

DEPARTMENT OF ENERGY

Federal Energy Regulatory
Commission

[Project No. 8657, Project No. 9840]

Virginia Hydrogeneration and
Historical Society, L.C.; Appomattox
L.P.; Notice on Appomattox River Fish
Passage Technical Workshop

February 7, 2006.

On February 22, 2006, Commission staff will be conducting a fish passage technical workshop to discuss fish passage on the Appomattox River as it relates to Commission projects, which include Harvell Dam Project (FERC No. 8657), Battersea Dam Project (FERC No. 8535)¹ and the Appomattox River Project (FERC No. 9840). The meeting will allow Commission staff to discuss: (1) The status of fish passage at the various dams on the Appomattox River, (2) associated costs incurred to date for fish passage at the various dams; and (3) proposals and/or goals for any remaining obstructions to fish passage on the Appomattox River.

The meeting will specifically focus on the above topics to clarify information currently on file with the Commission. Commission staff will review the record on file and be prepared to lead a discussion using information that has been filed by the various parties concerning fish passage, passage status at the various dams, and the associated costs of providing passage. Commission staff ask all parties that plan to participate to be prepared to support statements with documented information.

The meeting will be held on February 22, 2006, at the Hampton Inn, 5103 Plaza Drive, Hopewell, Virginia 23860, at 9 a.m. (EST). Intervenors and other parties interested in this issue are invited to participate if they so desire.

Any questions about this notice should be directed to Blake Condo at (202) 502-8914 or via e-mail at blake.condo@ferc.gov or Bob Fletcher at (202) 502-8901 or via e-mail at robert.fletcher@ferc.gov.

Magalie R. Salas,
Secretary.

[FR Doc. E6-2042 Filed 2-13-06; 8:45 am]

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DEPARTMENT OF ENERGY

Southwestern Power Administration

Integrated System Power Rates

AGENCY: Southwestern Power
Administration, DOE.

ACTION: Notice of Rate Order.

SUMMARY: Pursuant to Delegation Order Nos. 00-037.00, effective December 6, 2001, and 00-001-00B, effective July 28, 2005, the Deputy Secretary has approved and placed into effect on an interim basis Rate Order No. SWPA-53, which increases the power rates for the Integrated System pursuant to the following Integrated System Rate Schedules:

Rate Schedule P-05, Wholesale Rates for Hydro Peaking Power.

Rate Schedule NFTS-05, Wholesale Rates for Non-Federal Transmission/ Interconnection Facilities Service.

Rate Schedule EE-05, Wholesale Rate for Excess Energy.

The rate schedules supersede the existing rate schedules shown below:

Rate Schedule P-04, Wholesale Rates for Hydro Peaking Power (superseded by P-05).

Rate Schedule NFTS-04, Wholesale Rates for Non-Federal Transmission/ Interconnection Facilities Service (superseded by NFTS-05).

Rate Schedule EE-04, Wholesale Rate for Excess Energy (superseded by EE-05).

DATES: The effective period for the rate schedules specified in Rate Order No. SWPA-53 is February 1, 2006, through September 30, 2009.

FOR FURTHER INFORMATION CONTACT:

Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, Department of Energy, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6696, gene.reeves@swpa.gov.

SUPPLEMENTARY INFORMATION:

Southwestern Power Administration's (Southwestern) Administrator has determined based on the 2005 Integrated System Current Power Repayment Study, that existing rates will not satisfy cost recovery criteria specified in Department of Energy Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944. The finalized 2005 Integrated System Power Repayment Studies (PRSs) indicate that an increase in annual revenue of \$9,016,929, or 7.3 percent, beginning February 1, 2006, will satisfy cost recovery criteria for the Integrated System projects. The proposed Integrated System rate schedules would

increase annual revenues from \$124,325,100 to \$133,342,029, primarily to recover increased expenditures in operations and maintenance (O&M) and increased investments in the hydroelectric generating facilities. Additionally, the PRS indicates the need for an annual increase of \$227,100 in revenues received through the Purchased Power Adder to recover increased purchased energy costs. This rate proposal also includes a provision to continue the Administrator's Discretionary Purchased Power Adder Adjustment, to adjust the purchased power adder annually, of up to \$0.0011 per kilowatthour as necessary, at his/her discretion, under a formula-type rate, with notification to the FERC.

The Administrator has followed Title 10, part 903 subpart A, of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" in connection with the proposed rate schedule. On August 16, 2005, Southwestern published notice in the **Federal Register**, (70 FR 48121), of a 90-day comment period, together with a Public Information Forum and a Public Comment Form, to provide an opportunity for customers and other interested members of the public to review and comment on the proposed rate increase for the Integrated System. Both public forums were canceled since no one expressed an intention to participate. Written comments were accepted through November 14, 2005. Comments from three entities were received and are addressed in this rate proposal.

Information regarding this rate proposal, including studies and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, Williams Center Tower I, One West Third Street, Suite 1400, Tulsa, Oklahoma 74103.

Following review of Southwestern's proposal within the Department of Energy, I approved, Rate Order No. SWPA-53, on an interim basis, which increases the existing Integrated System annual revenue requirement to \$133,342,029 per year for the period February 1, 2006 through September 30, 2009.

¹ See *Order Accepting Final Surrender of License* issued November 23, 2005, 113 FERC ¶ 62,153 (2005).

Dated: February 1, 2006.

Clay Sell,

Deputy Secretary.

In the Matter of: Southwestern Power Administration Integrated System Rates; Rate Order No. SWPA-53; Order Confirming, Approving and Placing Increased Power Rate Schedules in Effect on an Interim Basis

Pursuant to sections 302(a) and 301(b) of the Department of Energy Organization Act, Public Law 95-91, the functions of the Secretary of the Interior and the Federal Power Commission under section 5 of the Flood Control Act of 1944, 16 U.S.C. 825s, relating to the Southwestern Power Administration (Southwestern) were transferred to and vested in the Secretary of Energy. By Delegation Order No. 0204-108, effective December 14, 1983, the Secretary of Energy delegated to the Administrator of Southwestern the authority to develop power and transmission rates, delegated to the Deputy Secretary of the Department of Energy the authority to confirm, approve, and place in effect such rates on an interim basis and delegated to the Federal Energy Regulatory Commission (FERC) the authority to confirm and approve on a final basis or to disapprove rates developed by the Administrator under the delegation. Delegation Order No. 0204-108, as amended, was rescinded and subsequently replaced by Delegation Orders 00-037.00 (December 6, 2001) and 00-001-00B (July 28, 2005). The Deputy Secretary issued this rate order pursuant to said delegations.

Background

FERC confirmation and approval of the following Integrated System (System) rate schedules was provided in FERC Docket No. EF05-4011-000 issued October 11, 2005, for the period January 1, 2005, through September 30, 2008:

Rate Schedule P-04, Wholesale Rates for Hydro Peaking Power.

Rate Schedule NFTS-04, Wholesale Rates for Non-Federal Transmission/Interconnection Facilities Service.

Rate Schedule EE-04, Wholesale Rate for Excess Energy.

Southwestern Power Administration's (Southwestern), Current Power Repayment Study (PRS) indicates that the existing rates will not satisfy present financial criteria regarding repayment of investment within a 50-year period due to implementing the final cost allocation for the Harry S. Truman Project plus increasing operation and maintenance expenditures and investment for both the U.S. Army Corps of Engineers (Corps) and Southwestern. The revised

PRS indicates that an increase in annual revenues of \$9,016,929 is necessary beginning February 1, 2006, to accomplish repayment in the required number of years. Accordingly, Southwestern has prepared proposed rate schedules based on the additional revenue requirement and the 2005 Rate Design Study.

