

separate NEPA review if funds became available. This alternative differs from the No Action Alternative in that the No Action Alternative assumes sufficient expenditures to sustain operational capability, while the Reduced Operations Alternative assumes deactivation of facilities when their continued safe operation requires more than normal maintenance except where noted above.

Public Scoping Process. The scoping process is an opportunity for the public to assist the NNSA in determining the issues for impact analysis. A public scoping meeting will be held as noted under **DATES**. The purpose of the scoping meeting is to provide the public with an opportunity to present oral and written comments, ask questions, and discuss concerns regarding the new SWEIS with NNSA officials. Comments and recommendations can also be communicated to NNSA as noted earlier in this notice under **ADDRESSES**. The SWEIS public meetings will use a format to facilitate dialogue between NNSA and the public. NNSA welcomes specific comments or suggestions on the content of the document.

The potential scope of the SWEIS discussed in the previous portions of this NOI is tentative and is intended to facilitate public comment on the scope of the SWEIS. The SWEIS will describe the potential environmental impacts of the alternatives by using available data where possible and obtaining additional data where necessary. Copies of written comments and transcripts of oral comments provided to NNSA during the scoping period will be available at the U.S. Department of Energy Public Reading Room at 230 Warehouse Road, Oak Ridge, TN 37830, and on the internet at <http://www.y-12sweis.com>. The 2001 SWEIS is available on the internet at <http://www.oh.doe.gov/nepa/eis/eis0309/toc.html>.

SWEIS Preparation Process. The SWEIS preparation process begins with the publication of this NOI in the **Federal Register**. After the close of the public scoping period, NNSA will begin preparing the draft SWEIS. NNSA expects to issue the draft SWEIS for public review by next summer. Public comments on the draft SWEIS will be received during a comment period of at least 45 days following the U.S. Environmental Protection Agency publication of the Notice of Availability in the **Federal Register**. Notices placed in local newspapers will specify dates and locations for at least one public hearing on the draft SWEIS, and will establish a schedule for submitting comments on the draft, including a final date for submission of comments.

Issuance of the final SWEIS is scheduled for late 2006.

Classified Material. NNSA will review classified material while preparing this SWEIS. Within the limits of classification, NNSA will provide the public as much information as possible to assist its understanding and ability to comment. Any classified material needed to explain the purpose and need for the action, or the analyses in this SWEIS, will be segregated into a classified appendix or supplement, which will not be available for public review. However, all unclassified information or results of calculations using classified data will be reported in the unclassified section of the SWEIS, to the extent possible in accordance with Federal classification requirements.

Issued in Washington, DC, this 18th day of November, 2005.

Linton F. Brooks,

Administrator, National Nuclear Security Administration.

[FR Doc. 05-23369 Filed 11-25-05; 8:45 am]

BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

[Rate Order No. WAPA-125]

Loveland Area Projects

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of order concerning power rates.

SUMMARY: The Deputy Secretary of Energy confirmed and approved Rate Order No. WAPA-125 and Rate Schedule L-F6, 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 (Commission) 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 expenses, and repay power investment and irrigation aid, within the allowable periods.

DATES: Rate Schedule L-F6 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, 2006, and will be in effect until the Commission confirms, approves, and places the provisional rates into effect on a final basis ending December 31,

2010, or until the rate schedule is superseded.

FOR FURTHER INFORMATION CONTACT: Mr. Joel K. Bladow, Regional Manager, Rocky Mountain Customer Service Region, Western Area Power Administration, 5555 East Crossroads Boulevard, Loveland, Colorado, 80538-8986, (970) 461-7201, or Mr. Daniel T. Payton, Rates Manager, Rocky Mountain Customer Service Region, Western Area Power Administration, 5555 East Crossroads Boulevard, Loveland, Colorado, 80538-8986, telephone (970) 461-7442, e-mail dpayton@wapa.gov.

SUPPLEMENTARY INFORMATION: The Deputy Secretary of Energy approved existing Rate Schedule L-F5 for LAP firm electric service on an interim basis on December 24, 2003 (Rate Order No. WAPA-105, 69 FR 644, January 6, 2004). The Commission confirmed and approved the rate schedule on a final basis on December 21, 2004, in FERC Docket No. EF04-5181-000 (109 FERC 62,228). The existing rate schedule is effective from February 1, 2004, through December 31, 2008.

