### *Adjustments*

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

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

Rate Schedule L–M2

(Supersedes Rate Schedule L–M1)

**UNITED STATES DEPARTMENT OF ENERGY**

**WESTERN AREA POWER ADMINISTRATION**

**ROCKY MOUNTAIN REGION**

**Loveland Area Projects**

***SALE OF SURPLUS PRODUCTS***

*(Approved Under Rate Order No. WAPA–179)*

### *Effective*

The first day of the first full billing period beginning on or after January 1, 2018, and extending through December 31, 2022, or until superseded by another rate schedule, whichever occurs earlier.

### *Applicable*

This rate schedule applies to Loveland Area Projects (LAP) Marketing and is applicable to the sale of the following LAP surplus energy and capacity products: energy, frequency response, regulation, and reserves. If any of the above LAP surplus products are available, LAP can make the product(s) available for sale, providing entities enter into separate agreement(s) with LAP Marketing which will specify the terms of sale(s).

### *Formula Rate*

The charge for each product will be determined at the time of the sale based on market rates, plus administrative costs. The customer will be responsible for acquiring transmission service necessary to deliver the product(s), for which a separate charge may be incurred.

[FR Doc. 2017–26375 Filed 12–6–17; 8:45 am]

**BILLING CODE 6450–01–P**

## DEPARTMENT OF ENERGY

## Western Area Power Administration

## Pick-Sloan Missouri Basin Program—Eastern Division—Rate Order No. WAPA–180

**AGENCY:** Western Area Power Administration, DOE.

**ACTION:** Notice of order concerning firm power, firm peaking power, and sale of surplus product formula rates.

**SUMMARY:** The Deputy Secretary of Energy confirmed and approved Rate Order No. WAPA–180 and Rate Schedules P-SED-F13, P-SED-FP13, and P–SED–M1 for firm power service, firm peaking power service, and a new formula rate for sale of surplus products for the Western Area Power Administration (WAPA) Pick-Sloan Missouri Basin Program—Eastern Division (P-SMBP—ED) into effect on an interim basis (Provisional Formula Rates).

**DATES:** The Rate Schedules P-SED-F13, P-SED-FP13, and P-SED-M1 are effective on the first day of the first full billing period beginning on or after January 1, 2018, and will remain in effect through December 31, 2022, pending confirmation and approval by Federal Energy Regulatory Commission (FERC) on a final basis or until superseded.

**FOR FURTHER INFORMATION CONTACT:** Mr. Jody S. Sundsted, Acting Regional Manager, Upper Great Plains Region, Western Area Power Administration, 2900 4th Avenue North, Billings, MT 59101–1266, telephone (406) 255–2800, or Ms. Linda Cady-Hoffman, Rates Manager, Upper Great Plains Region, Western Area Power Administration, 2900 4th Avenue North, Billings, MT 59101–1266, telephone (406) 255–2920, email *cady@wapa.gov.*

**SUPPLEMENTARY INFORMATION:**

### Firm Electric Service

On December 2, 2014, the Deputy Secretary of Energy approved, on an interim basis, Rate Schedules P-SED-F12 and P-SED-FP12 under Rate Order No. WAPA–166 for the 5-year period beginning January 1, 2015, and ending December 31, 2019 (79 FR 72670–72677 (Dec. 8, 2014)).[1] These rate schedules are formula-based, providing for adjustments to the Drought Adder component.[2] On January 1, 2017, the Drought Adder component of the P–SMBP—ED effective rate schedule was adjusted downward, recognizing repayment of drought costs included in the Drought Adder component of the approved formula rates. Under Rate Schedule P–SED–F12 with adjusted Drought Adder component as of January 1, 2017, the firm capacity charge is $6.50/kWmonth and the firm energy charge is 16.18 mills/kWh. Under Rate Schedule
P-SED-FP12, the firm peaking capacity charge is $5.85/kWmonth. Firm peaking energy is normally returned. A firm peaking energy charge of 16.18 mills/kWh will be assessed in the event energy is not returned.

Effective January 1, 2018, WAPA is adjusting the overall composite rate of the Pick-Sloan Missouri Basin Program, which is reflected in an adjustment to the formula-based charge components of the firm power rate schedules. The Drought Adder component of the firm power rate schedules will go down to zero and the Base component will be adjusted upward to reflect present costs attributed to the charge components. WAPA's Upper Great Plains Region (UGP) is removing the 5 percent voltage discount in the existing P-SMBP—ED firm power rate schedule P-SED-F12 and removing the voltage discount from the firm power revenue requirement. The total annual revenue requirement for P-SMBP—ED is $230.1 million for firm power service and firm peaking power service. Under Rate Schedule P-SED-F13, the firm capacity charge is $5.25/kWmonth and the firm energy charge is 13.27 mills/kWh. Under Rate Schedule P-SED-FP13, the firm peaking capacity charge is $4.75/kWmonth. Firm Peaking Energy is normally returned. A

[1] FERC confirmed and approved Rate Order WAPA–166 on a final basis on March 18, 2015, in Docket No. EF15–3–000. See *United States Department of Energy, Western Area Power Administration (Pick-Sloan Missouri Basin Program—Eastern Division),* 150 FERC ¶ 62,170.

