

Supplemental Reserve Service; Variable Energy Resource Balancing Service; and Dispatchable Energy Resource Balancing Service.

#### D. Overview of Studies

The initial rate proposal for power rates and ancillary service and control area service rates is explained and documented in the following studies.

##### 1. Power Rates Study

The Power Rates Study (formerly the Wholesale Power Rate Development Study) explains and documents the development of power rates and billing determinants for BPA's power products and services. The new Priority Firm rate design, as set forth in the Tiered Rate Methodology, is implemented with this proposal for the first time. The TRM provides for a two-tiered PF rate design applicable to firm requirements power service for Public customers that signed a CHWM contract providing for tiered rates. The TRM also addresses other rate design changes, particularly for power sold at Tier 1 rates. As explained in section IV.A. of this notice, the Power Rates Study reflects the assumption of a specific REP settlement outcome to model the rates. The results of the study are reflected in the proposed power rate schedules.

##### 2. Power Loads and Resources Study

The Power Loads and Resources Study explains and documents the compilation of the load and resource data and forecasts necessary for developing BPA's wholesale power rates. The Study has three major interrelated components: The Federal system load forecast; The Federal system resource forecast; and the Federal system loads and resources balance.

##### 3. Power Revenue Requirement Study

The Power Revenue Requirement Study explains and documents the level of revenues from power rates necessary to recover, in accordance with sound business principles, the FCRPS costs associated with the production, acquisition, marketing, and conservation of electric power. Cost estimates in the Power Revenue Requirement Study are based on the results of the IPR, as presented in the Final Close-Out Letter dated October 27, 2010. The repayment studies reflect actual and projected repayment obligations and transactions related to BPA's Debt Optimization program. All new capital investments are assumed to be financed from debt or appropriations. The adequacy of projected revenues to recover the rate test period revenue

requirement and to recover the Federal investment over the prescribed repayment period is tested and demonstrated for the generation function.

##### 4. Power Risk and Market Price Study

The Power Risk and Market Price Study has three major components: Quantification of the risks accounted for in setting power rates; the electricity market price forecast used in setting power rates; and the set of risk mitigation measures to include in rates that ensure that power rates meet the established TPP. The TPP is a measure of the probability that BPA will make its Treasury payments on time and in full during the rate period. If the TPP is below BPA's two-year 95 percent standard, a combination of risk mitigation tools is proposed to meet the TPP standard.

The electricity market price forecast portion of the study explains and documents forecasts of the variable cost of the marginal resource for transactions in the wholesale energy market. The specific market used in this analysis is the Mid-Columbia trading hub in the State of Washington, although this forecast is influenced by conditions in other regions within the Western Interconnection. The Power Risk and Market Price Study also explains and documents the natural gas price forecast used in setting rates.

##### 5. Generation Inputs Study

The Generation Inputs Study includes the study and documentation for generation inputs costs and other inter-business line costs. The study also includes the development and design of the proposed ACS-12 Ancillary and Control Area Services rate schedule, which had been issued in a separate study starting with the 2010 rate proceeding. The forecasts for balancing reserve capacity to provide regulation and frequency response, variable energy resource balancing service, dispatchable energy resource balancing service, operating reserve, and load following are explained and documented in the Generation Inputs Study. The Study explains and documents the embedded and variable cost methodologies for these balancing reserve capacity obligations and the resulting revenue credits reflected in the power rates. The proposed design for rates under the ACS-12 rate schedule is also described.

##### 6. Related Studies in the REP-12 Proceeding

The following studies will be described in the REP-12 notice in the **Federal Register** and will be included as

part of the initial proposal in that proceeding.

REP Settlement Evaluation and Analysis Study.

Section 7(b)(2) Rate Test Study.

Lookback Recovery and Return.

#### Part V—Proposed 2012 Rate Schedules

BPA's proposed 2012 Power Rate Schedules are a part of this notice and are available for viewing and downloading on BPA's Web site at <http://www.bpa.gov/corporate/ratecase/2012/>. Copies of the proposed rate schedules also are available for viewing in BPA's Public Reference Room at the BPA Headquarters, 1st Floor, 905 NE. 11th Avenue, Portland, OR 97232.

Issued this 12th day of November, 2010.

**David J. Armstrong,**

*Acting Deputy Administrator.*

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#### DEPARTMENT OF ENERGY

#### Federal Energy Regulatory Commission

[Project No. 12690-003]

#### Public Utility District No. 1 of Snohomish County, WA; Notice of Teleconference

November 10, 2010.

a. *Date and Time of Meeting:* Monday, November 15, 2010 starting at 12 p.m. and ending by 2 p.m. (Eastern Standard Time).

b. *FERC Contact:* David Turner, (202) 502-6091 or [david.turner@ferc.gov](mailto:david.turner@ferc.gov).

c. *Purpose of Meeting:* Commission staff will meet with the Snohomish County Public Utility District (District) to clarify the Commission's August 6, 2010, request for additional information on the District's draft license application for the Admiralty Inlet Pilot Tidal Project, which would be located in the Puget Sound, in Washington.

d. If you would like to attend the meeting or have any questions, contact David Turner via e-mail by November 11, 2010.

**Kimberly D. Bose,**

*Secretary.*

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