BPA McNary-Big Eddy 230–kV transmission line or the new, proposed BPA McNary-John Day 500–kV transmission line.

*Process to Date:* BPA is the lead Federal agency for the joint NEPA/SEPA EIS, and Benton County is the lead Washington State agency. Benton County has received a SEPA Checklist and determined that preparation of an EIS is required. Benton County has scheduled a public meeting to be held on January 24, 2002, at Patterson, Washington, to obtain public input concerning the scope of the EIS. An additional EIS scoping meeting will be scheduled and announced by direct mail and through local media.

*Alternatives Proposed for Consideration:* Alternatives thus far identified for evaluation in the EIS are (1) the proposed action, (2) alternative sites within the property under lease by PE, (3) alternative transmission line interconnections, and (4) no action. Other alternatives may be identified through the scoping process.

*Identification of Environmental Issues:* Benton County will prepare an EIS consistent with its responsibilities under Chapter 43.21C of the Revised Code of Washington and Chapter 197–11 of the Washington Administrative Code. PE has requested transmission interconnection and firm transmission service. Such an action triggers a need for BPA to prepare NEPA documentation. Therefore, BPA and Benton County intend to prepare a joint NEPA/SEPA EIS addressing both the powerplant and the associated electric power interconnection and transmission facilities. The principal issues identified thus far for consideration in the Draft EIS are (1) air quality impacts, (2) aesthetic and visual impacts, (3) socio-economic impacts including transportation impacts, (4) wetlands and wildlife habitat impacts, (5) cultural resource impacts, (6) water supply and quality impacts, (7) health and safety impacts, and (8) noise impacts from plant operation. These issues, together with any additional significant issues identified through the scoping process, will be addressed in the EIS. BPA will also use the EIS and NEPA process to address historic preservation and cultural resource issues under Section 106 of the National Historic Preservation Act.

*Public Participation:* A public scoping meeting will be held at Patterson, Washington, on January 24, 2002. Representatives of BPA and Benton County will be available to receive oral and written public comment. An additional meeting will be scheduled and announced by direct mail and through local media. We request public and agency comments on the scope of the EIS by March 15, 2002.

Receiving comments from interested parties will assure that BPA and Benton County address in the EIS the full range of issues and potentially significant impacts related to the proposed project. When completed, a draft EIS will be circulated for review and comment, and BPA and Benton County will hold at least one public comment meeting on the draft EIS. BPA and Benton County will consider and respond in a final EIS to comments received on the draft EIS.

Issued in Portland, Oregon, on January 11, 2002.

**Stephen J. Wright,**

*Acting Administrator and, Chief Executive Officer.*

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**BILLING CODE 6450–01–P**

## DEPARTMENT OF ENERGY

### Bonneville Power Administration

**[BPA File No: PNCA–02]**

### Proposed Adjustment to the Rate for Interchange Energy Imbalances Under the Pacific Northwest Coordination Agreement, Public Hearing, and Opportunity for Public Review and Comment

**AGENCY:** Bonneville Power Administration (BPA), Department of Energy (DOE).

**ACTION:** Notice of proposed adjustment.

**SUMMARY:** The Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) provides that BPA must establish and periodically review its rates so that they are adequate to recover, in accordance with sound business principles, the costs associated with the acquisition, conservation, and transmission of electric power, and to recover the Federal investment in the Federal Columbia River Power System (FCRPS) and other costs incurred by BPA.

By this notice, BPA announces its proposed adjustment to the rate for Interchange Energy (IE) imbalances under the Pacific Northwest Coordination Agreement (PNCA). Each party to the PNCA makes excess energy available to the other party to meet its firm loads; this excess energy is known as interchange. The existing rate, which was established in 1995, is 22.55 mills per kilowatt-hour. Since 1995 the energy industry has undergone dramatic change. It has experienced a sharply increased degree of volatility as well as unprecedentedly high prices. Therefore, BPA is proposing to link the interchange energy price to the market price for energy, thus ensuring that BPA recovers its costs when it provides interchange energy to another PNCA party.

**DATES:** Proposed hearing dates are supplied in Supplementary Information, Section I.B. Close of public comments is March 22, 2002. The prehearing conference will be held on January 29, 2002.