An informal meeting was held in June 2005 with customer representatives to review the repayment and rate design processes and present the basis for the 7.3 percent annual revenue increase. In September 2005, Southwestern prepared a proposed 2005 PRS for the Integrated System.

Title 10, part 903, subpart A of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustment," has been followed in connection with the proposed rate adjustments. More specifically, opportunities for public review and comment on proposed System power rates during a 90-day period were announced by notice published in the **Federal Register**, August 16, 2005, (70 FR 48121). A Public Information Forum was scheduled for August 30, 2005, in Tulsa, Oklahoma, and a Public Comment Forum was scheduled for September 29, 2005, also in Tulsa. Both were canceled since no one expressed an intention to attend. Written comments were due by November 14, 2005. Southwestern mailed copies of the proposed September 2005 PRS and Rate Design Studies to customers and interested parties that requested the data, for review and comment during the formal period of public participation.

Following conclusion of the comment period on November 14, 2005, comments presented during the formal public participation process were reviewed. Once all comments were carefully evaluated and responded to, the 2005 PRS and Rate Design Studies were completed. No changes were made to the 2005 PRS based on comments received. The studies were finalized in November 2005. The Administrator decided to submit the rate proposal for interim approval and implementation. The comments resulting from the public participation process and responses, as developed by Southwestern's staff, are contained in this Rate Order.

Discussion

General

The existing rate schedules developed in the 2004 Integrated System PRS were the basis for revenue determination in the September 2005 Integrated System

Current PRS. The Current PRS indicates that existing rates are insufficient to produce the annual revenues necessary to accomplish repayment of the capital investment as required by section 5 of the Flood Control Act of 1944 and Department of Energy (DOE) Order No. RA 6120.2.

A Revised PRS was prepared with annual revenue of \$9,016,929 added to the Current PRS, to satisfy repayment criteria.

In Southwestern's 2005 Rate Proposal, rates were designed to recover the additional revenue requirements. The monthly demand charge for the sale of Federal hydroelectric power has increased. The energy charge was separated into a peaking energy charge and a supplemental energy charge, both of which reflected increases over the current base energy rate. In addition, transmission charges for non-Federal, firm service have increased. There is no change in the capacity charge for those customers taking transformation service. The increase to the transmission charges are due to including projected additions and replacements to Southwestern's aging transmission facilities since the last rate change.

Consistent with FERC's Order No. 888, Southwestern will continue charging separately for five ancillary services under Rate Schedule P-05 and Rate Schedule NFTS-05, and offering network transmission service under Rate Schedule NFTS-05. Southwestern's rate design has separated the five ancillary services for all transmission service. Two ancillary services, Scheduling, System Control and Dispatch Service together with Reactive and Voltage Support Service, are required for every transmission transaction. These charges are also a part of the capacity rate for Federal power. This is consistent with Southwestern's long-standing practice of charging for the sale and delivery of Federal power in its Federal demand charge. The three remaining ancillary services will be made available to any transmission user within Southwestern's control area, including Federal power customers. The rate schedules for Peaking Power and Non-Federal Transmission Service reflect these charges. Network transmission service is provided to those who request the service, within Southwestern's control area, but only for non-Federal deliveries. The rate for and application of this service are identified in the Non-Federal Transmission/Interconnection Facilities Service Rate Schedule, NFTS-05.

With respect to the Purchased Power Adder (Adder), Southwestern is

proposing, as in all previous proposals beginning with the 1983 implementation of the purchased power rate component (45 FR 19032, March 24, 1980), that the Adder be set equal to the current average long-term purchased power rate requirement. As shown in the Rate Design Study, the amount is determined by dividing the estimated total average direct purchased power costs by Southwestern's total annual contractual 1200-hour peaking energy commitments to the customers (exclusive of contract support arrangements). In this rate proposal, the resulting Adder is \$0.0029 per kWh of peaking energy. The total revenue created through application of this Adder would enable Southwestern to cover its average annual purchased power costs.

Comments and Responses

The Southwestern Power Administration (Southwestern) responded to questions provided during the public participation period which are included in the supplemental background information. In addition, Southwestern received comments from three entities during the public participation process. Southwestern's responses are summarized into three general areas of concern, and are as follows:

Cost Control

Comments

The commenter questions why Southwestern would charge its customers for an upgrade to their facilities, which would be owned and operated by Southwestern, and then include such costs in its need for a rate increase.

Response

Southwestern requires customers to fully pay for upgrades or improvements to its system which improve the customer's own system reliability. However, when these upgrades are an integral part of Southwestern's system, Southwestern takes ownership and responsibility for future maintenance. Since the original costs were fully paid by the customer, none of these costs are included in rates to be paid by the customer improving its system reliability or any other customer.

Southwest Power Pool Issues

Comment

A commenter has stated that withdrawal of Southwestern's transmission facilities from the Southwest Power Pool (SPP) has adversely affected those customers not

directly connected to Southwestern's facilities and suggests a transmission rate credit to offset perceived adverse impacts.

Response

Southwestern has not withdrawn its Transmission Facilities from the Southwest Power Pool (SPP). Southwestern and SPP are currently operating under an independent contractual coordination agreement that allows SPP to utilize Southwestern's transmission facilities under the SPP Tariff, and for SPP to provide Southwestern services such as OASIS administration, regional reliability coordination services, and administration of Southwestern's Open Access Transmission Tariff. The separate agreement is necessary in order for Southwestern to comply with Federal statutes and regulations while allowing Southwestern to participate in the SPP Regional Transmission Organization (RTO) per the Department of Energy's direction to support the formation of RTO's.

The issue of Southwestern's participation in the SPP RTO and customers receiving service under the SPP tariff is not germane to this rate filing. Further, Southwestern is not required by FERC Order No. 888 or Order No. 2000 to offer unbundled services to its customers. Section 5 of the Flood Control Act of 1944 sets forth the statutory requirements for the sale and delivery of Federal power and energy. Southwestern's sales of Federal power and energy are based on a "postage-stamp" type rate, which is based on the financial integration of all the projects marketed under the Integrated System, as well as various components of Southwestern's transmission system. The capacity rate for all Federal power customers includes a transmission component and the two required ancillary services. The transmission component of this rate has been set to assure that Southwestern charges itself the same rates it charges for the use of the transmission system for wheeling non-Federal power. Southwestern must recover *all* costs of its generation and transmission systems through its rates according to section 5 of the Flood Control Act of 1944.

Furthermore, based on DOE policy as stated in a press release dated December 31, 1997, "each of the PMAs that own transmission facilities will publish generally applicable open access wholesale transmission tariffs and will take service itself under such tariffs. The tariffs will include rates, terms, and conditions, and will offer transmission services, including ancillary services, to

all entities eligible to seek a transmission order under section 211 of the Federal Power Act * * *". Southwestern has complied with this policy in separating its non-Federal transmission service and to provide for ancillary services.

The delivery of Federal power over the transmission facilities of Southwestern is currently excluded from SPP's Tariff, and has been excluded from SPP's tariff under all previous agreements between SPP and Southwestern since we believe that such inclusion would be inconsistent with Federal statutes related to Southwestern's marketing authority including section 5 of the 1944 Flood Control Act and Public Law 95-456. In accordance with Public Law 95-456, Southwestern must charge all customers the same rate for the delivery of Federal power over Federal facilities without regard to where they are physically located in relation to our grid. Any individual credit would be in violation of Public Law 95-456 which states in part:

"* * * That power and energy marketed by the Southwestern Power Administration pursuant to Section 825s of title 16, United States code (1970), shall be sold at uniform system wide rates, without discrimination between customers to whom the Southwestern Power Administration delivers such power and energy by means of transmission lines or facilities constructed with appropriated funds, and customers to whom the Southwestern Power Administration delivers such power and energy by means of transmission lines or facilities, the use of which is acquired by lease, wheeling or other contractual arrangements."

