

receive that system's benefits, including lower costs. In addition, such customers receive a number of benefits from their project sales which other Federal customers do not, such as overload capacity, condensing, greater scheduling flexibility, and an exclusion from paying the Purchased Power Adder. Such projects also include components of Southwestern's transmission system and switchyard facilities used to deliver power and energy from the dams. Revenues from all sales within the Integrated System are applied toward repayment of all Federal investment for all projects, regardless of their electrical integration status.

Southwestern is not required by FERC Order No. 888 or Order No. 2000 to offer unbundled services to its customers. Section 5 of the Flood Control Act of 1944 sets forth the statutory requirements for the sale and delivery of Federal power and energy. Furthermore, based on DOE policy, "each of the PMAs that own transmission facilities will publish generally applicable open access wholesale transmission tariffs and will take service itself under such tariffs. The tariffs will include rates, terms, and conditions, and will offer transmission services, including ancillary services, to all entities eligible to seek a transmission order under section 211 of the Federal Power Act * * *" Southwestern has complied with this policy in separating its non-Federal transmission service and to provide for ancillary services.

Even though Southwestern agrees that the electric industry has changed considerably since 1997, the conditions and points raised related to this issue are the same as were espoused in 1997. Upon review, there does not appear to be any overriding factor that compels Southwestern to change its previous determination that those customers do benefit from the treatment of the transmission system and related facilities and the power rate charged to the customers reflects such benefits. The parties expressing these concerns voluntarily and knowingly entered into long-term contractual arrangements to receive the benefits of these projects at integrated system rates. We find it disingenuous to now seek through the rate development process to overturn what was done for their benefit through mutually agreeable bi-lateral contracts.

Operational Efficiencies

Comments

Southwestern management should commit to incorporate any operational efficiencies that would reduce the magnitude of the rate increase. Such

efficiencies should be fully discussed as part of the Power Repayment Study. Overstatement of revenue requirements can tempt management to operate less efficiently than might otherwise have been possible.

Response

Southwestern agrees that it should incorporate all efficiencies available into its day-to-day operations to accomplish the requirements of Section 5 of the Flood Control Act of 1944 for Southwestern to maintain "the lowest possible rates to consumers consistent with sound business principles." Southwestern's Power Repayment Studies are developed annually to recover its costs to help accomplish that requirement and not to specifically identify efficiencies that have been instituted by the agency throughout the year. Southwestern continually strives to incorporate efficiencies in its operational activities. One example of such efficiencies can be illustrated by the number of full-time employees (FTE) employed by Southwestern. Even with the same number of customers and a significantly changing industry, the FTE for 1997 was 193 while the FTE in 2001 was 178. Another example of Southwestern's attention to efficient operation may be reflected in the rates themselves. The average rates charged by Southwestern for energy or transmission are the lowest in the region and will continue to be so even if this proposed rate increase is implemented. Furthermore, most of the increase in this proposed rate increase comes from costs outside of Southwestern's direct control. Those costs include Corps of Engineers costs, salary increases determined by Congress and charges for unfunded civil service retirement system costs.

Unlike many other utilities, Southwestern's management has no incentive to raise rates to allow them to operate less efficiently. Revenues received from sales of power and other services are deposited directly into the U.S. Treasury and are credited toward the repayment of the hydropower system costs. There are no additional revenues for Southwestern's management to use from higher rates because operating costs are obtained through a separate Congressional appropriation process which is not directly related to higher or lower rates.

Other Issues

Other issues are discussed in the Administrator's Record of Decision.

Availability of Information

Information regarding this rate proposal including studies, comments and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, One West Third Street, Tulsa, OK 74101.

Administrator's Certification

The August 2002 Revised Power Repayment Study indicates that the increased power rates will repay all costs of the Integrated System including amortization of the power investment consistent with the provisions of Department of Energy Order No. RA 6120.2. In accordance with Delegation Order No. 00-037.00, December 6, 2001, and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed System rates are consistent with applicable law and the lowest possible rates consistent with sound business principles.

Environment

The environmental impact of the proposed System rates 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 the Secretary of Energy, I hereby confirm, approve and place in effect on an interim basis, effective October 1, 2002, the following Southwestern System Rate Schedules which shall remain in effect on an interim basis through September 30, 2006, or until the FERC confirms and approves the rates on a final basis.

Dated: September 18, 2002.

Spencer Abraham,

Secretary.

[FR Doc. 02-24863 Filed 9-30-02; 8:45 am]

BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

Southwestern Power Administration

Sam Rayburn Dam Power Rate Schedules

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of Rate Order.