**ADDRESSES:** Written comments should be submitted to: Dulcy Mahar, Communications Manager, Bonneville Power Administration, P.O. Box 12999, Portland, Oregon 97212. Documents will be available for public viewing after January 29, 2002, at BPA's Public Information Center, BPA Headquarters Building, 1st Floor, 905 NE. 11th Avenue, Portland, Oregon, and will be provided to parties at the prehearing conference to be held on January 29, 2002, from 9 a.m. to 12 p.m., Room 223, 911 NE. 11th Avenue, Portland, Oregon. The documents will also be available on BPA's website at www.bpa.gov/power/ratecase. Mr. Byron G. Keep, Power Products, Pricing, and Rates Manager, is the official responsible for the development of BPA's rates.

**FOR FURTHER INFORMATION CONTACT:** Interested persons may also call (503) 230–4413 or call toll-free 1–800–622–4519. Mr. Keep may be contacted at the address indicated above in the **ADDRESSES** section.

**SUPPLEMENTARY INFORMATION:**

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## Part I—Introduction and Procedural Background

### *A. Relevant Statutory Provisions Governing This Rate Proceeding*

Section 7 of the Northwest Power Act, 16 U.S.C. 839e, contains a number of general directives that the BPA Administrator must consider in establishing rates for the sale of electric energy and capacity. In particular,

section 7(a)(1), 16 U.S.C. 839e(a)(1), provides in part that:

> [S]uch rates shall be established and, as appropriate, revised to recover, in accordance with sound business principles, the costs associated with the acquisition, conservation, and transmission of electric power, including the amortization of the Federal investment in the Federal Columbia River Power System (including irrigation costs required to be repaid out of power revenues) over a reasonable period of years and the other costs and expenses incurred by the Administrator pursuant to this Act and other provisions of law.

Rates established by BPA are effective on an interim or final basis when approved by the Federal Energy Regulatory Commission (FERC). 16 U.S.C. 839e(a)(2). In addition to the Northwest Power Act, BPA ratemaking is governed by the Bonneville Project Act, 16 U.S.C. 832 *et seq.*, the Federal Columbia River Transmission System Act, 16 U.S.C. 838 *et seq.*, and the Flood Control Act of 1944, 16 U.S.C. 825 *et seq.*

Section 7(i) of the Northwest Power Act, 16 U.S.C. 839e(i), requires that BPA's rates be set according to certain procedures. These procedures include issuance of a **Federal Register** Notice announcing the proposed rates; one or more hearings; the opportunity to submit written views, supporting information, questions, or arguments; and a decision by the Administrator based on the record developed during the hearing process. This proceeding will be governed by BPA's ''Procedures Governing Bonneville Power Administration Rate Hearings,'' 51 FR 7611 (March 5, 1986), which implement and, in most instances, expand these statutory requirements. Pursuant to Rule 1010.3(c) of the Procedures Governing Bonneville Power Administration Rate Hearings (BPA Procedures), this hearing will be conducted under Rule 1010.10, which governs Expedited Rate Proceedings. The expedited procedures will be used rather than the procedures for General Rate Proceedings conducted under Rule 1010.9. The procedures for General Rate Proceedings are intended for use when the Administrator proposes to revise all, or substantially all, of BPA's wholesale power and transmission rates.

The proposed change in the interchange energy rate will apply only to the parties to the PNCA. In addition, the rate applies only to the imbalances of interchange energy between each pair of PNCA parties. For example, if two PNCA parties deliver equal amounts of interchange energy to each other, they have no imbalance between them and no rate is charged. Finally, the effect of interchange energy on BPA's revenues is negligible. For these reasons, the issues in this rate proceeding will be fewer and of more limited scope than the issues in a proceeding to adjust all BPA rates. BPA believes that the 90-day Expedited Rate Proceeding will be adequate to develop a full and complete record and to receive public comment and argument related to the proposed adjustment. If more time is required, the Hearing Officer may request under Rule 1010.10(b) of the BPA Procedures that the BPA Administrator grant an extension.