[2] The Drought Adder component is a formula-based revenue requirement that includes future purchase power above timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits. *See* 72 FR 64067 (November 14, 2007). The Drought Adder was added as a component to the energy and capacity rates in Rate Order No. WAPA–135, which was approved by the Deputy Secretary on an interim basis on November 14, 2007 (72 FR 64067). FERC confirmed and approved Rate Order WAPA–135 on a final basis on April 14, 2008, in Docket No. EF08–5031. See *United States Department of Energy, Western Area Power Administration (Pick-Sloan Missouri Basin Program-Eastern Division),* 123 FERC ¶ 62,048. WAPA reviews the Drought Adder component each September to determine if drought costs differ from those projected in the Power Repayment Study and whether an adjustment to the Drought Adder component is necessary. See 72 FR 64071. The Drought Adder component may be adjusted downward using the approved annual Drought Adder adjustment process, whereas an incremental upward adjustment to the Drought Adder component greater than the equivalent of 2 mills/kWh requires a public rate process. *See* 72 FR 64071.

Firm Peaking Energy charge of 13.27 mills/kWh will be assessed in the event energy is not returned.

**Sale of Surplus Products**

In addition to the firm power and firm peaking power rate schedules, WAPA is implementing a new formula-based rate schedule, P-SED-M1, applicable to the sale of surplus energy and capacity products; energy, reserves, regulation, and frequency response. If P-SMBP—ED surplus products are available, the charge for each product will be determined based on market rates plus administrative costs. The customer will be responsible for acquiring transmission service necessary to deliver the product(s), for which a separate charge may be incurred.

**Legal Authority**

By Delegation Order No. 00–037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) The authority to develop power and transmission rates to the Administrator of WAPA; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand or to disapprove such rates to FERC. Federal rules (10 CFR part 903) govern DOE procedures for public participation in power rate adjustments.

Under Delegation Order Nos. 00–037.00B and 00–001.00F and in compliance with 10 CFR part 903 and 18 CFR part 300, I hereby confirm, approve, and place Rate Order No. WAPA–180, which provides the formula rates for P–SMBP—ED firm power, firm peaking power, and sale of surplus products, into effect on an interim basis. The new Rate Schedules P-SED-F13, P-SED-FP13, and P-SED-M1 will be submitted to FERC for confirmation and approval on a final basis.

Dated: November 30, 2017.

**Dan Brouillette,**

*Deputy Secretary of Energy.*

**DEPARTMENT OF ENERGY**

**DEPUTY SECRETARY**

In the matter of: Western Area Power Administration

Rate Adjustment for the Pick-Sloan Missouri Basin Program—Eastern Division)

Rate Order No. WAPA–180

ORDER CONFIRMING, APPROVING, AND PLACING THE PICK-SLOAN MISSOURI BASIN PROGRAM—EASTERN DIVISION FIRM POWER SERVICE, FIRM PEAKING POWER SERVICE AND SALE OF SURPLUS PRODUCT FORMULA RATES INTO EFFECT ON AN INTERIM BASIS

The firm power, firm peaking power, and sale of surplus product rates for the Pick-Sloan Missouri Basin Program—Eastern Division (P-SMBP—ED) set forth in this order are established in accordance with section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152). This Act transferred to and vested in the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Act of 1939 (43 U.S.C. 485h(c)) and section 5 of the Flood Control Act of 1944 (16 U.S.C. 825s), and other acts that specifically apply to the projects involved.

By Delegation Order No. 00–037.00B, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Administrator of Western Area Power Administration (WAPA); (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to the Federal Energy Regulatory Commission (FERC). Federal rules (10 CFR part 903) govern DOE procedures for public participation in power rate adjustments.

**Acronyms, Terms and Definitions**

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

*Base:* A fixed revenue requirement that includes O&M expense, investments and replacements, interest on investments and replacements, normal timing power purchase (purchases due to operational constraints, not associated with drought), and transmission costs.

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

*Capacity Rate:* The rate which sets forth the charges for capacity. It is expressed in dollars per kilowatt-month and applied to each kilowatt of the Contract Rate of Delivery (CROD).

*Composite Rate:* The Power Repayment Study (PRS) rate for commercial firm power, which is the total annual revenue requirement for capacity and energy divided by the total annual energy sales. It is expressed in mills per kilowatt-hour and used only for comparison purposes.

*Customer:* An entity with a contract that is receiving firm electric service from WAPA.

*Deficits:* Deferred or unrecovered annual and/or interest expenses.

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

*Drought Adder:* A formula-based revenue requirement that includes future purchase power above timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits.

*Energy:* Measured in terms of the work it is capable of doing over a period of time. Electric energy is expressed in kilowatt-hours.

*Energy Charge:* The charge under the rate schedule for energy. It is expressed in mills per kilowatt-hour and applied to each kilowatt-hour delivered to each Customer.

*Firm:* A type of product and/or service available at the time requested by a Customer.

*FY:* Fiscal year; October 1 to September 30.

*kW:* Kilowatt—the electrical unit of capacity that equals 1,000 watts.

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

*kWmonth:* Kilowatt-month the electrical unit of the monthly amount of capacity.

*LAP* Loveland Area Projects

*mills/kWh:* Mills per kilowatt-hour—the unit of charge for energy (equal to one tenth of a cent or one thousandth of a dollar).

*MW:* Megawatt—the electrical unit of capacity that equals 1 million watts or 1,000 kilowatts.

*Non-timing Power Purchases:* Power purchases that are not related to operational constraints such as management of endangered species, species habitat, water quality, navigation, control area purposes, etc.

*O&M* Operation and Maintenance.

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

*P-SMBP—ED:* Pick-Sloan Missouri Basin Program—Eastern Division.

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

*Power:* Capacity and energy.