Existing firm electric service Rate Schedule L-F5 is being superseded by Rate Schedule L-F6. Under Rate Schedule L-F5, the energy charge is 11.95 mills per kilowatthour (mills/kWh) and the capacity charge is \$3.14 per kilowattmonth (kWmonth). The composite rate is 23.90 mills/kWh. The provisional rates for LAP firm electric service under Rate Schedule L-F6 are being implemented in two steps. The first step of the provisional rates for LAP firm electric service consists of an energy charge of 13.06 mills/kWh and a capacity charge of \$3.43 per kWmonth, producing an overall composite rate of 26.12 mills/kWh on January 1, 2006. This represents a 9.3 percent increase when compared with the existing LAP firm electric service rate under Rate Schedule L-F5. The second step of the provisional rates for LAP firm electric service consists of an energy charge of 13.68 mills/kWh and a capacity charge of \$3.59 per kWmonth, producing an overall composite rate of 27.36 mills/kWh on January 1, 2007. This represents an additional 5.2 percent increase.

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 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 the

Commission. Existing DOE 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 00-001.00A, 10 CFR part 903, and 18 CFR part 300, I hereby confirm, approve, and place Rate Order No. WAPA-125 and the proposed LAP firm electric service rates into effect on an interim basis. The new Rate Schedule L-F6 will be promptly submitted to the Commission for confirmation and approval on a final basis.

Dated: November 9, 2005.

Clay Sell,

Deputy Secretary.

Order Confirming, Approving, and Placing the Loveland Area Projects Firm Electric Service Rates Into Effect on an Interim Basis

These rates 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)), 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 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 the 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 Western Area Power Administration.

Capacity: The electric capability of a generator, transformer, transmission circuit, or other equipment. It is expressed in kW.

Capacity Charge: The rate which sets forth the charges for capacity. It is expressed in dollars per kWmonth.

Commission: Federal Energy Regulatory Commission.

Composite Rate: The rate for commercial firm power and is the total annual revenue requirement for capacity and energy divided by the total annual firm energy sales under contract. It is expressed in mills/kWh 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 for and receiving firm electric service from Western's Rocky Mountain Region.

Deficits: Deferred or unrecovered annual expenses.

DOE Order RA 6120.2: An order outlining power marketing administration financial reporting and rate-making procedures.

Energy: Measured in terms of the work it is capable of doing over a period of time. It is expressed in kWh.

Energy Charge: The rate which sets forth the charges for energy. It is expressed in mills per kWh and applied to each kWh delivered to each customer.

FERC: The Commission (to be used when referencing Commission Orders).

Firm: A type of product and/or service that is available at the time requested by the 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.

kWmonth: Kilowattmonth—the electrical unit of the monthly amount of capacity.

kWh: Kilowatthour—the electrical unit of energy that equals 1,000 watts in 1 hour.

kilowattyear: Kilowattyear—the electrical unit of the yearly amount of capacity.

LAP: Loveland Area Projects.

L-F5: Loveland Area Projects existing firm electric service rate schedule (expires December 31, 2008, or until superseded).

L-F6: Loveland Area Projects provisional firm electric service rate schedule (effective January 1, 2006).

M&I: Municipal and industrial water development.

mills/kWh: Mills per kilowatthour—the unit of charge for energy (equals one tenth of a cent or one thousandth of a dollar).

MOU: Memorandum of Understanding for the Pick-Sloan

Missouri Basin Program and the Fry-Ark Project. Signatories include Western, Reclamation, U.S. Army Corps of Engineers, Mid-West Electric Consumers Association, Loveland Area Customers Association, and Western States Power Corporation.

NEPA: National Environmental Policy Act of 1969 (42 U.S.C. 4321, *et seq.*).

O&M: Operation and Maintenance.

P-SMBP: The Pick-Sloan Missouri Basin Program.

P-SMBP—WD: Pick-Sloan Missouri Basin Program—Western Division.