*B. Proposed Schedule Concerning This Rate Proceeding*

BPA will release its proposed rate for interchange energy on January 29, 2002, and expects to publish a final Record of Decision on April 30, 2002. The following proposed schedule is provided for informational purposes. A final schedule will be established by the Hearing Officer at the prehearing conference.

| Date | Action |
|---|---|
| Jan 28 ..... | Deadline for Petitions to Intervene. |
| Jan 29 ..... | Prehearing Conference. |
| Feb 12 ..... | Data Requests on BPA's Direct Case. |
| Feb 19 ..... | Data Responses Due. |
| Feb 26 ..... | Parties' Direct Cases. |
| Mar 8 ..... | Data Requests on Parties' Direct Cases. |
| Mar 15 ..... | Data Responses Due. |
| Mar 22 ..... | Parties' Rebuttal. |
| Mar 28 ..... | Cross-Examination. |
| April 4 ..... | Initial Briefs. |
| April 12 ..... | Draft Record of Decision. |
| April 19 ..... | Briefs on Exceptions. |
| April 30 ..... | Final Record of Decision. |

The procedural schedule established for Docket No. PNCA–02 will provide an opportunity for interested persons to review BPA's proposed rates, to participate in the rate hearing, and to submit oral and written comments. During the development of the final rate proposal, BPA will evaluate all written and oral comments received in the rate proceeding. Consideration of comments and more current data may result in the final rate proposal differing from the rates proposed in this Notice.

**Part II—Purpose and Scope of Hearing**

The purpose and scope of the hearing is to revise the charge for interchange energy under the PNCA. BPA proposes to link the charge to a market index to reflect wholesale power market price volatility. This revision will ensure that the charge accurately reflects the cost of providing interchange energy.

*A. The Circumstances Necessitating Adjustment*

Since the rate for interchange energy was established in 1995, the energy industry has undergone dramatic change. It has become far more competitive, and prices for energy have become much more volatile. During this past year, prices of energy have reached unprecedentedly high levels. The existing rate for interchange was intended to cover the PNCA parties' cost of providing the interchange. Because it is currently a fixed rate, it will not recover costs if prices remain high and continue to fluctuate. BPA is proposing this revision in the rate to ensure that the rate reflects BPA's costs.

*B. Scope*

Pursuant to Rule 1010.3(f) of BPA's Procedures, the Administrator limits the scope of this hearing to issues respecting the rate for interchange energy imbalances described in Section II hereof.

*C. NEPA Evaluation*

BPA has assessed the potential environmental effects of its rate proposal, as required by the National Environmental Policy Act (NEPA), as part of BPA's Business Plan Environmental Impact Statement (EIS). The analysis includes an evaluation of the environmental impacts of a range of rate design alternatives for BPA's power services and an analysis of the environmental impacts of the rate levels resulting from the rates for such services under the business structure alternatives. BPA's proposal to revise the rate for interchange energy under the PNCA falls within the range of alternatives evaluated in the Final Business Plan EIS. The Business Plan EIS was completed in June 1995.

**Part III—Public Participation**

*A. Distinguishing Between ''Participants'' and ''Parties''*

BPA distinguishes between ''participants in'' and ''parties to'' the hearings. Apart from the formal hearing process, BPA will receive comments, views, opinions, and information from ''participants,'' who are defined in the BPA Procedures as persons who may submit comments without being subject to the duties of, or having the privileges of, parties. Participants' written and oral comments will be made part of the official record and considered by the Administrator. Participants are not entitled to participate in the prehearing conference; may not cross examine parties' witnesses, seek discovery, or serve or be served with documents; and

are not subject to the same procedural requirements as parties.

Written comments by participants will be included in the record if they are submitted on or before March 22, 2002. Participants' written views, supporting information, questions, and arguments should be submitted to the address noted above. The second category of interest is that of a ''party'' as defined in Rules 1010.2 and 1010.4 of the BPA Procedures. 51 FR 7611 (1986). Parties may participate in any aspect of the hearing process.

*B. Petitions for Intervention*

Persons wishing to become a party to BPA's rate proceeding must notify BPA in writing of their interest. Petitioners may designate no more than two representatives upon whom service of documents will be made. Petitions to intervene shall state the name and address of the person requesting party status and the person's interest in the hearing.

Petitions to intervene as parties in the rate proceeding are due to the Hearing Officer by January 28, 2002. The petitions should be directed to: Ms. Judy Cornish Bonneville Power Administration 905 NE. 11th Avenue P.O. Box 12999 Portland, Oregon 97232

Petitioners must explain their interests in sufficient detail to permit the Hearing Officer to determine whether they have a relevant interest in the hearing. Pursuant to Rule 1010.1(d) of BPA's Procedures, BPA waives the requirement in Rule 1010.4(d) that an opposition to an intervention petition be filed and served 24 hours before the prehearing conference. Any opposition to an intervention petition may instead be made at the prehearing conference. Any party, including BPA, may oppose a petition for intervention. Persons who have been denied party status in any past BPA rate proceeding shall continue to be denied party status unless they establish a significant change of circumstances. All timely applications will be ruled on by the Hearing Officer. Late interventions are strongly disfavored. Opposition to an untimely petition to intervene shall be filed and received by BPA within two days after service of the petition.