*Power Factor:* The ratio of real to apparent power at any given point and time in an electrical circuit. Generally, it is expressed as a percentage.

*Preference:* The provisions of Reclamation Law that require WAPA to first make Federal power available to certain entities. For example, section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) states that preference in the sale of Federal power shall be given to municipalities and other public corporations or agencies and also to cooperatives and other nonprofit organizations financed in whole or in part by loans made under the Rural Electrification Act of 1936.

*Provisional Formula Rate:* A formula rate confirmed, approved, and placed into effect on an interim basis by the Deputy Secretary of Energy.

*Ratesetting PRS:* The Power Repayment Study used for the rate adjustment period.

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

**Effective Date**

The Provisional Formula Rate Schedules P-SED-F13, P-SED-FP13, and P-SED-M1 will take effect on the first day of the first full billing period beginning on or after January 1, 2018, and will remain in effect through December 31, 2022, pending approval by FERC on a final basis or until superseded.

**Public Notice and Comment**

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

1. A **Federal Register** Notice, published on July 3, 2017 (82 FR 30858) (Proposal FRN), announced the proposed rates for P-SMBP—ED and began the 90-day public consultation and comment period.

2. On July 5, 2017, WAPA-UGP mailed letters to all P-SMBP—ED Preference Customers and interested parties transmitting the FRN published on July 3, 2017.

3. On August 22, 2017, at 9 a.m. (MDT), WAPA held a public information forum at the Denver Embassy Suites, 7000 Yampa Street, Denver, Colorado. WAPA provided updates to the proposed firm power rates and sale of surplus products for both P-SMBP—ED and Loveland Area Projects (LAP). WAPA also answered questions and gave notice that more information was available in the customer rate brochure.

4. On August 22, 2017, at 11 a.m. (MDT), following the public information forum, at the same location, a public comment forum was held, to provide an opportunity for customers and other interested parties to comment for the record. No oral or written comments were received at this forum.

5. On August 23, 2017, at 9 a.m. (CDT), WAPA held a public information forum at the Holiday Inn, 100 West 8th Street, Sioux Falls, South Dakota. WAPA provided updates to the proposed firm power rates and sale of surplus products for both the P-SMBP—ED and LAP. WAPA also answered questions and gave notice that more information was available in the customer rate brochure.

6. On August 23, 2017, at 11 a.m. (CDT), following the public information forum, and at the same location, a public comment forum was held. The comment forum gave the public an opportunity to comment for the record. Two oral comments were received at this forum.

7. WAPA provided a Web site that contains all dates, customer letters, presentations, FRNs, customer rate brochure, and other information about this rate process. The Web site is located at *https://www.wapa.gov/regions/UGP/rates/Pages/2018-firm-rate-adjustment.aspx.*

8. During the 90-day consultation and comment period, which ended October 2, 2017, WAPA received two oral comments (at the August 23 public comment forum) and two comment letters. The comments and WAPA's responses are addressed below. All comments have been considered in the preparation of this Rate Order.

**Two representatives of the following organizations made oral comments**

Mid-West Electric Consumers Association, Colorado
Missouri River Energy Services, South Dakota

**Written comments were received from the following interested parties**

Marshall Municipal Utilities, Minnesota
Missouri River Energy Services, South Dakota

**Project Description**

The Pick-Sloan Missouri Basin Program (P-SMBP), originally the Missouri River Basin Project, was authorized by Congress in section 9 of the Flood Control Act of 1944 of December 22, 1944 (Pub. L. 534, 58 Stat. 887, 891). This multipurpose program provides flood control, irrigation, navigation, recreation, preservation and enhancement of fish and wildlife, and power generation. Multipurpose projects have been developed on the Missouri River and its tributaries in Colorado, Montana, Nebraska, North Dakota, South Dakota, and Wyoming.

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

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

The P-SMBP power is marketed by two Regions. The UGP Region, with a regional office in Billings, Montana, markets the Eastern Division (P-SMBP—ED) power to approximately 340 customers. The Rocky Mountain Region (RMR), with a regional office in Loveland, Colorado, markets the Western Division (P-SMBP—WD) power through LAP to approximately 75 customers.

The adjustment to the LAP rate is a separate formal rate process, which is documented in Rate Order No. WAPA–179. Rate Order No. WAPA–179 is also scheduled to go into effect on the first day of the first full billing period on or after January 1, 2018. The P-SMBP—WD revenue requirement is incorporated into the LAP rate, along with the revenue requirement for the Fryingpan-Arkansas Project.

**Power Repayment Study—Firm Power Rate**

WAPA prepares a PRS each FY to determine if revenues will be sufficient to repay, within the required time, all costs assigned to the P-SMBP. Repayment criteria is based on WAPA's applicable laws and legislation, as well as policies including DOE Order RA 6120.2. To meet the Cost Recovery Criteria outlined in DOE Order RA 6120.2, a revised study and rate adjustment has been developed to demonstrate that sufficient revenues will be collected under Provisional Formula Rates to meet future obligations.

With the removal of the voltage discount taken into account, the total annual revenue requirement for P-SMBP—ED is $230.1 million for firm power service and firm peaking power service. The revenue requirement and composite rates for P-SMBP—ED firm power and firm peaking power are being reduced, as indicated in Table 1:

TABLE 1—COMPARISON OF REVENUE REQUIREMENTS AND COMPOSITE RATES

| | Existing requirements (January 1, 2017) | Provisional requirements (January 1, 2018) | Percent change |
|---|---|---|---|
| P-SMBP—ED Revenue Requirement (millions $) | $282.7 | $230.1 [1] | −19% |
| P-SMBP—ED Composite Rate (mills/kWh) | 28.25 | 24.00 | −15 |

[1] Voltage discount removed.

