

## DEPARTMENT OF ENERGY

## Southwestern Power Administration

**Robert Douglas Willis Hydro Power Rate Approving a Power Rate Increase on an Interim Basis**

**AGENCY:** Southwestern Power Administration, DOE.

**ACTION:** Notice of rate order.

**SUMMARY:** The Deputy Secretary acting under Amendment No. 3 to Delegation Order No. 0204-108, dated November 10, 1993, has approved Rate Order No. SWPA-36 which increases the power rate for the Robert Douglas Willis Hydro Project. This is an interim approval of the rate effective January 1, 1998, through September 30, 2001.

**FOR FURTHER INFORMATION CONTACT:**

Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, Department of Energy, P.O. Box 1619, Tulsa, Oklahoma 74101-1619.

**SUPPLEMENTARY INFORMATION:** The existing rate for the Robert Douglas Willis Hydro Project is \$266,928 per year. The rate was approved on a final basis by the Federal Energy Regulatory Commission on January 28, 1997, for a period ending September 30, 2000.

On September 24, 1997, the Southwestern Power Administration (Southwestern) published notice in the **Federal Register**, 62 FR 49976 of its proposed rate increase for the Robert Douglas Willis Hydro Project and to provide a 45-day comment period. One comment indicating no objection to the proposed rate increase was received from the sole customer, Sam Rayburn Municipal Power Agency.

Following review of Southwestern's proposal within the Department of Energy, I approved, Rate Order No. SWPA-36, which increases the existing Robert Douglas Willis Rate to \$302,928 per year for the period January 1, 1998, through September 30, 2001.

Dated: January 7, 1998.

**Elizabeth A. Moler,**  
*Deputy Secretary.*

**Order Confirming, Approving and Placing Increased Power Rate in Effect on an Interim Basis**

Rate Order No. SWPA-36  
January 1, 1998.

In the matter of: Southwestern Power Administration—Robert D. Willis

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, for 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, 48 FR 55664, the Secretary of Energy delegated to the Deputy Secretary of Energy on a non-exclusive basis the authority to confirm, approve and place into effect on an interim basis power and transmission rates, and delegated to the Federal Energy Regulatory Commission (FERC) on an exclusive basis the authority to confirm, approve and place in effect on a final basis, or to disapprove power and transmission rates. Amendment No. 1 to Delegation Order No. 0204-108, effective May 30, 1986, 51 FR 19744, revised the delegation of authority to confirm, approve and place into effect on an interim basis power and transmission rates to the Under Secretary of Energy rather than the Deputy Secretary of Energy. This delegation was reassigned to the Deputy Secretary of Energy by Department of Energy (DOE) Notice 1110.29, dated October 27, 1988, and clarified by Secretary of Energy Notice SEN-10-89, dated August 3, 1989, and subsequent revisions. By Amendment No. 2 to Delegation Order No. 0204-108, effective August 23, 1991, 56 FR 41835, the Secretary of the Department of Energy revised Delegation Order No. 0204-108 to delegate to the Assistant Secretary, Conservation and Renewable Energy, the authority which was previously delegated to the Deputy Secretary in that Delegation Order. By Amendment No. 3 to Delegation Order No. 0204-108, effective November 10, 1993, 58 FR 59717, the Secretary of Energy revised the delegation of authority to confirm, approve and place into effect on an interim basis power and transmission rates by delegating that authority to the Deputy Secretary of Energy. This rate order is issued by the Deputy Secretary pursuant to said Amendment to Delegation Order No. 0204-108.

**Background**

Dam B (Town Bluff Dam), located on the Neches River in eastern Texas downstream from the Sam Rayburn Dam, was originally constructed in 1951 by the U.S. Army Corps of Engineers (Corps) and provides streamflow regulation of releases from the Sam Rayburn Dam. The Lower Neches Valley Authority contributed funds toward construction of both projects and makes established annual payments for the right to withdraw up to 2000 cubic feet

of water per second from Town Bluff Dam for its own use. Power was legislatively authorized at the project, but installation of hydroelectric facilities was deferred until justified by economic conditions. A determination of feasibility was made in a 1982 Corps study. In 1983 the Sam Rayburn Municipal Power Agency (SRMA) proposed to sponsor and finance the development of hydropower at Town Bluff Dam in return for the output of the project to be delivered to its member municipalities and participating member cooperatives of the Sam Rayburn Dam Electric Cooperative. Since the hydroelectric facilities at the Town Bluff Dam have been completed, the facilities have been renamed the Robert Douglas Willis Hydropower Project (Robert D. Willis).

The Robert D. Willis rate is unique in that it excludes the costs associated with the hydropower design and construction performed by the Corps, because all funds for these costs were provided by SRMA. Under the Southwestern/SRMA power sales Contract No. DE-PM75-85SW00117, SRMA will continue to pay all annual operating and marketing costs, as well as expected capital replacement costs, through the rate paid to Southwestern, and will receive all power and energy produced at the project for a period of 50 years.

**Discussion**

The 1997 Current Robert D. Willis Power Repayment Study (PRS) tests the adequacy of the existing rate based on the evaluation period extending from FY 1997 through FY 2001, to recover annual expenses for marketing, operation and maintenance, and to amortize additions to plant and major replacements of the generating facilities. Since the project's design and construction were financed in their entirety by SRMA, no component for amortization of the original investment of some \$18 million is included in the rate determination. The Current PRS for the Robert D. Willis project, using the existing annual rate of \$266,928, indicates that the legal requirements to repay all costs will not be met and an increase in revenue is necessary. The additional revenue needed is, in part, a result of the increase in replacement costs required to be recovered. In addition, the Corps had projected a significant increase in its estimates of operations and maintenance (O&M) costs for the Robert D. Willis project. The previous year's O&M projections were considered by the Corps to have been understated.