*C. Developing the Record*

Cross-examination will be scheduled by the Hearing Officer as necessary following completion of the filing of all parties' and BPA's direct cases, rebuttal testimony, and discovery. Parties will have the opportunity to file initial briefs at the close of any cross-examination. After the close of the hearings, and following submission of initial briefs, BPA will issue a Draft Record of Decision (ROD) that states the Administrator's tentative decision(s). Parties may file briefs on exceptions, or when all parties have previously agreed, oral argument may be substituted for briefs on exceptions. When oral argument has been scheduled in lieu of briefs on exceptions, the argument will be transcribed and made part of the record. The record will include, among other things, the transcripts of any hearings, written material submitted by the participants, and evidence accepted into the record by the Hearing Officer. The Hearing Officer then will review the record, supplement it if necessary, and certify the record to the Administrator for decision.

The Administrator will develop the final rate for interchange energy based on the entire record. The basis for the final adjustment will be expressed in the Administrator's Final ROD. The Administrator will serve copies of the ROD on all parties and will file the final proposed rate adjustment, together with the record, with FERC for confirmation and approval. *See generally,* 18 CFR part 300.

**Part IV—Summary of the Proposal**

BPA proposes to revise the rate for interchange energy imbalances by linking the rate to a market index. The rate will apply to all parties to the PNCA who take interchange energy from BPA. The revision will ensure that the rate accurately reflects the costs of providing interchange energy. Below is the proposed rate for interchange energy imbalances.

All terms contained herein have the meaning accorded them in the PNCA. This rate schedule is to be effective upon approval by the Federal Energy Regulatory Commission (interim or final) and will remain in effect until a revised rate is approved and becomes effective.

*A. Interchange Energy (IE) Imbalances For Other Than Loaned IE*

1. Initial Deliveries of IE

This charge applies to IE delivered from BPA to another PNCA party. The calculation is as follows:

Formula 1

$C=(ID_{ON} * I_{ON}) + (ID_{OFF} * I_{OFF})$

Where for each day:

C= Daily charge for the Initial Deliveries of IE in dollars.

$ID_{ON}$ = The Initial Delivery of IE made during the day during On Peak hours.

$I_{ON}$ = The Dow Jones Mid-Columbia Firm index price for On Peak hours in dollars per megawatt hour.

$ID_{OFF}$ = The Initial Delivery of IE made during the day during Off Peak hours in megawatt hours.

$I_{OFF}$ = The Dow Jones Mid-Columbia Firm index price for Off Peak hours in dollars per megawatt hour.

**Note:** Initial Deliveries of IE on Sunday or a NERC [or its successor organization(s)] recognized holiday are priced at the Off Peak rate.

2. Return of IE

This charge applies to the return of IE that was initially delivered to BPA from another PNCA party. The charge is based on a calculated average price, unique to each PNCA party that had previously supplied BPA with IE. The calculation is as follows:

Formula 2

$C_{PARTY} = IER_{PARTY} * R_{PARTY}$

Where for each (PNCA) Party for a given day:

$C_{PARTY}$ = Daily charge for the return of such PNCA party's IE in dollars.

$IER_{PARTY}$ = The quantity of Interchange Energy returned to a PNCA party on a day in megawatt hours.

$R_{PARTY}$ = The applicable IE return rate for the PNCA party for the given day as calculated in Formula 3 below in dollars per megawatt hour.

Formula 3

$R_{PARTY} = \Sigma C_{PARTY} \div \Sigma IER_{PARTY}$

Where for each (PNCA) PARTY for a given day:

$R_{PARTY}$ = the IE return rate calculated for the PNCA party as of the given day in dollars per megawatt hours.

PNCA party and all payments received by BPA from such PNCA party from the date of the last cash out of IE Imbalances to the date BPA returns the IE, in dollars.

$\Sigma IER_{PARTY}$ = the net of all IE BPA has received from such PNCA party and the IE returned by BPA to such PNCA party from the date of the last cash out of IE Imbalances to the date BPA returns the IE, in megawatt hours.

Issued in Portland, Oregon, on January 14, 2002.

**Steven G. Hickok,**

*Chief Operating Officer.*

[FR Doc. 02–1468 Filed 1–18–02; 8:45 am]

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