Power: Capacity and energy.

Preference: The requirements of Reclamation Law which provide 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 (Reclamation Project Act of 1939, section 9(c), 43 U.S.C. 485h(c)).

Provisional Rates: Rates which have been confirmed, approved, and placed into effect on an interim basis by the Deputy Secretary.

PRS: Power Repayment Study.

Rate Brochure: A document prepared for public distribution explaining the rationale and background of the rate proposal contained in this rate order and dated June 2005.

Ratesetting PRS: The PRS used for the rate adjustment proposal.

Reclamation: United States Department of the Interior, Bureau of Reclamation.

Reclamation Law: A series of Federal laws. Viewed as a whole, these laws create the originating framework in which Western markets power.

Revenue Requirement: The revenue required to recover annual expenses (such as O&M, purchase power, transmission service expenses, interest expenses, and deferred expenses) and repay Federal investments, and other assigned costs.

Rocky Mountain Region: The Rocky Mountain Customer Service Region of Western.

Western: United States Department of Energy, Western Area Power Administration.

Effective Date

The new provisional rates will take effect on the first day of the first full billing period beginning on or after January 1, 2006, and will be in effect until December 31, 2010, pending approval by the Commission 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:

1. The proposed rate adjustment was initiated on April 22, 2005, when Western's Rocky Mountain Region mailed a notice announcing an informal customer meeting to discuss the proposed firm electric service rate adjustment to all LAP preference customers and interested parties. The informal meeting was held on May 11, 2005, in Denver, Colorado. At this informal meeting, Western explained the rationale for the rate adjustment, presented rate designs and methodologies, and answered questions.

2. An FRN was published on June 16, 2005 (70 FR 35079), officially announcing proposed LAP rates, initiating the public consultation and comment period, and announcing the public information and public comment forums.

3. On July 1, 2005, Western's Rocky Mountain Region mailed letters to all LAP preference customers and interested parties transmitting a copy of the FRN published on June 16, 2005 (70 FR 35079).

4. The public information forums were held on July 19, 2005, beginning at 10 a.m. MDT, in Denver, Colorado, and again on July 20, 2005, beginning at 8 a.m. CDT, in Lincoln, Nebraska. Western provided detailed explanations of the proposed LAP rates, provided a list of issues that could change the proposed rates, and answered questions. A rate brochure detailing the proposed rates was provided at the forums.

5. The public comment forum was held on August 16, 2005, beginning at 9 a.m. MDT, in Denver, Colorado. Western gave the public an opportunity to comment for the record. No oral comments were made and no written comments were received during the comment forum.

6. Western received four comment letters during the consultation and comment period, which ended September 14, 2005. All formally submitted comments have been considered in preparing this Rate Order.

7. Western's Rocky Mountain Region provided a Web site with all of the letters, time frames, dates and locations of forums, documents discussed at the information meetings, FRNs, and all other information about this rate process for customer access. The Web site is located at http://www.wapa.gov/rm/Rates/firm_power_rate_adj_2006.htm.

Comments

Written comments were received from the following organizations: East River Electric Power Cooperative, Mid-West Electric Consumers Association, Municipal Energy Agency of Nebraska, Valley Electric Cooperative, Inc.

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.

However, 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 power 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 initial stages of the Missouri River Basin Project were authorized by Congress in section 9 of the Flood Control Act of December 22, 1944, commonly referred to as the 1944 Flood Control Act (Pub. L. 78-534, 58 Stat. 877, 891). The Missouri River Basin Project, later renamed the Pick-Sloan Missouri Basin Program to honor its two principal authors, has been under construction since 1944. The P-SMBP encompasses a comprehensive program of flood control, navigation improvement, irrigation, M&I water development, and hydroelectric production for the entire Missouri River Basin. Multipurpose projects have been developed on the Missouri River and its tributaries in Colorado, Montana, Nebraska, North Dakota, South Dakota, and Wyoming.

The Colorado-Big Thompson, Kendrick, Riverton, and Shoshone projects were administratively combined with P-SMBP in 1954, followed by the North Platte Project in 1959. These projects are known as the "Integrated Projects" of the P-SMBP. The Riverton Project was reauthorized as a unit of the P-SMBP in 1970.