The existing annual Robert D. Willis project power rate of \$266,928 was confirmed and approved on a final basis by the FERC on January 28, 1997, for the period October 1, 1996, through September 30, 2000. The 1997 Robert D. Willis Current Power Repayment Study (PRS) indicates that the present rate does not meet the cost recovery criteria for the isolated project. Over the entire repayment period the current rate will underpay requirements by \$13,310,053. The 1997 Robert D. Willis Revised PRS indicates that an annual rate of \$302,928 will satisfy repayment criteria in accordance with Department of Energy Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944. The proposed increase in revenue amounts to \$36,000 or 13.5 percent annually to begin January 1, 1998. The proposed rate of \$302,928 annually would satisfy the present repayment criteria.

Pursuant to Title 10, Part 903, Subpart A of the Code of Federal Regulations (10 CFR 903), "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions", 50 FR 37837, the Administrator, Southwestern, published notice in the **Federal Register** (62 FR 49976), on September 24, 1997, announcing a 45-day period for public review and comment. Southwestern held informal meetings and a Public Information Forum on October 2, 1997, where Southwestern provided copies of supporting data for the 1997 Robert D. Willis PRS to interested parties. A letter was received on behalf of SRMA, indicating no opposition to the proposed rate increase. Southwestern did not receive any request to convene a formal Public Comment Forum and, as a result, did not convene such a meeting. Information regarding this rate proposal, including studies, comments and other supporting material, is available for public review and comment in the offices of the Southwestern Power Administration, One West Third Street, Tulsa, Oklahoma 74103.

#### Administrator's Certification

The 1997 Revised Robert D. Willis PRS indicates that the annual power rate of \$302,928 will repay all costs of the project including amortization of additions to plant and major replacements of the generating facilities consistent with provisions of DOE Order No. RA 6120.2. In accordance with Section 1 of Delegation Order No. 0204-108, as amended November 10, 1993, 58 FR 59717, and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed Robert D. Willis power rate is consistent

with applicable law and is the lowest possible rate consistent with sound business principles.

#### Environment

The environmental impact of the rate increase proposal 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 by the Secretary of Energy, I hereby confirm, approve and place in effect on an interim basis, effective January 1, 1998, the proposed annual rate of \$302,928 for the sale of power and energy from the Robert D. Willis project to the Sam Rayburn Municipal Power Agency, under Contract No. DE-PM75-85SW00117, as amended. The rate shall remain in effect on an interim basis through September 30, 2001, or until the FERC confirms and approves the rate on a final basis.

Dated: January 7, 1998.

**Elizabeth A. Moler,**

*Deputy Secretary.*

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#### ENVIRONMENTAL PROTECTION AGENCY

[FRL-5950-2]

#### National Drinking Water Advisory Council; Request for Nominations

The Environmental Protection Agency (EPA) invites all interested persons to suggest individuals to serve as members of a working group that will be formed to provide advice to the National Drinking Water Advisory Council on how the new Safe Drinking Water Act approach to benefits and costs should be implemented in the decision making process. The Council was established to provide practical and independent advice, consultation, and recommendations to the Agency on the activities, functions and policies related to the Act as amended. At the October 15 and 16, 1997, meeting of the Council, it was decided that a working group should be formed to provide this specific input. Following reports from the working group, the Advisory

Council will consider recommendations to forward directly to EPA.

Because membership on this group will be limited and must be representative of balanced views, selections will be made by the Director, Office of Ground Water and Drinking Water, based on drinking water expertise and demonstrated interest in drinking water policy. Any interested person or organization may suggest an individual for a position on this working group. Candidates should be identified by name, occupation, position, address and telephone number.

Persons selected for membership are responsible for any expenses that would be incurred while attending meetings. Suggestions should be submitted to Charlene E. Shaw, Designated Federal Officer, National Drinking Water Advisory Council, U.S. Environmental Protection Agency, Office of Ground Water and Drinking Water (4601), 401 M Street, SW, Washington, D.C. 20460, no later than January 28, 1998.

The Agency will not formally acknowledge or respond to nominations. E-Mail your questions to shaw.charlene@epamail.epa.gov or call 202-260-2285.

Dated: January 9, 1998.

**Elizabeth Fellows,**

*Acting Director, Office of Ground Water and Drinking Water.*

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#### ENVIRONMENTAL PROTECTION AGENCY

[FRL-5950-3]

#### National Drinking Water Advisory Council; Notice of Open Meetings

Under section 10(a)(2) of Public Law 92-423, "The Federal Advisory Committee Act," notice is hereby given that a meeting of the National Drinking Water Advisory Council established under the Safe Drinking Water Act, as amended (42 U.S.C. S300f *et seq.*), will be held on February 2, 1998, from 1:00 p.m. until 4:00 p.m., in Room 1209 East Tower, U.S. Environmental Protection Agency (EPA) Headquarters, 401 M Street SW, Washington, D.C. 20460. Council members will be participating by Conference Call. The meeting is open to the public, but due to past experience, seating will be limited.

The purpose of this meeting is to provide the Council with the recommendations of the Occurrence and Contaminant Selection Working Group