

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 Administrator, Southwestern Power Administration (Southwestern), has prepared Current and Revised 2006 Power Repayment Studies (PRS) that show the need for an increase in annual revenues to meet cost recovery criteria. Such increased revenues are required primarily due to significant increases in U.S. Army Corps of Engineers' generation investment at the project. The Administrator has developed a proposed Robert D. Willis rate schedule, which is supported by a PRS, to recover the required revenues. Beginning January 1, 2007, the proposed rates would increase annual revenues approximately 25.8 percent from \$648,096 to \$815,580.

DATES: The consultation and comment period will begin on the date of publication of this **Federal Register** notice and will end October 10, 2006. A combined Public Information and Comment Forum will be held in Tulsa, Oklahoma at 1 p.m. central time on September 14, 2006.

ADDRESSES: If the Forum is requested, it will be held in Southwestern's offices, Room 1402, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103.

FOR FURTHER INFORMATION CONTACT: Mr. Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6696, gene.reeves@swpa.gov.

SUPPLEMENTARY INFORMATION: The Department of Energy was created by an Act of the U.S. Congress, Department of Energy Organization Act, Pub. L. 95-91, dated August 4, 1977. Southwestern's power marketing activities were transferred from the Department of the Interior to the Department of Energy (DOE), effective October 1, 1977. Guidelines for preparation of the PRS are included in DOE Order No. RA 6120.2 entitled Power Marketing Administration Financial Reporting. 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). 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).

Southwestern markets power from 24 multi-purpose reservoir projects, with hydroelectric power facilities constructed and operated by the U.S. Army Corps of Engineers. 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 Southwestern's transmission facilities that consist of 1,380 miles of high-voltage transmission lines, 24 substations, and 46 microwave and VHF radio sites. Costs associated with the Robert D. Willis and Sam Rayburn Dams, two projects that are isolated hydraulically, electrically, and financially from the Integrated System are repaid by separate rate schedules.

Following DOE guidelines Southwestern's Administrator prepared a Current PRS using the existing Robert D. Willis rate. The 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 due to significant increases in generation investment at the project. The Revised PRS shows that an increase in annual revenue of \$167,484 (a 25.8 percent increase), beginning January 1, 2007, is needed to satisfy repayment criteria.

Opportunity is presented for Southwestern customers and other interested parties to receive copies of the Robert D. Willis Power Repayment Studies and the proposed rate schedule. If you desire a copy of the Robert D. Willis Power Repayment Data Package with the proposed Rate Schedule, submit your request to Mr. Forrest E. Reeves, Assistant Administrator, Office of Corporate Operations, Southwestern Power Administration, One West Third Street, Tulsa, OK 74103, (918) 595-6696 or via e-mail to swparates@swpa.gov.

A Public Information and Comment Forum (Forum) is scheduled to be held on September 14, 2006, to explain to customers and interested parties the proposed rate and supporting studies. The proceeding will be transcribed, if held. A chairman, who will be responsible for orderly procedure, will conduct the Forum. Questions

concerning the rate, 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. However, 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 interested in attending the Forum should indicate in writing by letter, email, or facsimile transmission (918-525-6656) by September 5, 2006, their intent to appear at such Forum. Should no one indicate an intent to attend by the above-cited deadline, no such Forum will be held.

Persons interested in speaking at the Forum should indicate in writing by letter, email, or facsimile transmission (918-525-6656) at least seven (7) calendar days prior to the Forum so that a list of speakers can be developed. The chairman may allow others to speak if time permits.

A transcript of the Forum will be made. Copies of the transcripts may be obtained directly from the transcribing service for a fee. Copies of all documents introduced will also be available from the transcribing service for a fee.

Written comments on the proposed Robert D. Willis Rate are due on or before October 10, 2006. Five copies of the written comments, together with a diskette in MS Word or Corel Word Perfect, should be submitted to Forrest E. Reeves, Assistant Administrator, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103.

Following review of the oral and written comments and the information gathered during the course of the proceedings, the Administrator will submit the final Robert D. Willis Rate Proposal, and Power Repayment Studies 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 (FERC) for confirmation and approval on a final basis. The FERC will allow the public an opportunity to provide written comments on the proposed rate increase before making a final decision.

Dated: July 27, 2006.

Michael A. Deihl,
Administrator.

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