The P-SMBP—WD and the Integrated Projects include 19 powerplants. There are six powerplants in the P-SMBP—WD: Glendo, Kortez, and Fremont Canyon powerplants on the North Platte River; Boysen and Pilot Butte on the Wind River; and Yellowtail powerplant on the Big Horn River.

In the Colorado-Big Thompson Project, there are also six powerplants. Green Mountain powerplant on the Blue River is on the West Slope of the Rocky Mountains. Marys Lake, Estes, Pole Hill, Flatiron, and Big Thompson powerplants are on the East Slope.

The Kendrick Project has two power production facilities: Alcova and Seminole powerplants. Power production facilities in the Shoshone Project are Shoshone, Buffalo Bill, Heart Mountain, and Spirit Mountain powerplants. The only production facility in the North Platte Project is the Guernsey powerplant.

Fryingpan-Arkansas Project

The Fry-Ark is a transmountain 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, 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

Western prepares a PRS each FY to determine if revenues will be sufficient to repay, within the required time, all costs assigned to the LAP revenues. Repayment criteria are based on law, policies including DOE Order RA 6120.2, and authorizing legislation. To meet Cost Recovery Criteria outlined in DOE Order RA 6120.2, a revised study and rate adjustment has been developed to demonstrate that sufficient revenues will be collected to meet future obligations.

In the P-SMBP PRS, payments toward irrigation assistance and capital debt are necessary before deficits are completely repaid. Traditionally, prepayment of irrigation assistance or capital is only

done in the absence of deficits. However, if all revenue were applied toward deficits prior to making any prepayments for irrigation and other capital requirements, an extraordinarily large rate increase to meet single-year repayment obligations would be required. Once these single-year repayment obligations were satisfied, another rate adjustment would be necessary to decrease the rates. While repayment of capital debt and irrigation assistance prior to complete repayment of deficits is not typical, the approach approved within this Rate Order is well within the bounds of DOE Order RA 6120.2. Western will repay all deficits and also make previously planned payments for irrigation assistance and other investments that are due in the

years 2013 and 2014. Prepaying irrigation and capital investments has been part of P-SMBP repayment plans and approved rate adjustments for the past 20 years. It is an integral part of the long-term plan for the project and has provided rate stability for consumers while meeting Federal repayment obligations. Modest irrigation and investment payments for a brief period of 2 to 3 years will reduce the single-year revenue requirement for irrigation assistance and hold increases to the "lowest possible rates to consumers consistent with sound business principles," as outlined in section 5 of the Flood Control Act of 1944.

The provisional rates for LAP will be implemented in two steps. First step rates are to become effective on an

interim basis on the first day of the first full billing period beginning on or after January 1, 2006. Second step rates are to become effective on the first day of the first full billing period beginning on or after January 1, 2007. Under Rate Schedule L-F6, the first and second step provisional rates for LAP firm electric service will result in a total composite rate increase of approximately 14.5 percent. The current composite rate under Rate Schedule L-F5 is 23.90 mills/kWh. The provisional composite rate is 27.36 mills/kWh.

Existing and Provisional Rates

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

COMPARISON OF EXISTING AND PROVISIONAL RATES LAP FIRM ELECTRIC SERVICE

Firm electric service	Existing rates	First step provisional rates and percent change, effective Jan. 1, 2006	Second step provisional rates and percent change, effective Jan. 1, 2007
Rate Schedule	L-F5	L-F6	L-F6
Composite Rate (mills/kWh)	23.90	26.12 (9.3%)	27.36 (5.2%)
Firm Capacity (\$/kWmonth)	\$3.14	\$3.43 (9.2%)	\$3.59 (5.1%)
Firm Energy (mills/kWh)	11.95	13.06 (9.3%)	13.68 (5.2%)

Certification of Rates

Western's Administrator certified that the provisional rates for LAP firm electric service under Rate Schedule L-F6 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 Discussion

According to Reclamation Law, Western must establish power rates sufficient to recover operation, maintenance, and purchase power

