



6450-01-P

## **DEPARTMENT OF ENERGY**

### **Southwestern Power Administration**

#### **Robert D. Willis Power Rate**

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

**ACTION:** Notice of public review and comment.

**SUMMARY:** The Acting Administrator, Southwestern Power Administration (Southwestern), has prepared Current and Revised 2015 Power Repayment Studies for the Robert D. Willis project which show the need for an increase in annual revenues to meet cost recovery criteria. Such increased revenues are needed primarily to cover the costs associated with increased operations and maintenance costs, increased interest expense plus increased costs associated with investments and replacements in the hydroelectric generating facilities. The Acting Administrator of Southwestern has developed a proposed Robert D. Willis Rate Schedule, which is supported by power repayment studies, to recover the required revenues. The Revised 2015 Power Repayment Study indicates that the proposed Rate Schedule would increase annual revenues approximately 8.6 percent from \$1,181,496 to \$1,282,836 effective January 1, 2016 through September 30, 2019.

**DATES:** The consultation and comment period will end on ***[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION OF THIS FEDERAL REGISTER NOTICE]***. If requested, a combined Public Information and Comment Forum (Forum) will be held in Tulsa, Oklahoma at 9:00 a.m. on October 28, 2015. Persons desiring the Forum to be

held must send a written request for such Forum to the Senior Vice President, Chief Operating Officer (see **FOR FUTURE INFORMATION CONTACT**) by [**INSERT DATE 7 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER**]. If no request is received, the Forum will not be held.

**ADDRESSES:** If requested, the Forum will be held in Southwestern's offices, Room 1460, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103.

**FOR FURTHER INFORMATION CONTACT:** Marshall Boyken, Senior Vice President, Chief Operating Officer, Office of Corporate Operations, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6646, [marshall.boyken@swpa.gov](mailto:marshall.boyken@swpa.gov).

**SUPPLEMENTARY INFORMATION:** Originally established by Secretarial Order No. 1865 dated August 31, 1943, Southwestern is an agency within the U.S. Department of Energy (DOE) created by the Department of Energy Organization Act, P.L. 95-91, dated August 4, 1977.

Southwestern markets power from 24 multi-purpose reservoir projects with hydroelectric power facilities constructed and operated by the U.S. Army Corps of Engineers (Corps). These projects are located in the states of Arkansas, Missouri, Oklahoma, and Texas. Southwestern's marketing area includes these states plus Kansas and Louisiana. The costs associated with the hydropower facilities of 22 of the 24 projects are repaid via revenues received under the Integrated System rates, as are the costs associated with Southwestern's transmission facilities that consist of 1,380 miles of high-voltage transmission lines, 25 substations, and 46 microwave and VHF radio sites. Costs associated with the Sam Rayburn and Robert D. Willis Dams, two

Corps projects that are isolated hydraulically, electrically, and financially from the Integrated System, are repaid by separate rate schedules.

Guidelines for preparation of power repayment studies are included in DOE Order No. RA 6120.2 entitled Power Marketing Administration Financial Reporting. Following DOE guidelines, Southwestern prepared a 2015 Current Power Repayment Study using the existing Robert D. Willis Rate Schedule.<sup>1</sup> This study indicates that Southwestern's legal requirement to repay the investment in the power generating facility for power and energy marketed by Southwestern will not be met without an increase in revenues. The need for increased revenues is primarily due to increased operations and maintenance costs, increased interest expense plus increased costs associated with investments and replacements in the Corps hydroelectric generating facilities. The 2015 Revised Power Repayment Study shows that additional annual revenues of \$101,340 (an 8.6 percent increase), beginning January 1, 2016, are needed to satisfy repayment criteria.

