

projections included in the system repayment study and the funding for capitalized item actually provided by the Corps. Section 10 (l.) of DOE Procedure RA 6120.2 requires that "Future replacement costs will be included in the repayment studies by adding the estimated capital cost of replacement to the unpaid Federal Investment in the year each replacement is estimated to go into service, and adding it to the allowable unamortized investment." As such, Southeastern must include the best available projection of Corps replacements in the repayment study.

Comment 4: The Customers understand that at the Walter F. George project, capital additions for 2003 are projected to be in excess of \$24 million. The Customers understand that portions of these costs may be for purposes other than hydropower, and therefore should be excluded from the repayment study.

Response 4: The comment refers to the costs of construction of a Secant Wall at the Walter F. George Project. This wall is necessary to prevent seepage of water under the Walter F. George Dam. Southeastern considers this investment to qualify as "Dam Safety". Therefore, under 33 U.S.C. 467n; 100 STAT. 4263, fifteen per cent (15%) of the project cost should qualify for cost recovery as a joint cost while the remainder should be considered non-reimbursable. As of the time of this rate adjustment, the Corps has not concurred with Southeastern in this opinion. Until the Corps concurs with Southeastern in this opinion, Southeastern will include 100 percent of the joint costs allocated to power in the Repayment Study for the Georgia-Alabama-South Carolina System.

Discussion

System Repayment

An examination of Southeastern's revised system power repayment study, prepared in July 2003, for the Georgia-Alabama-South Carolina System, shows that with the proposed rates, all system power costs are paid within the 50-year repayment period required by existing law and DOE Procedure RA 6120.2. The Administrator of Southeastern has certified that the rates are consistent with applicable law and that they are the lowest possible rates to customers consistent with sound business principles.

Environmental Impact

Southeastern has reviewed the possible environmental impacts of the rate adjustment under consideration and has concluded that, because the

adjusted rates would not significantly affect the quality of the human environment within the meaning of the National Environmental Policy Act of 1969, the proposed action is not a major Federal action for which preparation of an Environmental Impact Statement is required.

Availability of Information

Information regarding these rates, including studies, and other supporting materials is available for public review in the offices of Southeastern Power Administration, 1166 Athens Tech Road, Elberton, Georgia 30635-6711.

Submission to the Federal Energy Regulatory Commission

The rates hereinafter confirmed and approved on an interim basis, together with supporting documents, will be submitted promptly to the Federal Energy Regulatory Commission for confirmation and approval on a final basis for a period beginning October 1, 2003, and ending no later than September 30, 2007.

Order

In view of the foregoing and pursuant to the authority vested in me as the Deputy Secretary of Energy, I hereby confirm and approve on an interim basis, effective October 1, 2003, attached Wholesale Power Rate Schedules SOCO-1-B, SOCO-2-B, SOCO-3-B, SOCO-4-B, ALA-1-K, MISS-1-K, Duke-1-B, Duke-2-B, Duke-3-B, Duke-4-B, Santee-1-B, Santee-2-B, Santee-3-B, Santee-4-B, SCE&G-1-B, SCE&G-2-B, SCE&G-3-B, SCE&G-4-B, Regulation-1, Replacement-1, Pump-1-A, and Pump-2. The rate schedules shall remain in effect on an interim basis through September 30, 2007, unless such period is extended or until the FERC confirms and approves them or substitute rate schedules on a final basis.

Dated: September 26, 2003.

Kyle E. McSlarrow,
Deputy Secretary.

Wholesale Power Rate Schedule SOCO-1-B

Availability: This rate schedule shall be available to public bodies and cooperatives (any one of whom is hereinafter called the Customer) in Georgia, Alabama, Mississippi, and Florida to whom power may be transmitted and scheduled pursuant to contracts between the Government and Southern Company Services, Incorporated (hereinafter called the Company) and the Customer. Nothing in this rate schedule shall preclude modifications to the aforementioned

contracts to allow an eligible customer to elect service under another rate schedule.

Applicability: This rate schedule shall be applicable to the sale at wholesale of power and accompanying energy generated at the Allatoona, Buford, J. Strom Thurmond, Walter F. George, Hartwell, Millers Ferry, West Point, Robert F. Henry, Carters and Richard B. Russell Projects and sold under appropriate contracts between the Government and the Customer. This rate schedule does not apply to energy from pumping operations at the Carters and Richard B. Russell Projects.

Character of Service: The electric capacity and energy supplied hereunder will be delivered at the delivery points of the Customer on the Company's transmission and distribution system.

Monthly Rate: The monthly rate for capacity, energy, and generation services provided under this rate schedule for the period specified shall be:

Capacity Charge: \$3.39 Per kilowatt of total contract demand per month.

Energy Charge: 8.39 Mills per kilowatt-hour.

Generation Services: \$0.12 Per kilowatt of total contract demand per month.

Additional rates for Transmission, System Control, Reactive, and Regulation Services provided under this rate schedule shall be the rates charged Southeastern Power Administration by the Company. Future adjustments to these rates will become effective upon acceptance for filing by the Federal Energy Regulatory Commission of the Company's rate.

Transmission: \$2.08 Per kilowatt of total contract demand per month as of March 2003 is presented for illustrative purposes.

The initial transmission charge will be the Customer's ratable share of the Transmission and Distribution Charges paid by the Government. The initial monthly transmission demand charge shall be determined by multiplying the Government's Load Ratio Share time one twelfth ($\frac{1}{12}$) of Southern Companies' Annual Transmission Costs as specified in Schedule 1 of the Government-Company Contract. The transmission charges are governed by and subject to refund based upon the determination in proceedings before the Federal Energy Regulatory Commission (FERC) involving Southern Companies' Open Access Transmission Tariff (OATT). The distribution charges may be modified by FERC pursuant to application by the Company under Section 205 of the Federal Power Act or