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 power. The P-SMBP-WD portion of the revenue requirements for the 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 17 percent due to increased purchase power costs due to extended drought as well as costs associated with increased O&M expenses. The adjustment to the P-SMBP revenue requirement is a separate formal rate process which is documented in Rate Order No. WAPA-126. Rate Order No. WAPA-126 is also scheduled to go into effect on the first day of the first full billing period beginning on or after January 1, 2006. The revenue requirements for P-SMBP-WD are as follows:

SUMMARY OF P-SMBP-WD REVENUE REQUIREMENTS (\$000)

Present Revenue Requirement	\$35,903
(18.06 mills/kWh × 1,988,000,000 kWh)	
Provisional Increases	
Provisional First Step Increase (Jan 06)	3,896
(1.96 mills/kWh × 1,988,000,000 kWh)	
Provisional Second Step Increase (Jan 07)	2,127
(1.07 mills/kWh × 1,988,000,000 kWh)	
Total Increase	6,024
(3.03 mills/kWh × 1,988,000,000 kWh)	
Provisional Revenue Requirement	41,927
(18.06 + 3.03 = 21.09 mills/kWh × 1,988,000,000 kWh)	

The Fry-Ark piece of the revenue requirements for the LAP firm electric

service rates was developed from the revenue requirement calculated in the

Fry-Ark Ratesetting PRS, which has been updated to reflect the most current

information. The Fry-Ark revenue requirement contains two components. The project has an average annual energy generation of 52 gigawatthours from flow-through water. The remaining

revenue requirement is derived from the firm capacity component. This is the procedure used in the study to account for the Fry-Ark portion of the energy marketed by LAP. The Fry-Ark revenue

requirement increased approximately 8 percent also due to increased O&M expenses and higher costs associated with increased purchase power costs due to extended drought.

SUMMARY OF FRY-ARK REVENUE REQUIREMENTS (\$000)

Present Revenue Requirement	\$12,855
Provisional Increases	
Provisional First Step Increase (Jan 06)	650
Provisional Second Step Increase (Jan 07)	396
Total Increase	1,046
Provisional Revenue Requirement	13,901

This table compares the LAP existing revenue requirements to the proposed revenue requirements:

SUMMARY OF LAP REVENUE REQUIREMENTS (\$000)

	Existing	First step (January 2006)	Second step (January 2007)
P-SMBP—WD	\$35,903	\$39,800	\$41,927
Fry-Ark	12,855	13,505	13,901
Total LAP	48,758	53,305	55,828

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:

FRY-ARK COMPARISON OF 5-YEAR RATE APPROVAL PERIOD (FY 2006–2010) TOTAL REVENUE AND EXPENSE (\$000)

	Existing rate	Proposed rate	Difference
Total Revenues	\$71,850	\$76,724	\$4,747
Revenue Distribution:			
Expenses:			
O&M	22,095	22,601	506
Purchase Power and Transmission	21,743	23,399	1,656
Interest ¹	23,939	23,881	- 58
Total Expenses	67,777	69,881	2,104
Principal Payments:			
Capitalized Expenses	0	374	374
Original Project and Additions	3,133	940	- 2,193
Replacements	940	5,529	4,589
Total Principal Payments	4,073	6,843	2,770
Total Revenue Distribution	71,850	76,724	4,874

¹ Interest expenses decreased due to a lower interest rate being used for future replacements and additions in the Ratesetting PRS.

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-126.

Basis for Rate Development

The P-SMBP PRS calculates the composite rate in mills/kWh for future firm power (capacity and energy) sales. In the Fry-Ark PRS, the study calculates the capacity charge in dollars per kilowattyear. The charge is adjusted

until sufficient revenues are generated to meet the cost-recovery requirement. The proposed LAP firm electric service rate is designed to recover 50 percent of the revenue requirement from the capacity charge and 50 percent from the energy charge. The capacity charge is calculated by dividing 50 percent of

the total annual revenue requirement by the number of billing units (kWmonth) in a year. The energy charge is calculated by dividing 50 percent of the total annual revenue requirement by the annual energy sales under contract.

