

DATES: Proposed hearing dates are supplied in **SUPPLEMENTARY INFORMATION**, Section I.A. below.

The period for public comment period closes on May 1, 2003.

ADDRESSES: Written comments should be submitted to: Bonneville Power Administration, P.O. Box 12999, Portland, Oregon 97212. Comments can also be sent electronically to: comments@bpa.gov. The documents will be available for public viewing after March 31, 2003. The documents are available at: <http://www.bpa.gov/power/psp/rates/RateCases/sn03/>, or in BPA's Headquarters Building, 1st Floor; 905 NE. 11th, Portland, Oregon, and will be provided to parties at the prehearing conference to be held on March 31, 2003, from 9 a.m. to 12 p.m., Room 223, 911 NE. 11th, Portland, Oregon. Mr. Byron G. Keep, Power Products, Pricing and Rates Manager, is the official responsible for the development of BPA's power rates.

FOR FURTHER INFORMATION CONTACT: Interested persons may call Cynthia Jones at (503) 230-5459 or Cain Bloomer at (503) 230-7443.

SUPPLEMENTARY INFORMATION:

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Part I—Introduction and Procedural Background

A. Relevant Statutory Provisions Governing This Rate Proceeding

Guidance regarding BPA ratemaking is provided by the Bonneville Project Act, 16 U.S.C. 832, the Flood Control Act of 1944, 16 U.S.C. 825s, the Federal Columbia River Transmission System

Act, 16 U.S.C. 838, and the Northwest Power Act, 16 U.S.C. 839.

BPA's rates must be established to recover BPA's costs. 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.

Section 7(i) of the Northwest Power Act, 16 U.S.C. 839e(i), requires that BPA's rates be established according to certain procedures. These procedures include, among other things, publication of notice of the proposed rates in the **Federal Register**; one or more hearings conducted as expeditiously as practicable by a Hearing Officer; public opportunity for both oral presentation and written submission of views, data, questions, and argument related to the proposed rates; cross-examination; and a decision by the Administrator based on the record. This proceeding is governed by section 1010.9 of BPA's Procedures Governing *Bonneville Power Administration Rate Hearings*, 51 FR 7611 (1986) (Procedures). The Procedures implement the statutory section 7(i) requirements. Section 1010.7 of the Procedures prohibits *ex parte* communications. Special rules governing the rate proceeding may also be adopted at the prehearing conference. Documents will be filed and served electronically under procedures to be established by the Hearing Officer at the prehearing conference.

BPA's proposed SN CRAC adjustment is published in Part V. below. The study addressing the factors used to develop the SN CRAC adjustment is summarized in Part IV.

BPA will release its 2003 initial SN CRAC rate proposal on March 31, 2003, and expects to publish a final Record of Decision (ROD) on June 30, 2003. BPA will conduct a formal evidentiary rate hearing for parties. Entities interested in becoming parties to this proceeding must file petitions to intervene in order to participate in the formal hearing. (See Part III. for further details on becoming a party.) A proposed schedule for the formal hearing is set forth below. A final schedule will be established by the Hearing Officer at the prehearing conference.

Prehearing/BPA Direct Case: March 31.

Clarification: April 2.

Motions to Strike: April 4.

Data Request Deadline: April 4.

Answers to Motions to Strike: April 10.

Data Response Deadline: April 10.

Field Hearing: April 16.

Parties file Direct Cases: April 17.

Clarification: April 21.

Motions to Strike: April 22.

Data Request Deadline: April 22.

Answers to Motions to Strike: April 28.

Data Response Deadline: April 28.

Close of Participant Comments: May 1.

Litigants file Rebuttal: May 2.

Clarification: May 5.

Motions to Strike: May 7.

Data Request Deadline: May 7.

Answers to Motions to Strike: May 13.

Data Response Deadline: May 13.

Cross-Examination: May 15–16.

Initial Briefs Filed: May 20.

Oral Argument: May 23.

Draft ROD issued: June 12.

Briefs on Exceptions: June 17.

Final ROD—Final Studies: June 30.

BPA will conduct a public field hearing on April 16, 2003, in Portland, Oregon. The public field hearing will provide an opportunity for persons who are not parties in the formal rate hearing to have their views included in the official record. Written transcripts will be made of the field hearing. The field hearing is scheduled to begin at 6 p.m. Confirmation of this hearing date and the specific location will be announced on BPA's Web site at: <http://www.bpa.gov/power/psp/rates/RateCases/sn03/index.shtml> and through public advertising, or interested persons may call the telephone numbers listed in above the **FOR FURTHER INFORMATION CONTACT** section of this Notice.

B. Background

In May 2000, BPA completed its analysis and final proposal for FY 2002–2006 rates. On July 6, 2000, pursuant to section 7(a)(2) of the Northwest Power Act, 16 U.S.C. section 839e(a)(2), BPA's Power Business Line (PBL) filed its proposed wholesale power rates with the Federal Energy Regulatory Commission (FERC). On August 4, 2000, BPA filed a motion with FERC requesting that FERC stay the proceeding for 30 days. After requesting the stay, BPA reviewed the impact of the unexpected price increases in the wholesale power markets on the West Coast and their effect on PBL's power rate proposal.

BPA concluded that, in light of the unprecedented price spikes during the