

a.m. and 4:30 p.m., Washington, DC time, except Saturdays, Sundays and Federal holidays.

Note for Mail or Hand Delivery of Paper Applications: If you mail or hand deliver your application to the Department:

(1) You must indicate on the envelope and—if not provided by the Department—in Item 11 of the Application for Federal Assistance (SF 424) the CFDA number—and suffix letter, if any—of the competition under which you are submitting your application.

(2) The Application Control Center will mail a grant application receipt acknowledgment to you. If you do not receive the grant application receipt acknowledgment within 15 business days from the application deadline date, you should call the U.S. Department of Education Application Control Center at (202) 245-6288.

V. Application Review Information

Selection Criteria: The selection criteria for this program are from 34 CFR 658.31 through 658.34. The following criteria are used to evaluate all applications: (a) Plan of operation (15 points); (b) quality of key personnel (10 points); (c) budget and cost effectiveness (10 points); (d) adequacy of resources (5 points); (e) evaluation plan (20 points). The following additional criteria are applied to applications submitted by an IHE or a combination of IHEs: (a) Commitment to international studies (10 points); (b) elements of the proposed international studies program (10 points); and (c) Need for and prospective results of the proposed program (10 points). The following additional criterion is applied to applications from organizations and associations: need for and potential impact of the proposed project in improving international studies and the study of modern foreign languages at the undergraduate level (30 points), (f) competitive priority (5 points).

VI. Award Administration Information

1. **Award Notices:** If your application is successful, we notify your U.S. Representative and U.S. Senators and send you a Grant Award Notification (GAN). We may also notify you informally.

If your application is not evaluated or not selected for funding, we notify you.

2. **Administrative and National Policy Requirements:** We identify administrative and national policy requirements in the application package and reference these and other requirements in the *Applicable Regulations* section of this notice.

We reference the regulations outlining the terms and conditions of an award in the *Applicable Regulations* section of this notice and include these and other

specific conditions in the GAN. The GAN also incorporates your approved application as part of your binding commitments under the grant.

3. **Reporting:** At the end of your project period, you must submit a final performance report, including financial information, as directed by the Secretary. If you receive a multi-year award, you must submit an annual performance report that provides the most current performance and financial expenditure information as specified by the Secretary in 34 CFR 75.118. The applicant is required to use the electronic data instrument Evaluation of Exchange, Language, International, and Area Studies (EELIAS), to complete the final report.

4. **Performance Measures:** Under the Government Performance and Results Act of 1993 (GPRA), the objective for the UISFL program is to meet the nation's security and economic needs through the development of a national capacity in foreign languages, and area and international studies.

The Department will use the following measures to evaluate its success in meeting this objective.

UISFL Performance Measures: (1) Percentage of critical languages addressed/covered by foreign language major, minor, or certificate programs created or enhanced; or by language courses created or enhanced; or by faculty or instructor positions created with UISFL or matching funds in the reporting period. (2) Percentage of projects judged to be successful by the program officer, based on a review of information provided in annual performance reports.

If funded, information from your final performance report submitted via the electronic Evaluation of Exchange, Language, International, and Area Studies system will be used to record and evaluate the performance of your project.

VII. Agency Contact

For Further Information Contact: Christine Corey, International Education Programs Service, U.S. Department of Education, 1990 K Street, NW., room 6069, Washington, DC 20006-8521. Telephone: (202) 502-7629 or by e-mail: christine.corey@ed.gov.

If you use a telecommunications device for the deaf (TDD), you may call the Federal Relay Service (FRS) at 1-800-877-8339.

Individuals with disabilities may obtain this document in an alternative format (e.g., Braille, large print, audiotape, or computer diskette) on request to the program contact person listed in this section.

VIII. Other Information

Electronic Access to This Document: You may view this document, as well as all other documents of this Department published in the **Federal Register**, in text or Adobe Portable Document Format (PDF) on the Internet at the following site: <http://www.ed.gov/news/fedregister>.

To use PDF you must have Adobe Acrobat Reader, which is available free at this site. If you have questions about using PDF, call the U.S. Government Printing Office (GPO), toll free, at 1-888-293-6498; or in the Washington, DC, area at (202) 512-1530.