The existing rates for LAP firm electric service in Rate Schedule L-F5, which expire on December 31, 2008, no longer provide sufficient revenues to pay all annual costs, including interest expense, and repay power investment and irrigation aid within the allowable period. The adjusted rates reflect increases primarily in purchase power costs, O&M costs, and interest expenses. The provisional rates will provide sufficient revenue to pay all annual costs, including interest expense, and repay power investment and irrigation aid within the allowable periods. The provisional rates will take effect on January 1, 2006, and will remain in effect through December 31, 2010.

Comments

The comments and responses applicable to the LAP firm electric service rates, paraphrased for brevity when not affecting the meaning of the statement(s), are discussed below. Comments that apply to P-SMBP only are being answered in Rate Order No. WAPA-126.

A. Comment: Customers support implementing the two-step rate adjustment on a calendar year basis.

Response: The two-step rate adjustment proposal meets all repayment requirements according to DOE Order RA 6120.2, and since the majority of the customers support the calendar year implementation, Western will implement the first step of the two-step rate adjustment on January 1, 2006, and the second step of the two-step rate adjustment on January 1, 2007.

B. Comment: One commenter noted that working with Western through the MOU work group has been beneficial during this process. The MOU group has identified an issue regarding personnel costs of the federal agencies that merits further attention. The commenter recognized that this issue could not be resolved during consideration of the rate increase, but the commenter encouraged Western to move forward with its investigation into this issue.

Response: Western, through the MOU process, has agreed to look into this issue.

C. Comment: Customers noted their concern regarding the rate of increase in Reclamation's O&M costs.

Response: Western is actively participating with the customers through the MOU group, in which Reclamation also participates, to better

understand what is driving Reclamation's increases.

D. Comment: One commenter noted that ongoing drought should be viewed as a good opportunity to review cutting discretionary costs where possible and look at the rate structure for some of Western's less widely used products to determine if they are appropriate and if they could be modified to more accurately reflect cost of service principles.

Response: As mentioned above, Western is actively participating with the customers through the MOU group to identify and address such issues.

E. Comment: One commenter encouraged Western to continue investigating ways to maximize the value of its assets, including transmission rights across neighboring systems and high-value transmission across constrained paths.

Response: Western continually looks for ways to increase revenues and decrease costs, including maximizing the use of the transmission system. However, Western has determined that this particular comment is not directly related to the proposed action and is outside the scope of the rate process.

Availability of Information

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

Regulatory Procedure Requirements

Regulatory Flexibility Analysis

The Regulatory Flexibility Act of 1980 (5 U.S.C. 601, *et seq.*) requires Federal agencies to perform a regulatory flexibility analysis if a final rule is likely to have a significant economic impact on a substantial number of small entities and there is a legal requirement to issue a general notice of proposed rulemaking. Western has determined that this action does not require a regulatory flexibility analysis since it is a rulemaking of particular applicability involving rates or services applicable to public property.

Environmental Compliance

In compliance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321, *et seq.*); 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.

Small Business Regulatory Enforcement Fairness Act

Western has determined that this rule is exempt from congressional notification requirements under 5 U.S.C. 801 because the action is a rulemaking of particular applicability relating to rates or services and involves matters of procedure.

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 the Commission 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 January 1, 2006, Rate Schedule L-F6 for the Loveland Area Projects of the Western Area Power Administration. The rate schedule shall remain in effect on an interim basis, pending the Commission's confirmation and approval of them or substitute rates on a final basis through December 31, 2010.

Dated: November 9, 2005.

Clay Sell,

Deputy Secretary.

Rate Schedule L-F6 (Supersedes Schedule L-F5)

Loveland Area Projects; Colorado, Kansas, Nebraska, Wyoming

Schedule of Rates for Firm Electric Service

Effective

First Step: Beginning on the first day of the first full billing period on or after January 1, 2006, through December 31, 2006.

Second Step: Beginning on the first day of the first full billing period on or after January 1, 2007, through December 31, 2010.

Available

Within the marketing area served by the Loveland Area Projects.

Applicable

To the wholesale power customers for firm power 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

First Step:

Demand Charge: \$3.43 per kilowatt (kW) of billing demand.

Energy Charge: 13.06 mills per kilowatthour (kWh) of use.