In addition, the recently enacted Energy Policy Act of 2005, section 1232, reinforces this position by providing that Southwestern's participation in an RTO does not exempt us from any provision of Federal law currently in effect, or authorize abrogation of any contract.

Purchased Power Adder

Comment

A commenter has stated that the Purchased Power Adder should only apply to those customers requesting firming energy under Southwestern's 1200 hour peaking contractual obligations.

Response

This comment is not germane to the rate proposal since it relates to Southwestern's marketing plan and

power sales contract provisions. The rate schedule provision for the Purchased Power Adder merely provides a charge for energy delivered under a contract provision. Under Southwestern's marketing plan published in the **Federal Register** (45 FR 19032), Southwestern has allocated Federal Peaking Power with 1200 hours of firm Peaking Energy from its integrated hydroelectric system. During some periods, such as we are currently experiencing with high power demands and low pool levels, Southwestern must purchase non-Federal energy to support these 1200 hour integrated firm Peaking Power sales contracts. The power we receive from these hydroelectric dams is not customer or project specific, nor is the energy we purchase to support the 1200 hour peaking sales. All of the Integrated System projects combined support the system-wide requirements, thus it would be inappropriate to attempt to segregate firming energy purchases, and it would be inconsistent with Southwestern's marketing plan and power sales contracts.

Other Issues

Other issues are discussed in the Administrator's Record of Decision.

Availability of Information

Information regarding this rate proposal, including studies, comments and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, One West Third Street, Tulsa, OK 74101.

Administrator's Certification

The November 2005 Revised Power Repayment Study indicates that the increased power rates will repay all costs of the Integrated System including amortization of the power investment consistent with the provisions of Department of Energy Order No. RA 6120.2. In accordance with Delegation Order No. 00-037.00, December 6, 2001, and section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed System rates are consistent with applicable law and the lowest possible rates consistent with sound business principles.

Environment

The environmental impact of the proposed System rates was evaluated in consideration of DOE's guidelines for implementing the procedural provisions of the National Environmental Policy Act and was determined to fall within the class of actions that are categorically excluded from the requirements of preparing either an environmental

Impact Statement or an Environmental Assessment.

Order

In view of the foregoing and pursuant to the authority delegated to me the Deputy Secretary of Energy, I hereby confirm, approve and place in effect on an interim basis, effective February 1, 2006, the following Southwestern Integrated System Rate Schedules which shall remain in effect on an interim basis through September 30, 2009, or until the FERC confirms and approves the rates on a final basis.

Dated: February 1, 2006.

Clay Sell,

Deputy Secretary.

Rate Schedule P-05¹ Wholesale Rates for Hydro Peaking Power

Effective

During the period February 1, 2006, through September 30, 2009, in accordance with Rate Order No. SWPA-53 issued by the Deputy Secretary of Energy on February 1, 2006.

Available

In the marketing area of Southwestern Power Administration (Southwestern), described generally as the States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas.

Applicable

To wholesale Customers which have contractual rights from Southwestern to purchase Hydro Peaking Power and associated energy (Peaking Energy and Supplemental Peaking Energy).

Character and Conditions of Service

Three-phase, alternating current, delivered at approximately 60 Hertz, at the nominal voltage(s), at the points of delivery, and in such quantities as are specified by contract.

Definitions of Terms

"Customer" is the entity which is utilizing and/or purchasing hydroelectric power and associated energy and services from Southwestern pursuant to this rate schedule.

The "Demand Period" used to determine maximum integrated rates of delivery for the purpose of power accounting is the 60-minute period which begins with the change of hour. The term "peak demand" means the highest rate of delivery, in kilowatts, for any Demand Period during a particular month, at any particular point of delivery.

For the purposes of this Rate Schedule, the term "point of delivery"

is used to mean either a single physical point at which electric power and energy are delivered from the System of Southwestern (defined below), or a specified set of delivery points which together form a single, electrically integrated load. "Peak demand" for such set of delivery points is computed as the coincidental highest rate of delivery among the specified points rather than as the sum of peak demands for each individual physical point of delivery.

The term "Peaking Contract Demand" means the maximum rate in kilowatts at which Southwestern is, by contract, obligated to deliver Peaking Energy during any Demand Period. Unless otherwise provided by contract, the "Peaking Billing Demand" for any month shall be equal to the "Peaking Contract Demand."

Supersedes Rate Schedule P-04

The term "Uncontrollable Force," as used herein, shall mean any force which is not within the control of the party affected, including, but not limited to failure of water supply, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, or restraint by court of general jurisdiction, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid.

The term "System of Southwestern" means the high-voltage transmission lines and related facilities Southwestern owns and operates, and/or has contractual rights to such transmission facilities owned by others.

"Ancillary Services" are those services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the System of Southwestern in accordance with good utility practice. Definitions of the Ancillary Services are as follows:

"Scheduling, System Control, and Dispatch Service" is provided by Southwestern as Control Area operator and is in regard to interchange and load-match scheduling and related system control and dispatch functions.

"Reactive Supply and Voltage Control from Generation Sources Service" is provided at transmission facilities in the System of Southwestern to produce or absorb reactive power and to maintain transmission voltages within specific limits.

"Regulation and Frequency Response Service" is the continuous balancing of generation and interchange resources accomplished by raising or lowering the output of on-line generation as

¹ Supersedes Rate Schedule P-04

necessary to follow the moment-by-moment changes in load and to maintain frequency within a Control Area.

“Spinning Operating Reserve Service” maintains generating units on-line, but loaded at less than maximum output, which may be used to service load immediately when disturbance conditions are experienced due to a sudden loss of generation or load.

“Supplemental Operating Reserve Service” provides an additional amount of operating reserve sufficient to reduce Area Control Error to zero within 10 minutes following loss of generating capacity which would result from the most severe single contingency.

“Energy Imbalance Service” corrects for differences over a period of time between schedules and actual hourly deliveries of energy to a load. Energy delivered or received within the authorized bandwidth (defined below) for this service is accounted for as an inadvertent flow and is returned to the providing party by the receiving party in accordance with standard utility practice.

Energy Associated With Hydro Peaking Power

Peaking Energy

1,200 kilowatthours of Peaking Energy per kilowatt of Peaking Contract Demand will be furnished during each contract year.

Supplemental Peaking Energy

Supplemental Peaking Energy (in addition to Peaking Energy) will be furnished if and when determined by Southwestern to be available, and at rates of delivery which do not exceed the Customer's Peaking Contract Demand.

Monthly Rates for Peaking Contract Demand

Capacity Charge for Hydro Peaking Power

\$3.03 per kilowatt of Peaking Billing Demand.

Services Associated With Capacity Charge for Hydro Peaking Power

The capacity charge for Hydro Peaking Power includes such transmission services as are necessary to integrate Southwestern's resources in order to reliably deliver Hydro Peaking Power and associated energy to Customers. This capacity charge also includes two ancillary services charges, Scheduling, System Control and Dispatch Service and Reactive Supply and Voltage Control from Generation Sources Service.

Secondary Transmission Service Under Capacity Associated With Hydro Peaking Power

Customers may utilize the capacity associated with Peaking Contract Demand for the transmission of non-Federal energy, on a non-firm, as-available basis, at no additional charge for such transmission service or associated Ancillary Services, under the following terms and conditions:

(1) The sum of the capacity, for any hour, which is used for Peaking Energy, Supplemental Peaking Energy, and Secondary Transmission Service, may not exceed the Peaking Contract Demand;

(2) The non-Federal energy transmitted under such secondary service is delivered to the Customer's point of delivery for Hydro Peaking Power;

(3) The Customer pays for or commits to provide Real Power Losses associated with such deliveries of non-Federal energy; and

(4) Southwestern determines that sufficient transfer capability exists between the point of receipt into the System of Southwestern of such non-Federal energy and the Customer's point of delivery for Hydro Peaking Power for the time period that such secondary transmission service is requested.