Under the existing rate methodology, rates for P-SMBP—ED firm power service and firm peaking power service are designed to recover an annual revenue requirement that includes power investment repayment, aid to irrigation repayment, interest expense, purchase power, O&M, and other expenses within the allowable period. The annual revenue requirement continues to be allocated equally between capacity and energy.

## Existing and Provisional Formula Rates

The existing Rate Schedules P-SED-P12 and P-SED-FP12 and provisional Rate Schedules P-SED-P13 and P-SED-FP13 continue to be formula-based, with Base and Drought Adder components, and provide for an incremental upward adjustment to the Drought Adder component up to 2 mills/kwh. An incremental increase to the Drought Adder greater than 2 mills/kWh requires a public process. The Drought Adder may be adjusted downward pursuant to the formula, by using the approved annual Drought Adder adjustment process. A comparison of the existing and Provisional Formula Rates for P-SMBP—ED firm electric service is listed in Table 2:

TABLE 2—COMPARISON OF EXISTING AND PROVISIONAL FORMULA RATES

| Firm power service | Existing charges under P-SED-F12/ P-SED-FP12 with modified drought adder as of January 1, 2017 | Provisional charges under P-SED-F13/ P-SED-FP13 as of January 1, 2018 | Percent change |
|---|---|---|---|
| Firm Capacity ($/kW month) | $6.50 | $5.25 | −19 |
| Firm Energy (mills/kWh) | 16.18 | 13.27 | −18 |
| Firm Peaking Capacity ($/kW month) | $5.85 | $4.75 | −19 |
| Firm Peaking Energy (mills/kWh) [1] | 16.18 | 13.27 | −18 |

[1] Firm Peaking Energy is normally returned. This charge will be assessed in the event Firm Peaking Energy is not returned.

Under the new formula-based Rate Schedule P-SED-M1, the Provisional Formula Rate will consist of a charge for products listed in the rate schedule that will be determined at the time of the sale based on market rates, plus administrative costs.

## Certification of Rates

WAPA's Administrator certified that the Provisional Formula Rates for P-SMBP—ED firm power, firm peaking power, and sale of surplus product rates under Rate Schedules P-SED–F13, P-SED-FP13, and P-SED-M1 are at the lowest possible rates consistent with sound business principles. The Provisional Formula Rates were developed following administrative policies and applicable laws.

## P-SMBP—ED Firm Power Rate Discussion

According to Reclamation Law, WAPA is required to establish power rates sufficient to recover O&M, purchased power and interest expenses, and repay power investment and irrigation aid. The P-SMBP—ED firm power and firm peaking power Base and Drought Adder components are updated to represent present costs. As a part of the existing and provisional rate schedules, WAPA provides for a formula-based adjustment of the Drought Adder component of up to 2 mills/kWh. The 2 mills/kWh cap places a limit on the amount the Drought Adder component can be adjusted relative to associated drought costs to recover costs attributable to the Drought Adder formula rate for any one-year cycle. Continuing to identify the firm power service revenue requirement using Base and Drought Adder components will assist WAPA in the presentation of future impacts of droughts, demonstrate repayment of drought-related costs in the PRS, and allow WAPA to be more responsive to changes caused by drought-related expenses. WAPA will continue to charge and bill its Preference Customers firm power service and firm peaking power service rates for energy and capacity, which are the sum of the Base and Drought Adder components.

Under Rate Schedules P-SED-F13 and P-SED-FP13, WAPA will continue to identify its firm power revenue requirement using Base and Drought Adder components. The Base component is a fixed revenue requirement that includes annual O&M expenses, investment repayment and associated interest, normal timing power purchases, and transmission costs. Normal timing power purchases are due to operational constraints (*e.g.,* management of endangered species habitat, water quality, navigation, etc.) and are not associated with drought. WAPA cannot adjust the Base component without a public process.

The Drought Adder component is a formula-based revenue requirement that includes costs attributable to drought conditions within P-SMBP. The Drought Adder component includes costs associated with future Non-timing Power Purchases to meet firm power contractual obligations not covered with available system generation due to a drought, previously incurred deficits due to purchased power debt that resulted from Non-timing Power Purchases made during a drought, and the interest associated with drought debt. The Drought Adder component is designed to repay WAPA's drought debt within 10 years from the time the debt was incurred, using balloon-payment methodology. For example, the drought debt incurred by WAPA in FY 2009 is required to be repaid by FY 2019.

The annual revenue requirement calculation will continue to be summarized by the following formula: Annual Revenue Requirement = Base Revenue Requirement + Drought Adder Revenue Requirement. Both the Base and Drought Adder components recover portions of the firm power revenue requirement and firm peaking power revenue necessary to equal the P-SMBP—ED revenue requirement. Under this Provisional Rate, the P-SMBP—ED annual revenue requirement equals $230.1 million and is comprised of a Base revenue requirement of $230.1 million plus a Drought Adder revenue requirement of $0. A comparison of the existing and provisional charge components is listed in Table 3.

