2. To meet Cost Recovery Criteria outlined in DOE Order RA 6120.2, revised studies and rate adjustments have been developed to demonstrate that sufficient revenues will be collected under the proposed rates to meet future obligations.

Existing and Provisional Rates

A comparison of the existing and provisional rates for LAP firm electric service follows:

TABLE 1—COMPARISON OF EXISTING AND PROVISIONAL RATES LAP FIRM ELECTRIC SERVICE

Firm electric service	Existing rate (February 1, 2009) L–F8	Provisional rate L–F9	Percent change
LAP Revenue Requirement (million)	$75.9	$84.5	11.2
LAP Composite Rate (mills/kWh)	37.24	41.42	11.2
Firm Energy Rate (mills/kWh)	18.62	20.71	11.2
Firm Capacity Rate ($/kWmonth)	$4.88	$5.43	11.2

Certification of Rates

Western's Administrator certified that the provisional rates for LAP firm electric service under Rate Schedule L–F9 are the lowest possible rates consistent with sound business principles. The provisional rates were developed following administrative policies and applicable laws.

LAP Firm Electric Service Rate Discussion

According to Reclamation Law, Western must establish power rates sufficient to recover O&M, purchased power and interest expenses, and repay power investment and irrigation aid.

The Criteria, published in the **Federal Register** on January 31, 1986 (51 FR 4012), operationally and contractually integrated the resources of the P–SMBP—WD and Fry-Ark (thereafter referred to as LAP). A blended rate was established for the sale of LAP firm electric service. The P–SMBP—WD portion of the revenue requirement for LAP firm electric service rates was developed from the revenue requirement calculated in the P–SMBP Ratesetting PRS. The P–SMBP—WD revenue requirement increased approximately 13 percent from the previous revenue requirement due to the financial impact of the drought, increased annual expenses, increased investments, and increased interest expenses associated with deficits. The revenue requirements for P–SMBP—WD are as follows:

TABLE 2—SUMMARY OF P–SMBP—WD REVENUE REQUIREMENTS ($000)

Current Revenue Requirement (Feb 09):	
(30.89 mills/kWh × 1,988,000,000 kWh)	$61,409
Provisional Increase:	
Base: 0.25 mills/kWh × 1,988,000,000 kWh	497
Drought Adder: 3.66 mills/kWh × 1,988,000,000 kWh	7,276
	7,773
Provisional Revenue Requirement:	
(30.89 + 3.91 = 34.80 mills/kWh × 1,988,000,000 kWh)	69,182

The adjustment to the P–SMBP—ED revenue requirement is a separate formal rate process which is documented in Rate Order No. WAPA–147. Rate Order No. WAPA–147 is also scheduled to go into effect on the first day of the first full billing period on or after January 1, 2010.

Fry-Ark

The Fry-Ark portion of the revenue requirement for LAP firm electric service rates was developed from the revenue requirement calculated in the Fry-Ark Ratesetting PRS. The Fry-Ark revenue requirement increased approximately 5 percent due to increased transmission expenses and the financial impact of the drought. The revenue requirements for Fry-Ark are as follows:

TABLE 3—SUMMARY OF FRY-ARK REVENUE REQUIREMENTS ($000)

Current Revenue Requirement (Feb 09):	$14,545
Provisional Increase:	
Base	773
Drought Adder	10
	783
Provisional Revenue Requirement	15,328

The following table compares LAP existing revenue requirements to the proposed revenue requirements:

TABLE 4—SUMMARY OF LAP REVENUE REQUIREMENTS ($000)

	Existing (February 2009)	Provisional
P–SMBP—WD	$61,409	$69,182
Fry–Ark	14,545	15,328

TABLE 4—SUMMARY OF LAP REVENUE REQUIREMENTS ($000)—Continued

	Existing (February 2009)	Provisional
Total LAP ...	75,954	84,510

Under Rate Schedule L–F9, Western will continue to identify its firm electric service revenue requirement using Base and Drought Adder components. The Base component is a fixed revenue requirement for each project that includes annual O&M expenses, investment repayment and associated interest, normal timing power purchases, and transmission costs. Normal timing power purchases are purchases due to operational constraints (*e.g.,* management of endangered species habitat, water quality, navigation, control area purposes, etc.) and are not associated with drought conditions in the Regions. The Base component cannot be adjusted by Western without a public process.