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

Second Step:

Demand Charge: \$3.59 per kW of billing demand.

Energy Charge: 13.68 mills per kWh of use.

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

Adjustments

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.

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DEPARTMENT OF ENERGY

Western Area Power Administration

Parker-Davis Project, Pacific Northwest-Pacific Southwest Intertie Project, and the Central Arizona Project—Rate Order No. WAPA-114

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of withdrawal of multi-system transmission rate proposal.

SUMMARY: The Western Area Power Administration (Western) initiated a formal rate process for the purpose of implementing a multi-system transmission rate (MSTR) by a **Federal Register** notice published on June 22,

2004. The process was extended by a **Federal Register** notice on March 3, 2005. The purpose of the extension was to allow Western time to respond to customer requests to develop a customer choice model. Western developed and presented a customer choice methodology in public information and public comment forums held March 29, 2005, and April 6, 2005, respectively. Effective November 28, 2005, Western is withdrawing the MSTR proposal for long-term firm transmission service on the Parker-Davis Project (P-DP), the Pacific Northwest-Pacific Southwest Intertie Project (Intertie), and the Central Arizona Project (CAP). Western has considered all comments in its decision to withdraw its proposal for the MSTR for long-term firm transmission service. Western is, however, studying the conversion of non-firm and short-term firm transmission service on the Parker-Davis, Intertie and Central Arizona projects to a multi-system service. Customer notification will be provided and feedback sought in a separate informal process.

FOR FURTHER INFORMATION CONTACT: Mr. J. Tyler Carlson, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, telephone (602) 605-2453, e-mail carlson@wapa.gov, or Mr. Jack Murray, Rates Team Lead, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, telephone (602) 605-2442, e-mail jmurray@wapa.gov.

SUPPLEMENTARY INFORMATION: During the consultation and comment period for the rate process, Western received comments voicing strong opposition to the proposed methodology. No comments were received in support of the customer choice methodology.

The consultation and comment period ended June 1, 2005. All formally submitted comments, both written and oral, were considered in preparing this notice.

Comments

Written comments were received from the following organizations: Arizona Power Authority, Arizona Public Service Company, K. R. Saline & Associates, Robert S. Lynch and Associates, Salt River Project.

Representatives of the following organizations made oral comments: Irrigation & Electrical Districts Association of Arizona, R. W. Beck, Salt River Project.

Western responded to an oral comment received during the Public Information Forum in a letter dated May 17, 2005. The letter is posted on Western's Web site at <http://www.wapa.gov/dsw/pwrmt/MSTRP/MSTRP.htm>. Responses in this notice focus on written comments received during the consultation and comment period pertinent to a revised customer choice model and Western's authority to develop an MSTR.

Comment: Western received a comment suggesting it has no legal authority to implement an MSTR of any sort if the revenue requirements of multiple projects will be combined. Comments also questioned whether an MSTR is allowed by DOE Order RA6120.2.

Response: Under all MSTR approaches presented by Western, each power system would remain financially independent for accounting and repayment purposes. Each power system would maintain a separate Power Repayment Study (PRS) and financial reports. The total MSTR revenue collected would be allocated to each power system based on the individual power system's percentage of the total MSTR revenue requirement.

Western is not prohibited from implementing such a blended rate by either DOE Order RA 6120.2 or project-specific legislation. Western has combined the revenue requirements of multiple projects for ratesetting purposes in its other regional offices and continues to set rates in this manner.

Comment: A commenter who had asked Western to provide general information on the MSTR more than one year ago believes Western has not provided this information.

Response: The specific request had to do with Western's initial presentation of a customer choice methodology. The presentation consisted mainly of tables and mathematical formulas to explain the circular problem with the method. At the commenter's request an explanation in words was posted on the Web site in June, 2003 under the heading "Informal Customer Meeting May 23, 2003" linked with the phrase "Customer Choice Discussion."

Comment: A customer commented that the "customer choice" model is an attempt to lower rates for a small group of "pancaked" customers at the expense of the majority of Western's firm transmission customers.

Response: Western undertook the design of the proposed "customer choice model" to address several customers' comments received during the initial MSTR consultation and