Rates for Energy Associated With Hydro Peaking Power

Energy Charge

(a) \$0.0082 per kilowatthour of Peaking Energy delivered; plus (c).

(b) \$0.0055 per kilowatthour of Supplemental Peaking Energy delivered;

(c) A purchased power adder of \$0.0029 per kilowatthour of Peaking Energy delivered, as adjusted by the Administrator, Southwestern, in accordance with the procedure within this rate schedule. This adder does not apply to:

Supplemental Peaking Energy, or Sales to any Customer which, by contract, has assumed the obligation to supply energy to fulfill the minimum of 1,200 kilowatthours of Peaking Energy per kilowatt of Peaking Contract Demand during a contract year (Contract Support Arrangements).

Monthly Rates for Transformation Service

Capacity Charges for Transformation Service

A charge of \$0.30 per kilowatt will be assessed for capacity used to deliver energy at any point of delivery at which Southwestern provides transformation service for deliveries at voltages of 69

kilovolts or less from higher voltage facilities.

Application of Capacity Charges for Transformation Service

For any particular month, charges for transformation service will be assessed on the greater of (1) that month's actual peak demand, or (2) the highest peak demand recorded during the previous 11 months, at any point of delivery. For the purpose of this Rate Schedule, the peak demand will be based on all deliveries, of both Federal and non-Federal energy, from the System of Southwestern, at such point during such month.

Rates for Ancillary Services

Capacity Charges for Ancillary Services

(a) Regulation and Frequency Response Service: Monthly rate of \$0.08 per kilowatt of Peaking Billing Demand.

(b) Spinning Operating Reserve Service: Monthly rate of \$0.0079 per kilowatt of Peaking Billing Demand. Daily rate of \$0.00036 per kilowatt for non-Federal generation inside Southwestern's control area.

(c) Supplemental Operating Reserve Service: Monthly rate of \$0.0079 per kilowatt of Peaking Billing Demand. Daily rate of \$0.00036 per kilowatt for non-Federal generation inside Southwestern's control area.

(d) Energy Imbalance Service: \$0.0 per kilowatt for all reservation periods.

Availability of Ancillary Services

Ancillary Services (a) and (d) listed above are available only for deliveries of power and energy to load centers within Southwestern's Control Area. Ancillary Services (b) and (c) listed above are available only for deliveries of non-Federal power and energy generated by resources located within Southwestern's Control Area and for deliveries of all Hydro Peaking Power and associated energy from and within Southwestern's Control Area. Where available, such Ancillary Services must be taken from Southwestern; unless, subject to Southwestern's approval, they are provided by others.

Application of Ancillary Services Charges

For any month, the charges for Ancillary Services (a), (b), (c) and (d) listed above for deliveries of Hydro Peaking Power shall be based on the Peaking Billing Demand.

The daily charge for Ancillary Services (b) and (c) for non-Federal generation inside Southwestern's Control Area shall be applied to the greater of Southwestern's previous day's estimate of the peak, or the actual peak,

in kilowatts, of the internal non-Federal generation.

Provision of Ancillary Services by Others

Customers for which Ancillary Services (a), (b), (c) and (d) are made available as specified above, must inform Southwestern by written notice of the Ancillary Services which they do *not* intend to take and purchase from Southwestern, and of their election to provide all or part of such Ancillary Services from their own resources or from a third party.

Subject to Southwestern's approval of the ability of such resources or third parties to meet Southwestern's technical requirements for provision of such Ancillary Services, the Customer may change the Ancillary Services which it takes from Southwestern and/or from other sources at the beginning of any month upon the greater of 60 days notice or upon completion of any necessary equipment modifications necessary to accommodate such change.

Limitations on Energy Imbalance Service

Energy Imbalance Service primarily applies to deliveries of power and energy which are required to satisfy a Customer's load. As Hydro Peaking Power and associated energy are limited by contract, the Energy Imbalance Service bandwidth specified in Southwestern's Open Access Transmission Service tariff does not apply to deliveries of Hydro Peaking Power, and therefore Energy Imbalance Service is not charged on such deliveries. Customers who consume a capacity of Hydro Peaking Power greater than their Peaking Contract Demand may be subject to a Capacity Overrun Penalty.

Application of Capacity Overrun Penalty

Customers which have loads within Southwestern's Control Area are obligated by contract to provide resources, over and above the Hydro Peaking Power and associated energy purchased from Southwestern, sufficient to meet their loads. A Capacity Overrun Penalty shall be applied only when the formulas provided in Customers' contracts indicate an overrun on Hydro Peaking Power, and investigation determines that all resources, both firm and non-firm, which were available at the time of the apparent overrun were insufficient to meet the Customer's load.

Capacity Overrun Penalty

For each hour during which Hydro Peaking Power was provided at a rate greater than that to which the Customer is entitled, the Customer will be charged a capacity overrun penalty at the following rates:

Months associated with charge	Rate per kilowatt
March, April, May, October, November, December	\$0.15
January, February, June, July, August, September	0.30

Application of Energy Overrun Penalty

By contract, the Customer is subject to limitations on the maximum amounts of Peaking Energy which may be scheduled during any month or during any four consecutive months. When the Customer schedules an amount in excess of such maximum amounts for any month, or schedules more than 1,200 hours of Peaking Energy per kilowatt of Peaking Contract Demand in any contract year, such Customer is subject to the Energy Overrun Penalty.

Energy Overrun Penalty

For each kilowatthour of overrun: \$0.0902 per kilowatthour.

Rates for Real Power Losses

The Customer shall purchase real power losses unless it elects to self-provide such losses under the provision detailed below in *Annual Election to Self Provide Real Power Losses*.

Real Power Losses are computed as four (4) percent of the total amount of non-Federal energy transmitted under a particular Customer's Peaking Contract Demand. The monthly charge for such Real Power Losses will be computed on a per kilowatthour basis as follows:

$$MC = .04 \times NFE \times R$$

with the factors defined as follows:

MC = The monthly charge (\$) by Southwestern for Real Power Losses of non-Federal energy transmitted under the capacity associated with Hydro Peaking Power;

NFE = The amount of non-Federal energy (kWh) transmitted under a Customer's Peaking Contract Demand during a particular month; and

R = The rate for Real Power Losses (\$ per kWh), is equal to the average of Southwestern's actual costs for the purchase of energy to replace Real Power Losses during the previous fiscal year (October through September), as reflected in Southwestern's financial records.

The rate for Real Power Losses will be posted on Southwestern's OASIS by

November 1 of each year. This rate will be effective for one year beginning January 1 of each calendar year.

Annual Election to Self Provide Real Power Losses: The Customer may elect, on an annual basis, to self-provide all loss energy for which it is responsible subject to the following conditions:

(1) Such election for self-provision shall be for a full calendar year (January through December) for that Customer and shall be exercised by execution of a service agreement, or equivalent, before December 1 of the prior calendar year;

(2) Unless otherwise specified in the service agreement, the Customer shall schedule the delivery of real power losses into the System of Southwestern at the rate of one megawatt of real power losses for every 25 megawatts of non-Federal power and energy delivered to Customers' loads served from the points of delivery set forth in the Southwestern/Customer contract;

(3) For any new customer taking transmission service from Southwestern, election to self-provide real power losses shall be made at the time the contract is negotiated. Such service shall be implemented as provided for in the contract and the election to self-provide shall apply through the end of that calendar year for all transmission services.

Requirements Related to Power Factor

Any Customer served from facilities owned by or available by contract to Southwestern will be required to maintain a power factor of not less than 95 percent and will be subject to the following provisions.