SUMMARY: The Secretary of Energy acting under sections 301(b), 302(a), 402(e), 641, 642, 643, and 644, of the Department of Energy Organization Act (P. L. 95-91) has approved and placed into effect on an interim basis Rate Order No. SWPA-49 which decreases the power rate for the Sam Rayburn Dam Project (Rayburn) pursuant to the following Sam Rayburn Dam Rate Schedule:

Rate Schedule SRD-02, Wholesale Rates for Hydro Power and Energy Sold to Sam Rayburn Dam Electric Cooperative, Inc., (Contract No. DE-PM75-92SW00215)

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

SUPPLEMENTARY INFORMATION: The existing hydroelectric power rate for the Rayburn project is \$2,077,632 per year. The rate was approved on a final basis by the Federal Energy Regulatory Commission on October 22, 2001, for the period October 1, 2001, through September 30, 2005. The FY 2002 Rayburn Power Repayment Studies indicate the need for a decrease in the annual rate of \$64,608, or 3.1 percent beginning October 1, 2002.

The Administrator, Southwestern Power Administration (Southwestern) has followed Title 10, Part 903 Subpart A, of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" (Part 903) in connection with the proposed rate schedule. On May 21, 2002, Southwestern published notice in the *Federal Register*, 67 FR 35805, of a 90-day comment period, together with a Public Information Forum and a Public Comment Forum, to provide an opportunity for customers and other interested members of the public to review and comment on a proposed rate decrease for the Rayburn project. Both public forums were canceled when no one expressed an intention to participate. Written comments were accepted through August 19, 2002. Only one comment was received from Gillis & Angley, Counselors at Law, on behalf of Sam Rayburn Dam Electric Cooperative, Inc. (SRDEC), which stated that SRDEC (the sole customer) had no objection to the proposed rate adjustment.

Information regarding this rate proposal, including studies and other supporting material, is available for public review and comment in the

offices of Southwestern Power Administration, Suite 1400, One West Third Street, Tulsa, Oklahoma 74103.

Following review of Southwestern's proposal within the Department of Energy, I approved Rate Order No. SWPA-49, which decreases the existing Rayburn rate to \$2,013,024 per year for the period October 1, 2002, through September 30, 2006.

Dated: September 18, 2002.

Spencer Abraham,
Secretary.

[Rate Order No. SWPA-49]

In the matter of:

Order Confirming, Approving and Placing Decreased Power Rate Schedule in Effect on an Interim Basis

Pursuant to sections 301(b), 302(a), 402(e), 641, 642, 643, and 644, 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) was 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 power and transmission rates into effect on an interim basis, 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 by delegating such authority to the Under 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 delegated 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, the Secretary of Energy re-

delegated to the Deputy Secretary of Energy, the authority to confirm, approve and place into effect on an interim basis power and transmission rates of the Power Marketing Administrations. By notice, dated April 15, 1999, the Secretary of Energy rescinded the authority of the Deputy Secretary of Energy under Delegation Order No. 0204-108. By Delegation Order No. 0204-172, effective November 24, 1999, the Secretary of Energy again provided interim rate approval authority to the Deputy Secretary of Energy. Pursuant to Delegation Order No. 00-037.00, effective December 6, 2001, authority is delegated to the Deputy Secretary of Energy for interim rate approval and to the Federal Energy Regulatory Commission for final rate approval. Delegation Order No. 0204-108 is no longer applicable to rates filed by the Power Marketing Administrations. While presently there is no Deputy Secretary; the Secretary of Energy possesses the necessary authority to approve rates.

Background

The Sam Rayburn Dam Project (Rayburn) is located on the Angelina River in the State of Texas in the Neches River Basin. Since the beginning of its operation in 1965, it has been marketed as an isolated project, under contract with Sam Rayburn Dam Electric Cooperative, Inc. (Contract No. DE-PM75-92SW00215).

In the Federal Energy Regulatory Commission (FERC) Docket No. EF01-4021-000, issued October 22, 2001, for the period October 1, 2001, through September 30, 2005, the FERC confirmed and approved the current annual Sam Rayburn Dam rate of \$2,077,632.

Discussion

Southwestern's FY 2002 Current Power Repayment Study (PRS) indicates that the existing annual power rate of \$2,077,632 did not represent the lowest possible rate needed to meet cost recovery criteria. The reduced revenue requirement is due to a decrease in the Corps of Engineers (Corps) and Southwestern operations and maintenance expenses. The Revised PRS indicates that a decrease in annual revenues of \$64,608 beginning in FY 2003 is sufficient to accomplish repayment of the Federal investment in the required number of years. Accordingly, Southwestern developed a proposed rate schedule based on that decreased revenue requirement.

Title 10, part 903, Subpart A of the Code of Federal Regulations,

"Procedures for Public Participation in Power and Transmission Rate Adjustment," has been followed in connection with the proposed rate adjustment. More specifically, opportunities for public review and comment during a 90-day period on the proposed Rayburn power rate were announced by notice published in the **Federal Register**, May 21, 2002, 67 FR 35805. A Public Information Forum was scheduled to be held June 6, 2002, and a Public Comment Forum was scheduled to be held July 10, 2002, both in Tulsa, Oklahoma. Both forums were canceled as no one expressed an intent to participate. Written comments were due by August 19, 2002. Southwestern provided notice of the **Federal Register**, together with supporting data, to the customer and interested parties for review and comment during the formal period of public participation. In addition, prior to the formal 90-day public participation process, Southwestern met with the customer and the customer representative to discuss the preliminary information on the proposed rate adjustment. Only one formal comment was received from Gillis & Angley, Counsellors at Law, on behalf of Sam Rayburn Dam Electric Cooperative, Inc. (SRDEC), which stated that SRDEC (the sole customer) had no objection to the proposed rate adjustment.