TABLE 3—SUMMARY OF P-SMBP—ED CHARGE COMPONENTS

| | Existing charges under rate schedules P-SED-F12 and P-SED-FP12 with modified drought adder as of January 1, 2017 | | | Provisional charges under rate schedules P-SED-F13 and P-SED-FP13 as of January 1, 2018 | | | Change |
|---|---|---|---|---|---|---|---|
| | Base component | Drought Adder component | Total charge | Base component | Drought Adder component | Total charge | (%) |
| Firm Capacity (/kWmonth) | $4.90 | $1.60 | $6.50 | $5.25 | $0.00 | $5.25 | −19% |
| Firm Energy (mills/kWh) | 12.33 | 3.85 | 16.18 | 13.27 | 0.00 | 13.27 | −18% |
| Firm Peaking Capacity ($/kWmonth) | $4.45 | $1.40 | $5.85 | $4.75 | $0.00 | $4.75 | −19% |
| Firm Peaking Energy (mills/kWh) [1] | 12.33 | 3.85 | 16.18 | 13.27 | 0.00 | 13.27 | −18% |

[1] Firm Peaking Energy is normally returned. This charge will be assessed in the event Firm Peaking Energy is not returned.

WAPA reviews its firm power service rates annually. WAPA will review the Base and Drought Adder components after the annual PRS is completed, generally in the first quarter of the calendar year. If an adjustment to the Base component is necessary or if an incremental upward adjustment to the Drought Adder component greater than the equivalent of 2 mills/kWh to the PRS Composite Rate is necessary, WAPA will initiate a public process following 10 CFR part 903 before making an adjustment.

In accordance with the approved Drought Adder adjustment process, WAPA will review the Drought Adder component annually in early summer to determine if drought costs differ from those projected in the PRS. In October, WAPA will determine if a change to the Drought Adder component is necessary, either incremental or decremental. Adjustment to the Drought Adder component, up to 2 mills/kWh, will be implemented in the following January billing cycle. Although decremental adjustments to the Drought Adder component will occur as drought costs are repaid, the adjustments cannot result in a negative Drought Adder component. Implementing the Drought Adder component adjustment on January 1 of each year will help keep the drought deficits from escalating as quickly, will lower the interest expense due to drought deficits, will demonstrate responsible deficit management, and will provide prompt drought deficit repayments.

**Statement of Revenue and Related Expenses**

The following Table 4 provides a summary of projected revenue and expense data for the P-SMBP, including both the Eastern and Western Division's firm electric service revenue requirements, through the 5-year provisional rate approval period. The firm power rates for Eastern and Western Divisions have been developed with the following revenues and expenses for the P-SMBP:

TABLE 4—P-SMBP COMPARISON OF 5-YEAR RATE PERIOD (FY 2018–2022) TOTAL REVENUES AND EXPENSES

| | Existing Rate ($000) | Provisional Rate ($000) | Difference ($000) |
|---|---|---|---|
| Total Revenues[1] | $2,679,973 | $2,644,825 | ($35,148) |
| *Revenue Distribution* | | | |
| Expenses: | | | |
| O&M | $1,082,969 | $1,158,866 | $75,897 |
| Purchased Power | 164,049 | 124,796 | (39,253) |
| Interest | 561,528 | 560,257 | (1,271) |
| Transmission[1] | 64,072 | 460,982 | 396,910 |
| Total Expenses | $1,872,618 | $2,304,901 | $432,283 |

TABLE 4—P-SMBP COMPARISON OF 5-YEAR RATE PERIOD (FY 2018–2022) TOTAL REVENUES AND EXPENSES—Continued

| | Existing Rate ($000) | Provisional Rate ($000) | Difference ($000) |
|---|---|---|---|
| Principal Payments: | | | |
| Capitalized Expenses (Deficits) [2] | $345,006 | $42,325 | ($302,681) |
| Original Project and Additions [2] | 401,193 | 179,017 | (222,176) |
| Replacements [2] | 61,156 | 72,864 | 11,708 |
| Irrigation Aid | 0 | 45,718 | 45,718 |
| Total Principal Payments | $807,355 | $339,924 | ($467,431) |
| Total Revenue Distribution | $2,679,973 | $2,644,825 | ($35,148) |

[1] Transmission increase is a result of accounting treatment of transmission expense and transmission revenue due to WAPA–UPG joining the Southwest Power Pool (SPP).

[2] Due to historic drought conditions, revenues generated in the cost evaluation period are applied toward repayment of deferred annual expenses rather than repayment of project additions and replacements. The outstanding deferred of amount $42.3 million is projected to be repaid in 2018, a year ahead of its due date.

**Sale of Surplus Products Discussion**

WAPA is also implementing a new formula rate for the sale of surplus products under Rate Schedule P-SED-M1. This new rate schedule allows for the sale of generation and generation-related products in excess of WAPA's P-SMBP—ED firm power obligations at market rates. P-SED-M1 is a new formula-based rate schedule, applicable to the sale of surplus energy and capacity products. The schedule includes reserves, regulation, frequency response, and energy. If WAPA UGP surplus products are available, the charge is determined based on market rates, plus administrative costs. The customer will be responsible for acquiring transmission service necessary to deliver the product(s) for which a separate charge may be incurred. WAPA is placing Rate Schedule P-SED-M1 into effect for the 5-year period beginning January 1, 2018, through December 31, 2022.

**Basis for Rate Development**

WAPA is lowering the overall charges for firm power service and firm peaking power service by 19 percent, by reducing the Drought Adder component to zero, increasing the Base component, and removing the voltage discount. The Provisional Formula Rates under Rate Schedules P-SED-F13 and P-SED-FP13 will provide sufficient revenue to pay all annual costs, including interest expense, and repay investments within the allowable periods.

**Comments**

WAPA received two comment letters and two oral comments during the public consultation and comment period. The comments expressed in these letters have been paraphrased, where appropriate, without compromising the meaning of the comments.