The Drought Adder component for each project is a formula-based revenue requirement that includes costs attributable to the drought conditions in the Regions. The Drought Adder component includes costs associated with future non-timing power purchases to meet firm electric service contractual obligations not covered with available system generation due to the drought, previously incurred deficits due to purchased power debt that resulted from non-timing power purchases made during the drought, and the interest associated with the previously incurred and future drought debt. The Drought Adder component is designed to repay the drought debt within 10 years from the time the debt was incurred using balloon-payment methodology. For example, the drought debt incurred by Western in FY 2008 will be repaid by FY 2018.

The annual revenue requirement calculation will continue to be summarized by the following formula: Annual Revenue Requirement = Base Revenue Requirement + Drought Adder Revenue Requirement. Under this provisional rate, the LAP annual revenue requirement is $84.5 million and is comprised of a Base revenue requirement of $51.2 million plus a Drought Adder revenue requirement of $33.3 million.

A comparison of the current and proposed rate components are listed in the following table:

TABLE 5—SUMMARY OF LAP COMPONENTS

	Existing rates L–F8			Provisional rates L–F9		
	Base	Drought adder	Total	Base	Drought adder	Total
Firm Capacity ($/kW–month)	$3.21	$1.67	$4.88	$3.29	$2.14	$5.43
Firm Energy (mills/kWh)	12.23	6.39	18.62	12.54	8.17	20.71

Continuing to identify the firm electric service revenue requirement using Base and Drought Adder components will assist Western in presenting the effects of the drought within the Regions, demonstrating repayment of the drought related costs, and allow Western to be more responsive to changes in drought related expenses. Western will continue to charge and bill Customers firm electric service rates for energy and capacity, which are the sum of the Base and Drought Adder components.

Western reviews its firm electric service rates annually. Western will review the Base rate component after the annual PRSs are complete, generally in the first quarter of the calendar year. If an adjustment to the Base rate component is necessary, Western will initiate a public process pursuant to 10 CFR part 903 prior to making an adjustment.

In accordance with the original implementation of the Drought Adder component, Western will review the Drought Adder component each September to determine if drought costs differ from those projected in the PRSs. If drought costs differ, Western will determine whether an adjustment to the Drought Adder component is necessary. Western will notify Customers by letter each October of the planned incremental or decremental adjustment and implement the adjustment in the following January billing cycle. Although decremental adjustments to the Drought Adder will occur as drought costs are repaid, the adjustments cannot result in a negative Drought Adder rate component. To give customers advance notice, Western will conduct a preliminary review of the Drought Adder in early summer and notify Customers by letter of any estimated change to the Drought Adder for the following January. Western will verify final Drought Adder rate component adjustment by notification in the October letter to the Customers. Implementing the Drought Adder rate component adjustment on January 1 of each year will help keep the drought deficits from escalating as quickly, will lower the interest expense due to drought deficits, will demonstrate responsible deficit management, and will provide prompt drought deficit repayments.

Western's current and provisional rate schedules provide for a formula-based adjustment of the Drought Adder rate component of up to 2 mills/kWh. The 2 mills/kWh cap is intended to place a limit on the amount the Drought Adder formula can be adjusted relative to associated drought costs without initiating a public process to recover costs attributable to the Drought Adder formula rate for any one-year cycle.