Determination of Power Factor

The power factor will be determined for all Demand Periods and shall be calculated under the formula:

$$PF = (kWh) \div \sqrt{(kWh^2 + rkVAh^2)},$$

with the factors defined as follows:

PF = The power factor for any Demand Period of the month.

kWh = The total quantity of energy which is delivered during such Demand Period to the point of delivery or interconnection.

rkVAh = The total quantity of reactive kilovolt-ampere-hours (kvars) delivered during such Demand Period to the point of delivery or interconnection.

Power Factor Penalty and Assessment

The Customer shall be assessed a penalty for all Demand Periods of a month where the power factor is less

than 95 percent lagging. For any Demand Period during a particular month such penalty shall be in accordance with the following formula:
 $C = D \times (.95 - LPF) \times \0.10

with the factors defined as follows:

C = The charge in dollars to be assessed for any particular Demand Period of such month that the Determination of Power Factor "PF" is calculated to be less than 95 percent lagging.

D = The Customer's demand in kilowatts at the point of delivery for such Demand Period in which a low power factor was calculated.

LPF = The lagging power factor, if any, determined by the formula "PF" for such Demand Period.

If C is negative, then C = zero (0).

Application of Power Factor Penalty

The Power Factor Penalty is applicable to radial interconnections with the System of Southwestern. The total Power Factor Penalty for any month shall be the sum of all charges "C" for all Demand Periods of such month. No penalty is assessed for leading power factor. Southwestern, in its sole judgment and at its sole option, may determine whether power factor calculations should be applied to a single physical point of delivery or to multiple physical points of delivery where a Customer has a single, electrically integrated load served through multiple points or interconnections. The general criteria for such decision shall be that, given the configuration of the Customer's and Southwestern's systems, Southwestern will determine, in its sole judgment and at its sole option, whether the power factor calculation more accurately assesses the detrimental impact on Southwestern's system when the above formula is calculated for a single physical point of delivery or for a combination of physical points or for an interconnection as specified by an Interconnection Agreement.

Southwestern, at its sole option, may reduce or waive power factor penalties when, in Southwestern's sole judgment, low power factor conditions were not detrimental to the System of Southwestern due to particular loading and voltage conditions at the time the power factor dropped below 95 percent lagging.

Adjustment for Reduction in Service

If, during any month, the quantity of Peaking Contract Demand of Southwestern's 1200 hour peaking power sales customers that is scheduled by the customer for delivery is reduced by Southwestern for a period or periods

of not less than two consecutive hours by reason of an outage caused by either an Uncontrollable Force or by the installation, maintenance, replacement or malfunction of generation, transmission and/or related facilities on the System of Southwestern, or insufficient pool levels, the Customer's capacity charges for such month will be reduced for each such reduction in service by an amount computed under the formula:

$$R = (C \times K \times H) \div S$$

with the factors defined as follows:

R = The dollar amount of reduction in the monthly total capacity charges for a particular reduction of not less than two consecutive hours during any month, except that the total amount of any such reduction shall not exceed the product of the Customer's capacity charges associated with Hydro Peaking Power times the Peaking Billing Demand.

C = The Customer's capacity charges associated with Hydro Peaking Power for the Peaking Billing Demand for such month.

K = The reduction in kilowatts in Peaking Billing Demand for a particular event.

H = The number of hours duration of such particular reduction.

S = The number of hours that Peaking Energy is scheduled during such month, but not less than 60 hours times the Peaking Contract Demand.

Such reduction in charges shall fulfill Southwestern's obligation to deliver Peaking Power and Peaking Energy.

Procedure for Determining Southwestern's Net Purchased Power Adder Adjustment

Not more than once annually, the Purchased Power Adder of \$.0029 (2.9 mills) per kilowatthour of Peaking Energy, as noted in this Rate Schedule, may be adjusted by the Administrator, Southwestern, by an amount up to \pm \$.0011 (1.1 mills) per kilowatthour, as calculated by the following formula:

$$ADJ = (PURCH - EST + DIF) \div SALES$$

with the factors defined as follows:

ADJ = The dollar amount of the total adjustment, plus or minus, to be applied to the Net Purchased Power Adder, rounded to the nearest \$.0001 per kilowatthour, provided that the total ADJ to be applied in any year shall not vary from the then-effective ADJ by more than \$.0011 per kilowatthour;

PURCH = The actual total dollar cost of Southwestern's System Direct Purchases as accounted for in the

financial records of the Southwestern Federal Power System for the period;

EST = The estimated total dollar cost (\$6,505,400 per year) of Southwestern's System Direct Purchases used as the basis for the Purchased Power Adder of \$.0029 per kilowatthour of Peaking Energy;

DIF = The accumulated remainder of the difference in the actual and estimated total dollar cost of Southwestern's System Direct Purchases since the effective date of the currently approved Purchased Power Adder set forth in this rate schedule, which remainder is not projected for recovery through the ADJ in any previous periods;

SALES = The annual Total Peaking Energy sales projected to be delivered (2,241,300,000 KWh per year) from the System of Southwestern, which total was used as the basis for the \$.0029 per kilowatthour Purchased Power Adder.

Rate Schedule NFTS-05¹ Wholesale Rates for Non-Federal Transmission/ Interconnection Facilities Service

Effective

During the period February 1, 2006, through September 30, 2009, in accordance with Rate Order No. SWPA-53 issued by the Deputy Secretary of Energy on February 1, 2006.

Available

In the region where Southwestern Power Administration (Southwestern) owns and operates high-voltage transmission lines and related facilities, and/or has contractual rights to such transmission facilities owned by others (System of Southwestern).

Applicable

To Customers which have executed Service Agreements with Southwestern for the transmission of non-Federal power and energy over the System of Southwestern or for its use for interconnections. Southwestern will provide services over those portions of the System of Southwestern in which the Administrator, Southwestern, in his or her sole judgment, has determined that uncommitted transmission and transformation capacities in the System of Southwestern are and will be available in excess of the capacities required to market Federal power and energy pursuant to section 5 of the Flood Control Act of 1944 (58 Stat. 887,890; 16 U.S.C. 825s).

Character and Conditions of Service

Service will be provided as 3-phase, alternating current, at approximately 60 Hertz, and at the voltage level of the point(s) specified by Service Agreement or Transmission Service Transaction.

Definitions of Terms

A *Customer* is the entity which is utilizing and/or purchasing services from Southwestern pursuant to this rate schedule.

A "Service Agreement" is a contract executed between a Customer and Southwestern for the transmission of non-Federal power and energy over the System of Southwestern or for interconnections. Service Agreements include:

"Firm Transmission Service Agreements" that provide for reserved transmission capacity on a firm basis, for a particular point-to-point delivery path.

"Non-Firm Transmission Service Agreements" that provide for the Customer to request transmission service on a non-firm basis.

"Network Transmission Service Agreements" that provide for the Customer to request firm transmission service for the delivery of capacity and energy from the Customer's network resources to the Customer's network load, for a period of one year or more.

Supersedes Rate Schedule NFTS-04

"Interconnection Agreements" that provide for the use of the System of Southwestern and recognize the exchange of mutual benefits for such use or provide for application of a charge for Interconnection Facilities Service.

A "Service Request" is made under a Transmission Service Agreement through Southwestern's Open Access Same-Time Information System (OASIS) for reservation of transmission capacity over a particular point-to-point delivery path for a particular period. When a Service Request is approved by Southwestern, it becomes a "Transmission Service Transaction." The Customer must submit hourly schedules for actual service in addition to the Service Request.