A. *Comment:* One customer expressed support of the proposed rate adjustment as described in the FRN for Rate Order No. WAPA–180. The customer is aware that WAPA intends to lower the Drought Adder to zero and increase the Base component due to inflationary pressures. The customer also expressed support of removing the voltage discount. The customer commended WAPA on paying off the $843 million in drought debt as a significant achievement. The customer acknowledged much has been learned about the risks of power supply management through drought periods. The customer encouraged WAPA to work towards implementing a purchase power and wheeling strategy for WAPA's unobligated balances to help manage such risks in the future.

*Response:* This rate reduction rebalances the Base and Drought Adder components. WAPA has also determined that the voltage discount has served its purpose and now is no longer needed. In its nearly 70 years of application, the original intent of reimbursing customers for relieving the BOR and then WAPA of transmission facility construction costs has been met. The purchase power and wheeling strategy, as well as the use of unobligated balances, are not directly related to this rate action. WAPA will, however, continue to complete an annual Drought Adder review that allows WAPA to be more responsive to rate adjustments driven by drought periods. WAPA is committed to continuing to implement its purchase power and wheeling strategy and use of unobligated balances in an open and transparent manner.

B. *Comment:* Multiple customer representatives supported the rate adjustment as proposed, and emphasized the need for continued cost control regarding the Base component.

*Response:* WAPA is committed to keeping the power rates at the lowest possible rates while maintaining sound business principles.

**Availability of Information**

Information about this rate adjustment, including the customer rate brochure, PRS, comments, letters, memorandums, and other supporting materials that were used to develop the Provisional Formula Rates, is be available for inspection and copying at the Upper Great Plains Regional Office, located at 2900 4th Avenue North, 6th Floor, Billings, Montana. Many of these documents are also available on WAPA's Web site under the ''2018 Firm Rate Adjustment'' section located at *https://www.wapa.gov/regions/UGP/rates/Pages/2018-firm-rate-adjustment.aspx.*

**RATEMAKING PROCEDURE REQUIREMENTS**

**Environmental Compliance**

In compliance with the National Environmental Policy Act (NEPA) of 1969, 42 U.S.C. 4321–4347: the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500–1508): and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021), WAPA has determined this action is categorically excluded from preparing an environmental assessment or an environmental impact statement. A copy of the categorical exclusion determination is available on WAPA's Web site at *http://www.wapa.gov/regions/UGP/Environment/Documents/RateOrderWAPA-180.pdf.*

**Determination Under Executive Order 12866**

WAPA has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

**Submission to the Federal Energy Regulatory Commission**

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

**ORDER**

In view of the foregoing and under the authority delegated to me, I confirm and approve on an interim basis, effective on the first full billing period on or after January 1, 2018, Rate Schedules P-SED-F13, P-SED-FP13, and P-SED-M1 for the Pick-Sloan Missouri Basin Program—Eastern Division Project of the Western Area Power Administration. These rate schedules shall remain in effect on an interim basis, pending Federal Energy Regulatory Commission's confirmation and approval of the rate schedules or substitute rates on a final basis through December 31, 2022, or until superseded.

Dated: November 30, 2017

Dan Brouillette
*Deputy Secretary of Energy*

Rate Schedule P-SED-F13
(Supersedes Schedule P-SED-F12)

**UNITED STATES DEPARTMENT OF ENERGY**

**WESTERN AREA POWER ADMINISTRATION**

**UPPER GREAT PLAINS REGION**

**Pick-Sloan Missouri Basin Program—Eastern Division**

***FIRM POWER SERVICE***

*(Approved Under Rate Order No. WAPA–180)*

***Effective***

The first day of the first full billing period beginning on or after January 1, 2018, through December 31, 2022, or until superseded by another rate schedule, whichever occurs earlier.

***Available***

Within the marketing area served by the Eastern Division of the Pick-Sloan Missouri Basin Program; within Montana, North Dakota, South Dakota, Minnesota, Iowa, and Nebraska.

***Applicable***

To the power and energy delivered to customers as firm power service.

***Character***

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

***Formula Rate and Charge Components***

Rate = Base component + Drought Adder component.

***Monthly Charge as of January 1, 2018, under the Rate:***

***CAPACITY CHARGE:*** $5.25 for each kilowatt per month (kWmo) of billing capacity.

***ENERGY CHARGE:*** 13.27 mills for each kilowatt-hour (kWh) for all energy delivered as firm power service.

***BILLING CAPACITY:*** The billing capacity will be as defined by the power sales contract.

***Charge Components***

Base Component: A fixed revenue requirement that includes operation and maintenance expense, investments and replacements, interest on investments and replacements, normal timing purchase power (purchases due to operational constraints, not associated with drought), and transmission costs. Any proposed change to the Base component will require a public process.

$$\text{Base Capacity} = \frac{50\%\ \text{X Base Revenue Requirement}}{\text{Firm Metered Billing Units}} = \$5.25/\text{kWmo}$$

$$\text{Base Energy} = \frac{50\%\ \text{X Base Revenue Requirement}}{\text{Annual Energy}} = 13.27\ \text{mills/kWh}$$

Drought Adder Component: A formula-based revenue requirement that includes future purchase power expense above timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits. The formulas, along with the charges under the formulas as of January 1, 2018, are:

$$\text{Drought Adder Capacity} = \frac{50\%\ \text{X Drought Adder Revenue Requirement}}{\text{Firm Metered Billing Units}} = \$0.00/\text{kWmo}$$

$$\text{Drought Adder Energy} = \frac{50\%\ \text{X Drought Adder Revenue Requirement}}{\text{Annual Energy}} = 0.00\ \text{mills/kWh}$$

***Annual Drought Adder Adjustment Process:***

The Drought Adder may be adjusted annually using the above formulas for any costs attributed to drought of less than or equal to the equivalent of 2 mills/kWh to the Power Repayment Study (PRS) composite rate. Any planned incremental upward adjustment to the Drought Adder greater than the equivalent of 2 mills/kWh to the PRS composite rate will require a public process.