Due to concerns expressed by Southwestern's customers during the development of the 2015 Power Repayment Studies regarding implementation of the proposed increase just a few months after fully implementing the existing rate schedule which consisted of a 10.2 percent revenue increase, Southwestern is proposing to increase revenue in two steps over a two-year period. Because Southwestern's current rates are sufficient to recover all average operation and maintenance expenses during the next two years, the ability to meet both annual and long-term repayment criteria is satisfied by increasing revenues in two steps over the period.

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<sup>1</sup> FERC, on June 3, 2015, confirmed and approved the existing Robert D. Willis rate schedule for the period January 1, 2015 through September 30, 2018. See 151 FERC ¶ 62,156.

The first step of the rate increase, beginning January 1, 2016, would incorporate one half of the required revenue or 4.3 percent (\$50,670). The second step of the rate increase, beginning January 1, 2017 and ending on September 30, 2019, would incorporate the remaining revenue requirement (\$50,670 or 4.3 percent). Southwestern will continue to perform its Power Repayment Studies annually, and if the 2016 results should indicate the need for additional revenues, another rate filing will be conducted and updated revenue requirements implemented for fiscal year 2017 and thereafter.

Procedures for public participation in power and transmission rate adjustments of the Power Marketing Administrations are found at title 10, part 903, subpart A of the Code of Federal Regulations (10 CFR part 903). Southwestern's customers and other interested parties may request copies of the 2015 Robert D. Willis Power Repayment Studies and the proposed Rate Schedule. Submit requests to the Director, Division of Resources and Rates, Office of Corporate Operations, Southwestern Power Administration, One West Third, Tulsa, OK 74103, (918) 595-6684 or via email to [swparates@swpa.gov](mailto:swparates@swpa.gov).

If requested a Public Information and Comment Forum (Forum) will be held on October 28, 2015, to explain to customers and interested parties the proposed Rate Schedule and supporting 2015 Power Repayment Studies, and to allow for comment. A chairman, who will be responsible for orderly procedure, will conduct the Forum if requested. Questions concerning the rates, studies, and information presented at the Forum will be answered, to the extent possible, at the Forum. Questions not answered at the Forum will be answered in writing. Questions involving voluminous data contained

in Southwestern's records may best be answered by consultation and review of pertinent records at Southwestern's offices.

Persons requesting that a Forum be held should indicate in writing to the Senior Vice President and Chief Operating Officer (see **FOR FURTHER INFORMATION CONTACT**) by letter, email, or facsimile transmission (918-595-6646) by **[INSERT DATE 7 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, their request for such a Forum. If no request is received, no such Forum will be held.

Persons interested in speaking at the Forum, if held, should submit a request to the Senior Vice President and Chief Operating Officer, Southwestern, at least seven (7) calendar days prior to the Forum so that a list of forum participants can be developed. The chairman may allow others to speak if time permits.

A transcript of the Forum, if held, will be made. Copies of the transcript and all documents introduced will be available for review at Southwestern's offices (see **ADDRESSES**) during normal business hours. Copies of the transcript and all documents introduced may also be obtained, for a fee, from the transcribing service. A copy of all written comments or an electronic copy in MS Word on the proposed Robert D. Willis Rate Schedule is due on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. Comments should be submitted to the Senior Vice President and Chief Operating Officer, Southwestern, (see **FOR FURTHER INFORMATION CONTACT**).

Procedures for the confirmation and approval of rates for the Federal Power Marketing Administrations are found at title 18, part 300, subpart L of the Code of Federal Regulations (18 CFR part 300). The Acting Administrator will review and

consider oral and written comments and the information gathered in the course of the proceeding when submitting the finalized Robert D. Willis Power Repayment Studies and Rate Schedule Proposal in support of the proposed rate to the Deputy Secretary of Energy for confirmation and approval on an interim basis, and subsequently to the Federal Energy Regulatory Commission for confirmation and approval on a final basis. Once submitted for final confirmation and approval, the Commission will allow the public an opportunity to provide written comments on the proposed rate increase before making a final decision.

Dated: September 30, 2015

Scott Carpenter  
Acting Administrator

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