"Firm Point-to-Point Transmission Service" is transmission service reserved on a firm basis between specific points of receipt and delivery pursuant to either a Firm Transmission Agreement or to a Transmission Service Transaction. "Non-Firm Point-to-Point Transmission Service" is transmission service reserved on a non-firm basis for specific points of receipt and delivery pursuant to a Transmission Service

Transaction. "Network Integration Transmission Service" is transmission service provided under Part III of Southwestern's Open Access Transmission Service Tariff which provides the Customer with firm transmission service for the delivery of capacity and energy from the Customer's resources to the Customer's load.

"Secondary Transmission Service" is associated with Firm Point-to-Point Transmission Service and Network Integration Transmission Service. For Firm Point-to-Point Transmission Service, it consists of transmission service provided on an as-available, non-firm basis, scheduled within the limits of a particular capacity reservation for transmission service, and scheduled from points of receipt, or to points of delivery, other than those designated in a Long-Term Firm Transmission Agreement or a Transmission Service Transaction for Firm Point-to-Point Transmission Service. For Network Integration Transmission Service, Secondary Transmission Service consists of transmission service provided on an as-available, non-firm basis, from resources other than the Network Resources designated in a Network Transmission Service Agreement, to meet the Customer's Network Load. The charges for Secondary Transmission Service, other than Real Power Losses and Ancillary Services, are included in the applicable capacity charges for Firm Point-to-Point Transmission Service and Network Integration Transmission Service.

The "Demand Period" used to determine a maximum integrated rate of delivery for the purposes of power accounting is the 60-minute period which begins with the change of hour. The term "Peak Demand" means the highest rate of delivery, in kilowatts, for any Demand Period during a particular month, at any particular point of delivery or interconnection.

For the purposes of this rate schedule, the term "Point of Delivery" is used to mean either a single physical point to which electric power and energy are delivered from the System of Southwestern, or a specified set of delivery points which together form a single, electrically integrated load. Peak Demand for such set of points is computed as the coincidental highest rate of delivery among the specified points rather than as the sum of peak demands for each individual physical point.

"Ancillary Services" are those services necessary to support the transmission of capacity and energy

from resources to loads while maintaining reliable operation of the System of Southwestern in accordance with good utility practice. Ancillary Services include:

"Scheduling, System Control, and Dispatch Service" is provided by Southwestern as Control Area operator and is in regard to interchange and load-match scheduling and related system control and dispatch functions.

"Reactive Supply and Voltage Control from Generation Sources Service" is provided at transmission facilities in the System of Southwestern to produce or absorb reactive power and to maintain transmission voltages within specific limits.

"Regulation and Frequency Response Service" is the continuous balancing of generation and interchange resources accomplished by raising or lowering the output of on-line generation as necessary to follow the moment-by-moment changes in load and to maintain frequency within a Control Area.

"Spinning Operating Reserve Service" maintains generating units on-line, but loaded at less than maximum output, which may be used to service load immediately when disturbance conditions are experienced due to a sudden loss of generation or load.

"Supplemental Operating Reserve Service" provides an additional amount of operating reserve sufficient to reduce Area Control Error to zero within 10 minutes following loss of generating capacity which would result from the most severe single contingency.

"Energy Imbalance Service" corrects for differences over a period of time between schedules and actual hourly deliveries of energy to a load.

"Interconnection Facilities Service" provides for the use of the System of Southwestern to deliver energy and/or provide system support at an interconnection.

Rates for Firm Point-to-Point Transmission Service

Capacity Charges for Firm Transmission Service

Monthly: \$0.90 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a longer term agreement.

Weekly: \$0.225 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily: \$0.0409 per kilowatt of transmission capacity reserved in increments of one day of service.

Service Associated With Capacity Charges for Firm Point-to-Point Transmission Service

The capacity charge for firm transmission service includes Secondary Transmission Service, but does not include charges for Ancillary Services or for Real Power Losses associated with actual schedules.

Application of Capacity Charges for Firm Point-to-Point Transmission Service

Capacity charges for firm transmission service are applied to quantities reserved by contract under a Firm Transmission Agreement or in accordance with a Transmission Service Transaction.

Customers, unless otherwise specified by contract, will be charged on the greatest of (1) the Peak Demand at any particular point of delivery during a particular month, rounded up to the nearest whole megawatt, or (2) the highest Peak Demand recorded at such point of delivery during any of the previous 11 months, rounded up to the nearest whole megawatt, or (3) the capacity reserved by contract; which amount shall be considered such Customer's reserved capacity. Secondary Transmission Service for such Customers shall be limited during any month to the most recent Peak Demand on which a particular Customer is billed or to the capacity reserved by contract, whichever is greater.

Rates for Non-Firm Point-to-Point Transmission Service

Capacity Charges for Non-Firm Transmission Service

Monthly: 80 percent of the firm monthly charge of transmission capacity reserved in increments of one month of service.

Weekly: 80 percent of the firm monthly charge divided by 4 of transmission capacity reserved in increments of one week of service.

Daily: 80 percent of the firm monthly charge divided by 22 of transmission capacity reserved in increments of one day of service.

Hourly: 80 percent of the firm monthly charge divided by 352 of transmission capacity reserved in increments of one hour of service.

Application of Charges for Non-Firm Point-to-Point Transmission Service

Capacity charges for Non-Firm Transmission Service are applied to quantities reserved under a Transmission Service Transaction, and do not include charges for Ancillary Services or Real Power Losses.

Rates for Network Integration Transmission Service

Annual Revenue Requirement for Network Integration Service

\$9,155,900.

Monthly Revenue Requirement for Network Integration Service

\$762,992.

Net Capacity Available for Network Integration Service

845,000 kilowatts.

Capacity Charge for Network Integration Transmission Service

\$0.90 per kilowatt of Network Load (\$762,992/845,000 kilowatts).

Application of Charge for Network Integration Transmission Service

Network Integration Transmission Service is available only for deliveries of non-Federal power and energy, and is applied to the Customer utilizing such service exclusive of any deliveries of Federal power and energy. The capacity on which charges for any particular Customer utilizing this service is determined on the greatest of (1) The Peak Demand at any particular point of delivery during a particular month, rounded up to the nearest whole megawatt, or (2) the highest Peak Demand recorded at such point of delivery during any of the previous 11 months, rounded up to the nearest whole megawatt.

For those Customers taking Network Integration Transmission Service who are also taking delivery of Federal Power and Energy, the Peak Demand shall be determined by subtracting the energy scheduled for delivery of Federal Power and Energy for any hour from the metered demand for such hour.

Secondary transmission Service for such Customers shall be limited during any month to the most recent Peak Demand on which a particular Customer is billed. Charges for Ancillary Services and for Real Power Losses shall also be assessed.

Rates for Real Power Losses

The Customer shall purchase real power losses unless it elects to self-provide such losses under the provisions detailed below in *Annual Election to Self-Provide Real Power Losses*.

Real Power Losses are computed as four (4) percent of the total amount of non-Federal energy transmitted on behalf of a Customer. The monthly charge for such Real Power Losses will be computed on a per kilowatthour basis as follows:

$$MC = .04 \times NFE \times R$$

with the factors defined as follows:

MC = The monthly charge (\$) by Southwestern for Real Power Losses of non-Federal energy transmitted on behalf of a Customer;

NFE = The amount of non-Federal energy (kWh) transmitted on behalf of a Customer during a particular month; and

R = The rate for Real Power Losses (\$ per kWh), is an average of Southwestern's actual costs for the purchase of energy to replace Real Power Losses during the previous fiscal year (October through September), as reflected in Southwestern's financial records.

The rate for Real Power Losses will be posted on Southwestern's OASIS by November 1 of each year. This rate will become effective for one year beginning January 1 of each calendar year.

Annual Election to Self-Provide Real Power Losses: The Customer may elect, on an annual basis, to self-provide all loss energy for which it is responsible, subject to the following conditions:

(1) Such election for self-provision shall be for a full calendar year (January through December) for that Customer and shall be exercised by execution of a Service Agreement, or equivalent, before December 1 of the prior calendar year.