Upon conclusion of the comment period in August 2002, Southwestern finalized the Power Repayment Study and rate schedule for the proposed annual rate of \$2,013,024 which is the lowest possible rate needed to satisfy repayment criteria. This rate represents an annual decrease of 3.1 percent.

Information regarding this rate decrease, including studies and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, One West Third Street, Tulsa, Oklahoma 74103.

Comments and Responses

Southwestern received one written comment in which the customer representative expressed no objection to the proposed rate adjustment.

Other Issues

There were no other issues raised during the informal meeting or during the formal public participation period.

Administrator's Certification

The FY 2002 Revised Rayburn PRS indicates that the annual power rate of \$2,013,024 will repay all costs of the project, including amortization of the power investment consistent with

provisions of the Department of Energy (DOE) Order No.

RA 6120.2. In accordance with Delegation Order No. 00-037.00, December 6, 2001, and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed Rayburn power rate is consistent with applicable law and the lowest possible rate consistent with sound business principles.

Environment

The environmental impact of the rate decrease proposal was evaluated in consideration of DOE's guidelines for implementing the procedural provisions of the National Environmental Policy Act, 10 CFR part 1021, 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, I hereby confirm, approve and place in effect on an interim basis, for the period October 1, 2002, through September 30, 2006, the annual Sam Rayburn Dam Rate of \$2,013,024 for the sale of power and energy from Sam Rayburn Dam to the Sam Rayburn Electric Cooperative, Inc., under Contract No. DE-PM75-92SW00215, dated October 7, 1992.

Dated: September 18, 2002.

Spencer Abraham,
Secretary.

[FR Doc. 02-24864 Filed 9-30-02; 8:45 am]

BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

Western Area Power Administration

Modification and Construction of Transmission Lines for the U.S. 93 Hoover Dam Bypass Project (DOE/EIS-0352)

AGENCY: Western Area Power Administration, DOE.

ACTION: Record of Decision.

SUMMARY: The Federal Highway Administration (FHWA) prepared an Environmental Impact Statement (EIS) for construction of a new segment of U.S. Highway 93 for the purpose of improving congestion and hazardous vehicle/pedestrian conflicts where the highway crosses the Colorado River over Hoover Dam. As a cooperating agency for the EIS, Western Area Power Administration (Western) proposed

modifications to its transmission system and facilities to accommodate the construction of the new highway and bridge spanning the Colorado River. With this Record of Decision (ROD), Western is adopting the FHWA EIS and announcing its decision to modify its transmission system to accommodate the new highway segment. Western's decision for its action considered the environmental ramifications of the U.S. 93 Hoover Dam Bypass Project (Project). Western will ensure that its responsibilities under the National Historic Preservation Act (NHPA) and the Endangered Species Act (ESA) are met before the modifications are implemented.

FOR FURTHER INFORMATION CONTACT: Mr. John Holt, Environment Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005, telephone (602) 352-2592, e-mail holt@wapa.gov. Copies of the EIS and the FHWA ROD are available from Dave Zanetell, Project Manager, Federal Highway Administration, 555 Zang Street, HFL-16, Lakewood, CO 80228, telephone (303) 716-2157. For information about the Department of Energy (DOE) National Environmental Policy Act (NEPA) process, contact Ms. Carol M. Borgstrom, Director, NEPA Policy and Compliance, EH-42, U.S. Department of Energy, 1000 Independence Avenue SW., Washington, DC 20585, telephone (202) 586-4600 or (800) 472-2756.

SUPPLEMENTARY INFORMATION: FHWA was the lead agency for the Project EIS (FHWA-AZNV-EIS-98-03-01; Final dated January 2001). Western was designated a cooperating agency for the Project EIS by the FHWA on November 27, 1998. After an independent review of the Final FHWA EIS, Western concluded that its comments and suggestions have been satisfied and with this notice, is adopting the FHWA EIS for its participation in the Project. Western's EIS number is DOE/EIS-0352.

The FHWA released its ROD on the Project in March 2001 and selected the Sugarloaf Mountain route as its preferred alternative. The Sugarloaf Mountain Alternative consists of construction of a new bridge and highway access across the Colorado River in the vicinity of Hoover Dam. The new bridge and highway will eliminate truck traffic and other through-traffic over Hoover Dam. The Project is located in Clark County, Nevada, and Mohave County, Arizona, and lies entirely on Federal lands, including the Lake Mead National Recreation Area (administered by the