The annual review process is initiated in early summer when WAPA reviews the Drought Adder component and provides notice of any estimated change to the Drought Adder component charge under the formula. In October, WAPA will make a final determination of any change to the Drought Adder component charge, either incremental or decremental. If a Drought Adder component change is required, a modified Drought Adder revenue requirement and the associated charges will become effective the following January 1 and will be identified in a Drought Adder modification update. WAPA will inform customers of updates by letter and post updates to WAPA's external Web site.

***Adjustments:***

*For Billing of Unauthorized Overruns:*

For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual firm power and/or energy obligations, such overrun shall be billed at 10 times the formula rate.

***For Power Factor:***

None. Customers will be required to maintain a power factor at the point of delivery between 95-percent lagging and 95-percent leading.

Rate Schedule P-SED-FP13
(Supersedes Schedule P-SED-FP12)

**UNITED STATES DEPARTMENT OF ENERGY**

**WESTERN AREA POWER ADMINISTRATION**

**UPPER GREAT PLAINS REGION**

**Pick-Sloan Missouri Basin Program—Eastern Division**

***FIRM PEAKING POWER SERVICE***

*(Approved Under Rate Order No. WAPA–180)*

***Effective:***

The first day of the first full billing period beginning on or after January 1, 2018, through December 31, 2022, or until superseded by another rate schedule, whichever occurs earlier.

***Available:***

Within the marketing area served by the Eastern Division of the Pick-Sloan Missouri Basin Program; within Montana, North Dakota, South Dakota, Minnesota, Iowa, and Nebraska.

***Applicable:***

To the power sold to customers as firm peaking power service.

***Character:***

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

*Formula Rate and Charge Components:*

Rate = Base component + Drought Adder component

*Monthly Charge as of January 1, 2018, under the Rate:*

***CAPACITY CHARGE:***

$4.75 for each kilowatt per month (kWmo) of the effective contract rate of delivery for peaking power or the maximum amount scheduled, whichever is greater.

***ENERGY CHARGE:***

13.27 mills for each kilowatt-hour (kWh) for all energy scheduled for delivery without return.

***Charge Components:***

Base Component: A fixed revenue requirement that includes operation and maintenance expense, investments and replacements, interest on investments and replacements, normal timing purchase power (purchases due to operational constraints, not associated with drought), and transmission costs. Any proposed change to the Base component will require a public process.

$$\text{Base Capacity} = \frac{\text{Base Peaking Capacity Revenue Requirement}}{\text{Peaking CROD Billing Units}} = \$4.75/\text{kWmo}$$

Drought Adder Component: A formula-based revenue requirement that includes future purchase power above timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits. The formulas, along with the charges under the formulas as of January 1, 2018, are:

$$\text{Drought Adder Capacity} = \frac{\text{Drought Adder Peaking Capacity Revenue Requirement}}{\text{Peaking CROD Billing Units}} = \$0.00/\text{kWmo}$$

Annual Drought Adder Adjustment Process:

The Drought Adder may be adjusted annually using the above formulas for any costs attributed to drought of less than or equal to the equivalent of 2 mills/kWh to the Power Repayment Study (PRS) composite rate. Any planned incremental upward adjustment to the Drought Adder greater than the equivalent of 2 mills/kWh to the PRS composite rate will require a public process.

The annual review process is initiated in early summer when WAPA reviews the Drought Adder component and provides notice of any estimated change to the Drought Adder component charge under the formula. In October, WAPA will make a final determination of any change to the Drought Adder component charge, either incremental or decremental. If a Drought Adder component change is required, a modified Drought Adder revenue requirement and the associated charges will become effective the following January 1 and will be identified in a Drought Adder modification update. WAPA will inform customers of updates by letter and post updates to WAPA's external Web site.

***BILLING CAPACITY:***

The billing capacity will be the greater of (1) the highest 30-minute integrated capacity measured during the month up to, but not in excess of, the delivery obligation under the power sales contract, or (2) the contract rate of delivery.

***Adjustments:***

***Billing for Unauthorized Overruns:***

For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual obligation for peaking capacity and/or energy, such overrun shall be billed at 10 times the above rate.

Rate Schedule P-SED-M1

**UNITED STATES DEPARTMENT OF ENERGY**

**WESTERN AREA POWER ADMINISTRATION**

**UPPER GREAT PLAINS REGION**

**PICK-SLOAN MISSOURI BASIN PROGRAM—EASTERN DIVISION**

***SALE OF SURPLUS PRODUCTS***

*(Approved Under Rate Order No. WAPA–180)*

***Effective:***

The first day of the first full billing period beginning on or after January 1, 2018, through December 31, 2022, or until superseded by another rate schedule, whichever occurs earlier.

***Applicable:***

This rate schedule applies to Eastern Division of the Pick-Sloan Missouri Basin Program marketing and is applicable to the sale of the following P-SMBP—ED surplus energy and capacity products; energy, frequency response, regulation, and reserves. If any P-SMBP—ED surplus energy and capacity products are available, UGP can make the product(s) available for sale, providing entities enter into a separate agreement(s) with UGP Marketing Office which will specify the terms of sale(s).