(2) Unless otherwise specified in the Service Agreement, the Customer shall schedule the delivery of real power losses in the System of Southwestern at the rate of one megawatt of real power losses for every 25 megawatts of non-Federal power and energy delivered to Customers' loads served from the points of delivery set forth in the Southwestern/Customer contract.

(3) For any new Customer taking transmission service from Southwestern, election to self-provide real power losses shall be made at the time the contract is negotiated. Such service shall be implemented as provided for in the contract and the election to self-provide shall apply through the end of that calendar year for all transmission services.

Monthly Capacity Charges for Transformation Service

A charge of \$0.30 per kilowatt will be assessed for capacity used to deliver energy at any point of delivery at which Southwestern provides transformation for deliveries at voltages of 69 kilovolts or less from higher voltage facilities.

Application of Capacity Charges for Transformation Service

For any particular month, charges for transformation service will be assessed

on the greater of (1) that month's actual Peak Demand, or (2) the highest Peak Demand recorded during the previous 11 months. For the purpose of this rate schedule, the Peak Demand will be based on all deliveries, of both Federal and non-Federal energy, from the System of Southwestern, at such point during such month.

Rates for Ancillary Services

Capacity Charges for Ancillary Services Associated With Transmission Services

(a) Scheduling, System Control, and Dispatch Service

Monthly: \$0.06 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Agreement or Network Transmission Service Agreement.

Weekly: \$0.015 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily: \$0.0027 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly: \$0.00017 per kilowatthour of energy delivered as non-firm transmission service.

(b) Reactive Supply and Voltage Control from Generation Sources Service

Monthly: \$0.03 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Agreement or Network Transmission Service Agreement.

Weekly: \$0.008 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily: \$0.0014 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly: \$0.00009 per kilowatthour of energy delivered as non-firm transmission service.

(c) Regulation and Frequency Response Service

Monthly: \$0.08 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Agreement or Network Transmission Service Agreement.

Weekly: \$0.020 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily: \$0.0036 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly: \$0.00023 per kilowatthour of energy delivered as non-firm transmission service.

(d) Spinning Operating Reserve Service

Monthly: \$0.0079 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Agreement or Network Transmission Service Agreement.

Weekly: \$0.00198 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily: \$0.00036 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly: \$0.00002 per kilowatthour of energy delivered as non-firm transmission service.

(e) Supplemental Operating Reserve Service

Monthly: \$0.0079 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Agreement or Network Transmission Service Agreement.

Weekly: \$0.00198 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily: \$0.00036 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly: \$0.00002 per kilowatthour of energy delivered as non-firm transmission service.

(f) Energy Imbalance Service

\$0.0 per kilowatt for all periods of reservation.

Availability of Ancillary Services

Ancillary Services (a) and (b) are available for all transmission services in and from the System of Southwestern and shall be provided by Southwestern. Ancillary Services (c) and (f) listed above are available only for deliveries of power and energy serving load within Southwestern's Control Area and shall be provided by Southwestern, unless, subject to Southwestern's approval, they are provided by others. Ancillary Services (d) and (e) are available only for deliveries of power and energy generated by resources located within Southwestern's Control Area and shall be provided by Southwestern, unless, subject to Southwestern's approval, they are provided by others.

Application of Ancillary Services Charges

Charges for all Ancillary Services are applied to the reserved or network transmission service taken by the Customer in accordance with the rates listed above when such services are provided by Southwestern.

The charges for Ancillary Services are considered to include Ancillary Services for any Secondary Transmission Service, except in cases where Ancillary Services (c) through (f) are applicable to a Secondary Transmission Service transaction, but are not applicable to the firm capacity reservation under which Secondary Transmission Service is provided. When charges for Ancillary Services are applicable to Secondary Transmission Service, the charge for the Ancillary Service shall be the hourly rate applied to all energy transmitted utilizing the Secondary Transmission Service.

Provision of Ancillary Services by Others

Customers for which Ancillary Services (c) through (f) are made available as specified above must inform Southwestern by written notice of the Ancillary Services which they do *not* intend to take and purchase from Southwestern, and their election to provide all or part of such Ancillary Services from their own resources or a third party.

Subject to Southwestern's approval of the ability of such resources or third parties to meet Southwestern's technical requirements for provision of such Ancillary Services, the customer may change the Ancillary Services which it takes from Southwestern and/or from other sources at the beginning of any month upon the greater of 60 days written notice or upon the completion of any necessary equipment modifications necessary to accommodate such change. Such notice requirements also apply to requests for Southwestern to provide Ancillary Services when such services are available as specified above.

Limitations on Energy Imbalance Service

Energy Imbalance Service is authorized for use only within a bandwidth of ± 1.5 percent of the actual requirements of the load at a particular point of delivery, for any hour, compared to the resources scheduled to meet such load during such hour. Deviations which are greater than ± 1.5 percent, but which are less than $\pm 2,000$ kilowatts, are considered to be within the authorized bandwidth. Deviations outside the authorized bandwidth are subject to a Capacity Overrun Penalty.

Energy delivered or received within the authorized bandwidth for this service is accounted for as an inadvertent flow and will be netted against flows in the future. The inadvertent flow in any given hour will only be offset with the flows in the

corresponding hour of a day in the same category. The two categories of days are weekdays and weekend days/North American Electric Reliability Council holidays. This process will result in a separate inadvertent accumulation for each hour of the two categories of days. The hourly accumulations in the current month will be added to the hourly inadvertent balances from the previous month, resulting in a month-end balance for each hour.

The Customer is required to adjust the scheduling of resources in such a way as to reduce the accumulation towards zero. It is recognized that the inadvertent hourly flows can be both negative and positive, and that offsetting flows should deter a significant accumulation of inadvertent. In the event any hourly month-end balance exceeds 12 MWhs, the excess will be subject to the *Application of Capacity Overrun Penalty* or the *Unauthorized Use of Energy Imbalance Service by Overscheduling of Resources* provisions, depending on the direction of the accumulation.

Application of Capacity Overrun Penalty

Customers, who receive deliveries within Southwestern's Control Area, are obligated to provide resources sufficient to meet their loads. Such obligation is not related to the amount of transmission capacity that such Customers may have reserved for transmission service to a particular load. Customers whose resources are scheduled by Southwestern are not subject to this provision. In the event that a Customer under schedules its resources to meet its load, resulting in a difference between resources and actual metered load (adjusted for transformer losses as applicable) outside the authorized bandwidth for Energy Imbalance Service for any hour, then such Customer is subject to the following penalty:

Capacity Overrun Penalty

For each hour during which energy flows outside the authorized bandwidth, the Customer will be obliged to purchase such energy at the following rates:

Months associated with charge	Rate per kilowatt
March, April, May, October, November, December	\$0.15
January, February, June, July, August, September	\$0.30

Unauthorized Use of Energy Imbalance Service by Overscheduling of Resources

In the event that a Customer schedules greater resources than are needed to meet its load, such that energy flows at rates beyond the authorized bandwidth for the use of Energy Imbalance Service, Southwestern retains such energy at no cost to Southwestern and with no obligation to return such energy. Customers whose resources are scheduled by Southwestern are not subject to this provision.

Application of Charge for Interconnection Facilities Service

Any Customer that requests an interconnection from Southwestern which, in Southwestern's sole judgment and at its sole option, does not provide commensurate benefits or compensation to Southwestern for the use of its facilities shall be assessed a capacity charge for Interconnection Facilities Service. For any month, charges for Interconnection Facilities Service shall be assessed on the greater of (1) that month's actual Peak Demand, or (2) the highest Peak Demand recorded during the previous eleven months, as metered at the interconnection. The use of Interconnection Facilities Service will be subject to power factor provisions as specified in this rate schedule. The interconnection customer shall also be assessed charges for Real Power Losses on metered flow through the interconnection where Interconnection Facilities Services is assessed.