Statement of Revenue and Related Expenses

The following table provides a summary of projected revenue and expense data for the Fry-Ark firm electric service revenue requirement through the 5-year provisional rate approval period:

TABLE 6—FRY–ARK COMPARISON OF 5-YEAR RATE APPROVAL PERIOD (FY 2010–2014) TOTAL REVENUE AND EXPENSE ($000)

	Existing rate	Provisional rate	Difference
Total Revenues	$78,983	$84,897	$5,914
Revenue Distribution:			

TABLE 6—FRY–ARK COMPARISON OF 5-YEAR RATE APPROVAL PERIOD (FY 2010–2014) TOTAL REVENUE AND EXPENSE ($000)—Continued

	Existing rate	Provisional rate	Difference
Expenses:			
O&M [1]	$28,868	$25,307	$−3,561
Purchase Power	1,398	1,077	−321
Transmission	20,027	20,671	644
Interest [2]	21,383	20,243	−1,140
Total Expenses	71,676	67,298	−4,378
Principal Payments:			
Capitalized Expenses (deficits)	0	0	0
Original Project and Additions [3]	1,762	14,214	12,452
Replacements [3]	5,545	3,385	−2,160
Total Principal Payments	7,307	17,599	10,292
Total Revenue Distribution	78,983	84,897	5,914

[1] The decrease in O&M expense is due to changes reflected in Reclamation's FY 2010 work plan.
[2] The decrease in interest expense is primarily due to a increased repayment over the 5-year period.
[3] The difference in principal payments is due to increased revenue being available for repayment during the 5-year period.

The summary of P–SMBP—WD revenues and expenses for the 5-year provisional rate approval period is included in the P–SMBP Statement of Revenue and Related Expenses that is part of Rate Order No. WAPA–147.

Basis for Rate Development

The existing rates for LAP firm electric service in Rate Schedule L–F8, which expire December 31, 2013, no longer provide sufficient revenues to pay all annual costs, including interest expense, and repay investments and irrigation aid within the allowable period. The adjusted rates reflect increases due to the financial impact of the drought, increased annual expenses, increased investments, and increased interest expense associated with investments and drought deficits. The provisional rates will provide sufficient revenue to pay all annual costs, including interest expenses, and repay investments and irrigation aid within the allowable periods. The provisional rates will take effect on the first day of the first full billing period beginning on or after January 1, 2010, and will remain in effect on an interim basis, pending FERC's confirmation and approval of them or substitute rates on a final basis, through December 31, 2014.

Comments

The comment and response below regarding the firm electric service rates is paraphrased for brevity when not affecting the meaning of the statement(s).

Comment: One Customer representative recognized the impacts that the extended drought has had on the current financial status of the P–SMBP and stated that the repayment of Federal investment through Federal power rates is taken very seriously by the Customers. This Customer representative also stated that, while recent forecasts of Pick-Sloan generation suggest improved revenues over those projected when Western began this public process, the customer representative does not think it would be appropriate for Western to attempt to adjust its proposed rate in the middle of this public process. The customer representative noted that, should generation and revenues witness a dramatic improvement, Western has the capability to adjust the Drought Adder up to 2 mills without going through a full public process.

Response: Western acknowledges the financial impact of the extended drought and the need for a firm power rate increase, as well. Western recognizes the Firm Power Customers' serious commitment to power repayment. Western agrees that it would not be appropriate to adjust the proposed rate in the middle of this public process, but recognizes that it has the ability to make subsequent changes to the rate through the Drought Adder in the event of changes in forecast generation and revenues.

Availability of Information

Information about this rate adjustment, including the PRSs, comments, letters, memorandums and other supporting materials, that was used to develop the provisional rates is available for public review in the Rocky Mountain Regional Office, Western Area Power Administration, 5555 E. Crossroads Boulevard, Loveland, Colorado.

Ratemaking Procedure Requirements

Environmental Compliance

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

Determination Under Executive Order 12866

Western 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.

Submission to the Federal Energy Regulatory Commission

The Provisional Rates herein confirmed, approved, and placed into effect, together with supporting documents, will be submitted to FERC for confirmation and final approval.

Order

In view of the foregoing and under the authority delegated to me, I confirm and approve on an interim basis, effective on the first full billing period on or after January 1, 2010, Rate Schedule L–F9 for the Loveland Area Projects of the Western Area Power Administration. The rate schedule shall remain in effect on an interim basis, pending FERC's confirmation and approval of them or substitute rates on a final basis through December 31, 2014.

Dated: December 14, 2009.