Note: The official version of this document is the document published in the **Federal Register**. Free Internet access to the official edition of the **Federal Register** and the Code of Federal Regulations is available on GPO Access at: <http://www.gpoaccess.gov/nara/index.html>.

Dated: October 6, 2006.

James F. Manning,

Acting Assistant Secretary for Postsecondary Education.

[FR Doc. E6-16932 Filed 10-11-06; 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-56, which increases the power rates for the Integrated System pursuant to the following Integrated System Rate Schedules:

Rate Schedule P-06, Wholesale Rates for Hydro Peaking Power.
Rate Schedule NFTS-06, Wholesale Rates for Non-Federal Transmission/Interconnection Facilities Service.
Rate Schedule EE-06, Wholesale Rate for Excess Energy.

The rate schedules supersede the existing rate schedules shown below:

Rate Schedule P-05, Wholesale Rates for Hydro Peaking Power (superseded by P-06).
Rate Schedule NFTS-05, Wholesale Rates for Non-Federal Transmission/Interconnection Facilities Service (superseded by NFTS-06).
Rate Schedule EE-05, Wholesale Rate for Excess Energy (superseded by EE-06).

The effective period for the rate schedules specified in Rate Order No. SWPA-56 is October 1 2006, through September 30, 2010.

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 2006 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 2006 Integrated System Power Repayment Studies (PRSs) indicate that an increase in annual revenue of \$37,703,812, or 27.7 percent, beginning October 1, 2006, will satisfy cost recovery criteria for the Integrated System projects. The proposed Integrated System rate schedules would increase annual revenues from \$136,267,400 to \$173,971,212, primarily to recover increased investments and replacements in the hydroelectric generating facilities. Additionally, the PRS indicates the need for an annual increase of \$8,562,500 in revenues received through the Purchased Power Adder to recover increased average year purchased energy costs. This proposal also includes an increase in size and frequency to the Administrator's Discretionary Purchased Power Adder Adjustment (Adjustment) to a level sufficient to recover purchased power costs for the recent drought conditions experienced in the Southwestern region. The Adjustment allows the Administrator to adjust the purchased power adder up to twice annually, limited to \$0.0067 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 June 16, 2006, Southwestern published notice in the **Federal Register**, (71 FR 34925), of a 60-day comment period, together with a combined Public Information and Comment Forum, 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. The forum was canceled since no one expressed an intention to participate. Written comments were accepted through August 15, 2006. Comments from two 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-56, on an interim basis, which increases the existing Integrated System annual revenue requirement to \$173,971,212 per year for the period October 1, 2006 through September 30, 2010.

Dated: September 28, 2006.

Clay Sell,

Deputy Secretary.

Deputy Secretary of Energy

In the matter of: Southwestern Power Administration; Integrated System Rates; Rate Order No. SWPA-56.

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

The Deputy Secretary approved and placed into effect on an interim basis the following Integrated System (System) rate schedules for the period February 1, 2006, through September 30, 2009, and submitted the rate schedules to the FERC for final confirmation and approval:

Rate Schedule P-05, Wholesale Rates for Hydro Peaking Power.
Rate Schedule NPTS-05, Wholesale Rates for Non-Federal Transmission/Interconnection Facilities Service.
Rate Schedule EE-05, 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 increased investments and replacements in the U.S. Army Corps of Engineers (Corps) hydroelectric generating facilities. The revised PRS indicates that an increase in annual revenues of \$37,703,812 is necessary beginning October 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 2006 Rate Design Study.

An informal meeting was held in April 2006 with customer representatives to review the repayment and rate design processes and present the basis for the 27.7 percent annual revenue increase. In May 2006, Southwestern prepared a proposed 2006 PRS for the Integrated System based on comments received from our customers during this informal meeting.

