

actual output. Also, Western is proposing additional charges for resource owners utilizing more than the 27 percent of nameplate capacity.

#### Proposed Rate for Energy Imbalance Service

No significant changes are proposed for Energy Imbalance Service, but minor modifications are being proposed as a result of public feedback since implementation in July 2002. The rate is applicable to customers with resources and obligations within WACM. Three modifications to the existing rate are being proposed.

The first proposed modification is the expansion of the minimum deviation from 2 MW TO 4 MW.

The second proposed modification is that the hourly energy imbalance will be rounded to the nearest whole number; e.g., 0.4 and below will be rounded down to the nearest whole number, and 0.5 and above will be rounded up to the nearest whole number.

The third proposed modification is a reduction of the penalty associated with excursions for over or under deliveries outside of the bandwidth. The penalty will be reduced from 50 percent to 25 percent.

Western will continue to use a  $\pm 5$  percent bandwidth, the application of aggregate control area pricing to under or over deliveries within the bandwidth, and LAP average real-time pricing for Energy Imbalance Service.

#### Proposed Rates for Operating Reserves Service—Spinning and Supplemental

This proposed rate is unchanged. Western is only able to meet its own internal requirements for reserves, and has no long-term reserves available for sale. At a customer's request, Western will purchase and pass through the cost of reserves and any activation energy, plus a fee for administration. For all reserves purchased, the customer will be responsible for purchasing adequate transmission to support the purchase.

#### Proposed Rate for Unauthorized Use of Transmission and Control Area

##### Resources Service

This rate, currently approved as a rate for short-term sales by Western's Administrator through March 31, 2004, is proposed to be included in Western's ancillary services portfolio.

The proposed rate will be applicable to all transmission customers utilizing Western-managed facilities without adequate reservation. The charge will be 150 percent of the transmissions service at issue; i.e., hourly, daily, weekly, monthly, with a maximum levy of a monthly charge.

#### Proposed Rate for Transmission Losses Service

This rate was also approved as a rate for short-term sales by Western's Administrator through March 31, 2004, and is proposed for transition into Western's ancillary service portfolio.

No significant changes are proposed for this service. The only modification will be a pricing change to calculate the cost of the loss energy. Currently, the pricing used for this valuation is Palo Verde on- and off-peak daily pricing. Western proposes changing to LAP average real-time purchase prices.

These transmission and ancillary service rates for LAP are being established pursuant to the Department of Energy Organization Act, 42 U.S.C. 7101–7352; the Reclamation Act of 1902, ch. 1093, 32 Stat. 388, as amended and supplemented by subsequent enactments, particularly section 9(c) of the Reclamation Project Act of 1939, 43 U.S.C. 485h(c); and other acts specifically applicable to the projects involved.

By Delegation Order No. 00–037.00, approved December 6, 2001, the DOE Secretary of Energy delegated (1) the authority to develop power and transmission rates on a nonexclusive basis to Western's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand, or to disapprove such rates to FERC. Existing DOE procedures for public participation in power rate adjustments (10 CFR part 903) became effective on September 18, 1985 (50 FR 37835).

#### Comparison of Rates and Revenue Requirements

	Proposed January 2004 rate	FY 2003 rate
Transmission:		
Point-to-Point Rates:		
Firm Transmission .....	\$2.68/kW-month .....	\$2.88/kW-month.
Non-Firm Transmission .....	3.75 mills/kWh .....	3.75 mills/kWh.
Network Revenue Requirement .....	\$38,776,237 .....	\$40,570,808.
Scheduling, System Control, and Dispatch Service.	\$25.22/tag/day Revenue Requirement: \$3,796,470.	\$43.09/schedule/day Revenue Requirement: \$3,970,226.
Reactive Supply and Voltage Control Service from Generation Sources.	\$0.108/kW-month Revenue Requirement: \$1,682,672.	\$0.103/kW-month Revenue Requirement: \$1,644,071.
Regulation and Frequency Response Service ...	\$0.185/kW-month Revenue Requirement: \$5,031,873.	\$0.164/kW-month Revenue Requirement: \$3,727,782.
Regulation and Frequency Response Service for Intermittent Renewable Resources.	\$5.59/kW-month Revenue Requirement: \$5,031,873.	No rate developed.
Energy Imbalance Service .....	Bandwidth: $\pm 5\%$ .....	Bandwidth: $\pm 5\%$ .
	Minimum Deviation: 4 MW .....	Minimum Deviation: 2 MW.
	Outside Bandwidth Penalty: 25% .....	Outside Bandwidth Penalty: 50%.
	Pricing: LAP average real-time purchase/sales pricing with defaults.	Pricing: LAP average real-time purchase/sales pricing with defaults.
Operating Reserves Service (Spinning/Supplemental).	None available for long-term purchase. Western will offer to purchase and pass through cost, plus 10% for administration.	None available for long-term purchase. Western will offer to purchase and pass through cost, plus 10% for administration.
Unauthorized Use of Transmission and Control Area Resources Service.	150% of monthly demand charge for service-at-issue.	150% of monthly demand charge for service-at-issue.
Transmission Losses Service .....	Assessed WACM postage-stamp loss rate to all scheduled transmission transactions. Pricing: LAP average real-time purchase/sale pricing with defaults.	Assessed WACM postage-stamp loss rate to all scheduled transmission transactions. Pricing: Palo Verde daily on-/off-peak pricing.