Rate for Interconnection Facilities Service

The monthly capacity charge for Interconnection Facilities Service is \$0.90 per kilowatt.

Requirements Related to Power Factor

Any Customer served from facilities owned by or available by contract to Southwestern will be required to maintain a power factor of not less than 95 percent and will be subject to the following provisions.

Determination of Power Factor

The power factor will be determined for all Demand Periods and shall be calculated under the formula:

$$PF = kWh \div \sqrt{(kWh^2 + rkVAh^2)}$$

with the factors defined as follows:
 PF = The power factor for any Demand Period of the month.
 kWh = The total quantity of energy which is delivered during such Demand Period to the point of delivery or interconnection.

rkVAh = The total quantity of reactive kilovolt-ampere-hours (kvars) delivered during such Demand Period to the point of delivery or interconnection.

Power Factor Penalty and Assessment

The Customer shall be assessed a penalty for all Demand Periods of a month where the power factor is less than 95 percent lagging. For any Demand Period during a particular month such penalty shall be in accordance with the following formula:

$$C = D \times (.95 - LPF) \times \$0.10$$

with the factors defined as follows:

C = The charge in dollars to be assessed for any particular Demand Period of such month that the Determination of Power Factor "PF" is calculated to be less than 95 percent lagging.

D = The Customer's demand in kilowatts at the point of delivery for such Demand Period in which a low power factor was calculated.

LPF = The lagging power factor, if any, determined by the formula "PF" for such Demand Period.

If C is negative, then C = zero (0).

Application of Power Factor Penalty

The Power Factor Penalty is applicable to radial interconnections with the System of Southwestern. The total Power Factor Penalty for any month shall be the sum of all charges "C" for all Demand Periods of such month. No penalty is assessed for the leading power factor. Southwestern, in its sole judgment and at its sole option, may determine whether power factor calculations should be applied to a single physical point of delivery or to multiple physical points of delivery where a Customer has a single, electrically integrated load served through multiple points or interconnections. The general criteria for such decision shall be that, given the configuration of the Customer's and Southwestern's systems, Southwestern will determine, in its sole judgment and at its sole option, whether the power factor calculation more accurately assesses the detrimental impact on Southwestern's system when the above formula is calculated for a single physical point of delivery or for a combination of physical points or for an interconnection as specified by an Interconnection Agreement.

Southwestern, at its sole option, may reduce or waive power factor penalties when, in Southwestern's sole judgment, low power factor conditions were not detrimental to the System of Southwestern due to particular loading and voltage conditions at the time the

power factor dropped below 95 percent lagging.

Rate Schedule EE-05¹ Wholesale Rate for Excess Energy

Effective

During the period February 1, 2006, through September 30, 2009, in accordance with Rate Order No. SWPA-53 issued by the Deputy Secretary of Energy on February 1, 2006.

Available

In the marketing area of Southwestern Power Administration (Southwestern), described generally as the States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas.

Applicable

To electric utilities which, by contract, may purchase Excess Energy from Southwestern.

Character and Conditions of Service

Three-phase, alternating current, delivered at approximately 60 Hertz, at the nominal voltage and points of delivery specified by contract.

Energy Associated With This Rate Schedule

Excess Energy will be furnished at such times and in such amounts as Southwestern determines to be available.

Transmission and Related Ancillary Services

Transmission service for the delivery of Excess Energy shall be the sole responsibility of such customer purchasing Excess Energy.

Rate for Excess Energy

Energy Charge: \$0.0055 per kilowatthour.

[FR Doc. 06-1356 Filed 2-13-06; 8:45 am]

BILLING CODE 6450-01-P

ENVIRONMENTAL PROTECTION AGENCY

[WA-06-001, FRL-8031-6]

Procedures for Determining Localized Carbon Monoxide Concentrations (Hot-Spot Analysis) for Transportation Conformity Under the Clean Air Act in Washington State

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: Notice is hereby given that EPA, in accordance with the regulations

has approved a 'different procedure' submitted on November 7, 2005 for determining localized carbon monoxide (CO) concentrations (hot-spot analysis) for Transportation Conformity under the Clean Air Act in Washington State.

FOR FURTHER INFORMATION CONTACT:

Wayne Elson, U.S. EPA, Region 10 (AWT-107), 1200 Sixth Ave., Seattle, WA 98101; (206) 553-1463 or elson.wayne@epa.gov, or Mia Waters, Washington State Department of Transportation, 15700 Dayton Avenue North, PO Box 330310, Seattle, WA 98133; (206) 440-4541 or WatersY@wsdot.wa.gov.

SUPPLEMENTARY INFORMATION: This is a notice of EPA's approval of the Washington State Intersection Screening Tool (WASIST) for carbon monoxide (CO) concentrations (hot-spot analysis) for Transportation Conformity under the Clean Air Act in Washington State submitted by the Washington State Department of Transportation on November 7, 2005. This 'different procedure' was developed through the interagency consultation process and is consistent with 40 CFR 93.105. The basis for this approval is provided by 40 CFR 93.123 (a)(1). A letter approving WASIST was sent to Washington State Department of Transportation on February 2, 2006. The purpose of WASIST is to provide a different procedure to ensure that highway projects in Washington state will not cause or contribute to any new localized CO violations or increase the frequency or severity of any existing CO violations in CO nonattainment and maintenance areas consistent with 40 CFR 93.116. This different procedure will result in a substantial cost savings to governments in Washington when making project level CO hot-spot transportation conformity demonstrations for highway projects.

Authority: 42 U.S.C. 7401-7671q.

Dated: February 6, 2006.

L. Michael Bogert,

Regional Administrator, Region 10.

[FR Doc. E6-2051 Filed 2-13-06; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[FRL-8029-1]

Proposed Agreement and Covenant Not To Sue Pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as Amended by the Superfund Amendments and Reauthorization Act of 1986; In Re: Davenport and Flagstaff Smelters Superfund Site, Operable Unit Number Three, Salt Lake County, UT

ACTION: Notice of proposed agreement; request for public comment.

SUMMARY: In accordance with the Comprehensive Environmental Response Compensation, and Liability Act, as amended ("CERCLA"), 42 U.S.C. 9601, et. seq., notice is hereby given of a proposed Agreement and Covenant Not to Sue ("Agreement") between the United States, on behalf of the U.S. Environmental Protection Agency ("EPA"), and L.C. Canyon Partners, LLC ("Settling Respondent"). Under the Proposed Agreement, Settling Respondent agrees to pay past costs, oversight costs, and to conduct a removal action defined in the enforcement action memorandum consisting primarily of the development of remediated portions of the property being purchased by Settling Respondent into single-family home sites. In addition, Settling Respondent agrees to provide access to representatives of EPA and the State of Utah. In exchange for this consideration, EPA will grant Settling Respondent a covenant not to sue for existing contamination. Additionally, Settling Respondent will be entitled to contribution protection for "matters addressed" in the Agreement.

For thirty (30) days following the date of publication of this notice, EPA will receive written comments relating to the Agreement. EPA will consider all comments received and may modify or withdraw its consent to the Agreement if comments received disclose facts or considerations that indicate that the Agreement is inappropriate, improper, or inadequate. The proposed Agreement, as well as EPA's response to any comments received will be available for public inspection in the administrative record held at the Superfund Record Center, 999 18th Street, Suite 300, Denver, CO. During the public comment period, the Agreement (without exhibits) may also be examined on the following Department of Justice Web site, <http://www.usdoj.gov/enrd/open.html>.

¹ Supersedes Rate Schedule EE-04.