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 60-day period were announced by notice published in the **Federal Register**, June 16, 2006, (71 FR 34925). The consultation and comment period was shortened by the Administrator in accordance with Sec. 903.14(a) of 10 CFR part 903, because of the need to assure new rates are in place by October 1, 2006, to respond to financial difficulties resulting from the FY 2006 drought conditions. A Public Information and Comment Forum scheduled for July 12, 2006, in Tulsa, Oklahoma, was canceled since no one

expressed an intention to attend. Written comments were due by August 15, 2006. Southwestern mailed copies of the proposed May 2006 Power Repayment 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 August 15, 2006, comments presented during the formal public participation process were reviewed. Once the comments were evaluated, the 2006 Power Repayment and Rate Design Studies were completed. No changes were made to the 2006 PRS based on comments received. The studies were finalized in August 2006. The Administrator made the decision 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 2005 Integrated System PRS were the basis for revenue determination in the August 2006 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 that increases ultimate annual revenues by \$37,703,812 or 27.7 percent, in three steps over a three-year period, which satisfies the cost recovery criteria outlined in DOE Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944. The first step (October 1, 2006) is an increase in the purchased power adder (\$8,562,500 or 6.3 percent) and the discretionary purchased power adder adjustment (\$10,085,580 or 7.4 percent) components which will be set to recover future average purchased power expenses and purchased power costs resulting from the recent drought situation in the Southwestern region. The second step (October 1, 2007) will incorporate 1/2 of the full revenue requirement (\$9,527,866 or 7 percent) caused by the increased investment and replacement costs. The final step (October 1, 2008 through September 30, 2010) will incorporate the remaining 1/2 (\$9,527,866 or 7 percent) to reach the full revenue requirement level. Due to only slight increases in annual

operating and maintenance expenses during the cost evaluation period, these revenue increases combined over the three year phase-in will ensure that cost recovery will be accomplished as required.

In Southwestern's 2006 Rate Design proposal, rates were designed to recover the additional revenue requirements in three steps over a three-year period. In FY 2007, the Purchased Power Adder will increase to \$0.0067 per kWh to cover the increased expense of future purchased power costs. Also in FY 2007, the Discretionary Purchased Power Adder Adjustment will increase in size and frequency (twice annually limited to \$0.0067 per kWh) to a level sufficient to recover the purchased power costs for the recent drought conditions experienced in the Southwestern region. A preliminary amount currently estimated to be \$0.0045 per kWh, based on actual data through August 2006, will be collected through this adjustment. The final discretionary PPA adjustment will be determined prior to implementation of this rate proposal using actual data through September 2006 and will become effective October 1, 2006. The demand charge for Federal power will increase in FY 2008 by \$0.15 per kW per month, and again in FY 2009 by \$0.33 per kW per month to the final rate of \$3.51 per kW per month. The energy charge for peaking energy has remained unchanged. The energy charge for supplemental peaking energy and excess energy will increase in FY 2008 by \$0.0027 per kWh to \$0.0082 per kWh and be equal to the peaking energy rate. The transformation charge remains the same at \$0.30 per kW and is applied to the transmission capacity usage at 69 kV and below. In addition, transmission charges for firm service deliveries of non-Federal power will increase beginning in FY 2009.

Consistent with FERC's Order No. 888, Southwestern will continue charging separately for five ancillary services under Rate Schedule P-06 and Rate Schedule NTF5-06, and offering network transmission service under Rate Schedule NTF5-06. 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, NTF5-06.

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, that the Adder is set equal to the current average long-term purchased power revenue 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 \$0.0067 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 during the public participation period which are included in the supplemental background information. In addition, Southwestern received comments from two entities during the public participation process. Southwestern's responses are summarized into two general areas of concern, and are as follows:

Future Investments

Comments: The commenter questions why Southwestern bases rates on anticipated future capital expenditures which is not in keeping with the standard industry practice of including capital investments in rates only after the items are placed into service and are "used and useful" and when Congressional funding is not a guarantee.

Response: Southwestern follows DOE Order No. RA 6120.2 dated September 20, 1979, as amended October 1, 1983, for interpretation of the statutory requirements for preparing annual

power repayment studies. As stated in Order No. RA 6120.2 (paragraph 10), replacements of investment will be "included in repayment studies by adding the estimated capital cost of (the) replacement to the unpaid Federal investment in the year each replacement is estimated to go into service." Southwestern is required to forecast for replacements and must forecast replacements for the entire period of the PRS. The Corps provides the best data they have available, together with the service lives of the equipment. Southwestern and the Corps review these estimates annually and update the replacement data with the goal to better reflect what will be on the annual financial statements.