***Formula Rate:***

The charge for each product is determined at the time of the sale based on market rates, plus administrative costs. The customer will be responsible for acquiring transmission services necessary to deliver the product(s), for which a separate charge may be incurred.

[FR Doc. 2017–26376 Filed 12–6–17; 8:45 am]

**BILLING CODE 6450–01–P**

## ENVIRONMENTAL PROTECTION AGENCY

**[FRL–9970–84–Region 6]**

## Clean Air Act Operating Permit Program; Petitions for Objection to State Operating Permit for Big River Steel, LLC, Osceola, Arkansas

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Notice of final action.

**SUMMARY:** Pursuant to the Clean Air Act (CAA), the EPA Administrator signed an Order, dated October 31, 2017, denying a petition asking EPA to object to the operating permit issued by the Arkansas Department of Environmental Quality (ADEQ) to Big River Steel, LLC (Big River) for its Steel Mill. Title V operating permit number 2305–AOP–R0 was issued on September 18, 2013, by the ADEQ to Big River for a new steel mill in Osceola, Mississippi County, Arkansas. EPA's October 31, 2017, Order responds to a petition submitted on October 9, 2013 by the Nucor Steel-Arkansas and Nucor-Yamato Steel Company (the Petitioners), pursuant to the Clean Air Act (CAA or Act). The Act provides that a petitioner may ask for judicial review of those portions of the Orders that deny objections raised in the petitions in the appropriate United States Court of Appeals. Any petition for review shall be filed within 60 days from the date this notice appears in the **Federal Register**, pursuant to the Act.

**ADDRESSES:** You may review copies of the final Order, the petition, and other supporting information at EPA Region 6, 1445 Ross Avenue, Dallas, Texas 75202–2733.

EPA requests that if at all possible, you contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section to view copies of the final Order, petition, and other supporting information. You may view the hard copies Monday through Friday, from 9:00 a.m. to 3:00 p.m., excluding Federal holidays. If you wish to examine these documents, you should make an appointment at least 24 hours before the visiting day. Additionally, the final October 31, 2017, Order is available electronically at: *https://www.epa.gov/sites/production/files/2017-10/documents/big_river_steel_response2013.pdf.*

**FOR FURTHER INFORMATION CONTACT:** Dinesh Senghani at (214) 665–7221, email address: *senghani.dinesh@epa.gov* or the above EPA, Region 6 address.

**SUPPLEMENTARY INFORMATION:** The CAA affords EPA a 45-day period to review, and object, as appropriate, to a title V operating permit proposed by a state permitting authority. Sections 307(b) and 505(b)(2) of the CAA, 42 U.S.C. 7661d(b)(2), and 40 CFR 70.8(d) authorizes any person to petition the EPA Administrator, within 60 days after the expiration of this review period, to object to a title V operating permit if EPA has not done so. Petitions must be based only on objections to the permit that were raised with reasonable specificity during the public comment period provided by the state, unless the petitioner demonstrates that it was impracticable to raise these issues during the comment period or unless the grounds for the issue arose after this period.

EPA received the petition from the Petitioners on October 9, 2013, for the operating permit issued on September 18, 2013, to Big River Steel, LLC located in Osceola, Mississippi County, Arkansas.

The Petitioner requests that the Administrator object to the proposed operating permit issued by the ADEQ to Big River based on twelve claims. The claims are described in detail in Section IV of the Order. In summary, the issues raised are that: (1) ADEQ conducted an inadequate review of background air quality data; (2) the $PM_{2.5}$ modeling is deficient because it excluded certain areas from the analysis; (3) the $PM_{2.5}$ modeling is deficient because ADEQ failed to include secondary formation of $PM_{2.5}$, and instead only included $PM_{2.5}$ directly emitted by the facility; (4) ADEQ'S air quality impacts analysis for $PM_{2.5}$ NAAQS was inadequate because there are discrepancies among different modeled $PM_{2.5}$ annual impact values in or associated with the $PM_{2.5}$ modeling.; (5) ADEQ and Big River failed to properly carry out an additional impacts analysis; (6) the emission factors for natural gas combustion used to issue the Draft Permit are conflicting; (7) Big River did not adequately demonstrate the basis for its proposed $PM_{2.5}$ emission factors; (8) the Big River facility design was incomplete in critical ways that affected the validity of air quality modeling; (9) the permit does not contain enforceable permit conditions that lead to compliance; (10) the Permit does not contain adequate monitoring, recordkeeping, and reporting requirements to comply with the requirements of 40 CFR 70.6(a)(3)(i)(B) because it does not provide for a test method; (11) the Permit does not appropriately establish BACT requirements; and (12) ADEQ's Draft Permit does not comply with public notice and participation requirements. The Order issued on October 31, 2017, responds to the Petition and explains the basis for EPA's decision.

Dated: December 1, 2017.

**Samuel Coleman,**

*Acting Regional Administrator, Region 6.*

[FR Doc. 2017–26400 Filed 12–6–17; 8:45 am]

**BILLING CODE 6560–50–P**

## FARM CREDIT ADMINISTRATION

## Sunshine Act Meeting; Farm Credit Administration Board

**AGENCY:** Farm Credit Administration.

**ACTION:** Notice, regular meeting.

**SUMMARY:** Notice is hereby given, pursuant to the Government in the Sunshine Act, of the regular meeting of