Daniel B. Poneman

Deputy Secretary

Rate Schedule L–F9

(Supersedes Rate Schedule L–F8)

Effective January 1, 2010

United States Department of Energy Western Area Power Administration

Loveland Area Projects Colorado, Kansas, Nebraska, Wyoming

Schedule of Rates For Firm Electric Service

(Approved Under Rate Order No. WAPA–146)

Effective:

The first day of the first full billing period beginning on or after January 1, 2010, through December 31, 2014.

Available:

Within the marketing area served by the Loveland Area Projects.

Applicable:

To the wholesale power Customers for firm electric service supplied through one meter at one point of delivery, or as otherwise established by contract.

Character:

Alternating current, 60 hertz, three phase, delivered and metered at the voltages and points established by contract.

Monthly Rates:

Capacity Charge: $5.43 per kilowatt of billing capacity.

Energy Charge: 20.71 mills per kilowatthour (kWh) of monthly entitlement.

Billing Capacity: Unless otherwise specified by contract, the billing capacity will be the seasonal contract rate of delivery.

Charge Components:

Base: A fixed revenue requirement that includes operation and maintenance expense, investment repayment and associated interest, normal timing power purchases (purchases due to operational constraints, not associated with drought), and transmission costs. The Base revenue requirement is $51.2 million.

$$\text{Base Capacity} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Firm Billing Capacity}} = \$3.29/\text{kWmonth}$$

$$\text{Base Energy} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Annual Energy}} = 12.54 \text{ mills/kWmonth}$$

Drought Adder: A formula-based revenue requirement that includes future purchase power expense in excess of timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits. For the period beginning on or after the first day of the first full billing period beginning on or after January 1, 2010, the Drought Adder revenue requirement is $33.3 million.

$$\text{Drought Adder Capacity} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Firm Billing Capacity}} = \$2.14/\text{kWmonth}$$

$$\text{Drought Adder Energy} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Annual Energy}} = 8.17 \text{ mills/kWh}$$

Process:

Any proposed change to the Base component will require a public process. The Drought Adder component may be adjusted annually using the above formulas for any costs attributed to drought of less than or equal to the equivalent of 2 mills/kWh to the LAP composite rate. Any planned incremental adjustment to the Drought Adder component greater than the equivalent of 2 mills/kWh to the LAP composite rate will require a public process.

Adjustments:

For Drought Adder: Adjustments pursuant to the Drought Adder component will be documented in a revision to this rate schedule.

For Transformer Losses: If delivery is made at transmission voltage but metered on the low-voltage side of the substation, the meter readings will be increased to compensate for transformer losses as provided for in the contract.

For Power Factor: None. The Customer will be required to maintain a power factor at all points of measurement between 95-percent lagging and 95-percent leading.

[FR Doc. E9–30147 Filed 12–17–09; 8:45 am]

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DEPARTMENT OF ENERGY

Western Area Power Administration

Pick-Sloan Missouri Basin Program—Eastern Division—Rate Order No. WAPA–147

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of Order Concerning Firm Power Rates.

SUMMARY: The Deputy Secretary of Energy confirmed and approved Rate Order No. WAPA–147 and Rate Schedules P–SED–F11 and P–SED–FP11, placing firm power and firm peaking power rates from the Pick-Sloan Missouri Basin Program—Eastern Division (P–SMBP—ED) of the Western Area Power Administration (Western) into effect on an interim basis. The provisional rates will be in effect until the Federal Energy Regulatory Commission (FERC) confirms, approves, and places them into effect on a final basis or until they are replaced by other rates. The provisional rates will provide sufficient revenue to pay all annual costs, including interest expense, and repay power investments and irrigation aid within the allowable periods.

DATES: Rate Schedules P–SED–F11 and P–SED–FP11 will be placed into effect on an interim basis on the first day of the first full billing period beginning on or after January 1, 2010, and will remain in effect until FERC confirms, approves, and places the rate schedules in effect on a final basis ending December 31, 2014, or until the rate schedules are superseded.

FOR FURTHER INFORMATION CONTACT: Mr. Robert J. Harris, Regional Manager, Upper Great Plains Region, Western Area Power Administration, 2900 4th