The laws, regulations, methods, and standards for establishing rate schedules for Power Marketing Administrations (PMAs) are different from the standards that apply to Investor-Owned Utilities. The "used and useful" concept is apparently utilized for testing rates of investor-owned utility companies, but is not accepted in rate making for Federal PMAs. The rationale for this difference is that the Federal projects must be fully operational to allow Southwestern to market power and energy for the entire repayment period to meet the requirements of the law to amortize the investment over a reasonable period of years. Replacements must be included to assure the projects are fully operational for the entire repayment period since most of the projects will be well over 50 years old at the end of the repayment period and would no longer be able to produce power. Our Power Repayment Study system is based on the concept that the older projects will produce power and revenues well beyond their original service lives to help repay the newer projects, thus keeping rates lower overall. RA 6120.2 required estimated costs of capital to be included in the repayment study, not that investment be "used and useful" before it can be included. The replacement of hydroelectric power assets is required to assure repayment of the Federal investment, as is the funding of those replacements. Funding sources may include both direct Congressional appropriations and/or other alternative financing methods such as customer funding. In any event, adequate funding is assumed to enable replacements and, hence, to assure repayment.

Unfunded Civil Service Retirement System Benefits

Comment: One commenter reiterated its opposition to including the "unfunded CSRS" costs in the PRS.

Response: Statement of Federal Financial Accounting Standards (SFFAS) No. 5, requires all Federal agencies, including Power Marketing Administrations (PMAs), to record the full cost of pension and postretirement benefits in financial statements beginning in fiscal year 1997. SFFAS No. 5 prescribes that the aggregate entry age normal (AEAN) actuarial cost method be used to calculate pension expenses and accrued actuarial liabilities for pension benefits. Under the AEAN method, which is based on dynamic economic assumptions, including future salary increases, the actuarial present value of projected benefits is allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages and should be applied to pensions on the basis of a level percentage of earnings. The portion of this actuarial present value allocated to a valuation year is called the "normal cost". The Office of Personnel Management (OPM) applies the AEAN method to estimate the amount by which employer and employee contributions toward future Civil Service Retirement System (CSRS) pension benefits fall short of the normal cost of those benefits.

Southwestern has included an estimate of the unfunded portion of the CSRS costs in its Power Repayment Studies every year since 1998. All previous rate filings back to 1998 have been submitted through the DOE and ultimately approved by FERC. The FERC confirmed the Southwestern rate filings on a final basis and did not accept arguments to exclude the CSRS costs.

Authority to collect revenues for the unfunded CSRS costs comes primarily from Section 5 of the Flood Control Act of 1944 which, in part, states "* * * Rate schedules shall be drawn having regard to the recovery" * * * "of the cost of producing and transmitting such electric energy, * * *". Unfunded CSRS has been determined to be a cost of producing and transmitting electricity. The Federal government funds the unfunded portion of the CSRS program just as it funds the funded portion of the CSRS program. All of the CSRS costs are properly included within Southwestern's cost estimates.

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 August 2006 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 October 1, 2006, the following Southwestern Integrated System Rate Schedules which shall remain in effect on an interim basis through September 30, 2010, or until the FERC confirms and approves the rates on a final basis.

Dated: September 28, 2006.

Clay Sell,
Deputy Secretary.

Department of Energy, Southwestern Power Administration

Rate Schedule P-06¹ Wholesale Rates for Hydro Peaking Power

Effective: During the period October 1, 2006, through September 30, 2010, in accordance with Rate Order No. SWPA-56 issued by the Deputy Secretary of Energy.

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

¹ Supersedes Rate Schedule P-05

(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.”

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 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:

10/1/2006–9/30/2007	10/1/2007–9/30/2008	10/1/2008–9/30/2010
\$3.03 per kilowatt of Peaking Billing Demand ...	\$3.18 per kilowatt of Peaking Billing Demand	\$3.51 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

(a) Peaking Energy Charge:

10/1/2006–9/30/2007	10/1/2007–9/30/2008	10/1/2008–9/30/2010
\$0.0082 per kilowatthour of Peaking Energy delivered; plus (c).	\$0.0082 per kilowatthour of Peaking Energy delivered; plus (c).	\$0.0082 per kilowatthour of Peaking Energy delivered; plus (c).

(b) Supplemental Energy Charge:

10/1/2006–9/30/2007	10/1/2007–9/30/2008	10/1/2008–9/30/2010
\$0.0055 per kilowatthour of Peaking Energy	\$0.0082 per kilowatthour of Peaking Energy ..	\$0.0082 per kilowatthour of Peaking Energy.

(c) A purchased power adder of \$0.0067 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:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
Monthly rate	\$0.08 per kilowatt of Peaking Billing Demand	\$0.09 per kilowatt of Peaking Billing Demand.

(b) Spinning Operating Reserve Service:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
Monthly rate	\$0.0079 per kilowatt of Peaking Billing Demand.	\$0.0092 per kilowatt of Peaking Billing Demand.
Daily rate	\$0.00036 per kilowatt for non-Federal generation inside Southwestern's control area.	\$0.00042 per kilowatt for non-Federal generation inside Southwestern's control area.

(c) Supplemental Operating Reserve Service:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
Monthly rate	\$0.0079 per kilowatt of Peaking Billing Demand.	\$0.0092 per kilowatt of Peaking Billing Demand.
Daily rate	\$0.00036 per kilowatt for non-Federal generation inside Southwestern's control area.	\$0.00042 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 twice annually, the Purchased Power Adder of \$.0067 (6.7 mills) per kilowatthour of Peaking Energy, as noted in this Rate Schedule, may be adjusted by the Administrator, Southwestern, by an amount up to a total of (±\$.0067 (6.7 mills) per

kilowatthour per year, 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 \$.0067 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 (\$15,064,500 per year) of Southwestern's System Direct Purchases used as the basis for the Purchased Power Adder of \$.0067 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 \$.0067 per kilowatthour Purchased Power Adder.

Department of Energy, Southwestern Power Administration

Rate Schedule NFTS-06¹ Wholesale Rates For Non-Federal Transmission/ Interconnection Facilities Service

Effective: During the period October 1, 2006, through September 30, 2010, in accordance with Rate Order No. SWPA-56 issued by the Deputy Secretary of Energy.

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

¹ Supersedes Rate Schedule NFTS-05.

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.

“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:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
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.	\$0.95 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.	\$0.238 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.	\$0.0432 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:

10/1/2006–9/30/2008	10/1/2008–9/30/2010
\$9,155,900	\$9,431,500

Monthly Revenue Requirement for Network Integration Service:

10/1/2006–9/30/2008	10/1/2008–9/30/2010
\$762,992	\$785,958

Net Capacity Available for Network Integration Service:

10/1/2006–9/30/2008	10/1/2008–9/30/2010
845,000 kilowatts	828,000 kilowatts.

Capacity Charge for Network Integration Transmission Service:

10/1/2006–9/30/2008	10/1/2008–9/30/2010
\$0.90 per kilowatt of Network Load (\$762,992/845,000 kilowatts.	\$0.95 per kilowatt of Network Load (\$785,958/828,000 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.

(4) 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.

(5) 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:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
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.	\$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.	\$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.	\$0.0027 per kilowatt of transmission capacity reserved in increments of one day of service.
Hourly	\$0.00017 per kilowatt of energy delivered as non-firm transmission service.	\$0.00017 per kilowatt of energy delivered as non-firm transmission service.

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

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
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.	\$0.04 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.	\$0.010 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.	\$0.0018 per kilowatt of transmission capacity reserved in increments of one day of service.
Hourly	\$0.00009 per kilowatt of energy delivered as non-firm transmission service.	\$0.00011 per kilowatt of energy delivered as non-firm transmission service.

(c) Regulation and Frequency Response Service:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
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.	\$0.09 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.

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
Weekly	\$0.020 per kilowatt of transmission capacity reserved in increments of one week of service.	\$0.023 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.	\$0.0041 per kilowatt of transmission capacity reserved in increments of one day of service.
Hourly	\$0.00023 per kilowatt of energy delivered as non-firm transmission service.	\$0.00026 per kilowatt of energy delivered as non-firm transmission service.

(d) Spinning Operating Reserve Service:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
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.	\$0.0092 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.	\$0.023 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.	\$0.00042 per kilowatt of transmission capacity reserved in increments of one day of service.
Hourly	\$0.00002 per kilowatt of energy delivered as non-firm transmission service.	\$0.00003 per kilowatt of energy delivered as non-firm transmission service.

(e) Supplemental Operating Reserve Service:

	10/1/2006–9/30/2008	10/1/2008–9/30/2010
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.	\$0.0092 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.	\$0.0023 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.	\$0.00042 per kilowatt of transmission capacity reserved in increments of one day of service.
Hourly	\$0.00002 per kilowatt of energy delivered as non-firm transmission service.	\$0.00003 per kilowatt 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:	
10/1/2006–9/30/2008	10/1/2008–9/30/2010
\$0.90 per kilowatt	\$0.95 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:

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

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.

Department of Energy, Southwestern Power Administration

Rate Schedule EE-06¹ Wholesale Rate for Excess Energy

Effective: During the period October 1, 2006, through September 30, 2010, in accordance with Rate Order No. SWPA-56 issued by the Deputy Secretary of Energy.

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:

10/1/2006-9/30/2007	10/1/2007-9/30/2010
\$0.0055 per kilowatthour.	\$0.0082 per kilowatthour.

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ENVIRONMENTAL PROTECTION AGENCY

[FRL-8230-6; Docket ID No. EPA-HQ-ORD-2004-0002]

Draft Toxicological Review of Dichlorobenzenes: In Support of Summary Information on the Integrated Risk Information System (IRIS)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of Extension of Public Comment Period, Rescheduled External Peer Review Panel Meeting, and Meeting Format Change.

SUMMARY: The EPA is extending the public comment period and rescheduling an external peer review panel meeting to review selected sections of the EPA National Center for Environmental Assessment (NCEA) final draft document titled, "Toxicological Review of Dichlorobenzenes: In Support of Summary Information on the Integrated Risk Information System (IRIS)" (EPA/635/R-03/015), regarding the inhalation reference concentration (RfC) and inhalation cancer assessment for 1,4-dichlorobenzene. The EPA is also changing the format of this external

peer review meeting to include both a teleconference and an in-person panel meeting.

On July 11, 2006, EPA published a **Federal Register** notice (71 FR 39113) announcing a comment period that ended August 9 and an external peer review panel meeting (by teleconference) that was scheduled for August 16. On August 11, 2006, EPA published a second **Federal Register** notice announcing an extension of the public comment period to October 10 and a rescheduling of the external peer review meeting to October 30. EPA is extending the public comment period to October 17, 2006, rescheduling the external peer review meeting to November 3, 2006, and changing the format to include both a face-to-face meeting and a teleconference option for participation. This extended public comment period and change in format for the external peer review are in response to requests from the public.

The public comment period and the external peer review meeting are separate processes that provide opportunities for all interested parties to comment on the document. In addition to consideration by EPA, all public comments submitted in accordance with this notice will also be forwarded to EPA's contractor, the Oak Ridge Institute for Science and Education (ORISE), for consideration by the external peer review panel prior to the meeting.

As previously stated in 71 FR 39113 and 71 FR 46220, EPA is releasing this draft document solely for the purpose of pre-dissemination peer review under applicable information quality guidelines. This document has not been formally disseminated by EPA. It does not represent and should not be construed to represent any Agency policy or determination.

ORISE invites the public to register to attend this peer review panel meeting as observers, either in person or by telephone. In addition, ORISE invites the public to give brief oral comments at the meeting regarding the draft document under review. The draft document and EPA's peer review charge are available via the Internet on NCEA's home page under the Recent Additions menu at <http://www.epa.gov/ncea>. When finalizing this draft report, EPA will consider ORISE's report of the comments and recommendations from the external peer reviewers and any public comments that EPA receives in accordance with this notice.

DATES: The period for submission of comments on the final draft document will end on October 17, 2006. Technical

¹ Supersedes Rate Schedule EE-05.