

filings PacifiCorp files with each Regulatory Body.

#### 8. Treatment of Purchased Power and Sales for Resale Credit

Purchased power and sales for resale are subject to significant variability for a number of reasons including:

**Temperature**—colder than normal winters increase the demand for electricity, resulting in increased purchases of electricity for utilities that rely on market purchases for meeting a portion of retail load.

**Precipitation**—heavier than normal precipitation in the Columbia River Basin increases the amount of electricity available at the regional hydroelectric facilities and could lower the need for additional electricity.

**Prices**—the price of electricity purchased by utilities varies with temperature and precipitation, but also the price of natural gas, which is the fuel on the margin for most hours of the year, and therefore affects the price of electricity in power markets.

Regulatory Bodies use a process called normalization to adjust quantity and price for purchased power and sales for resale in regulatory proceedings. Normalization of purchased power and sales for resale credits is a process used by utilities and Regulatory Bodies to adjust actual data to reflect what would likely occur under conditions (water, weather, market prices) that are closer to long-term averages. For this reason, BPA proposes to generally use a rolling 5-year average of short-term (less than 1 year) energy sales and energy purchases in the Appendix 1. For pricing, BPA proposes to use the same models and methodologies used to develop market price forecasts in BPA's wholesale power rate filings.

BPA understands this area is not simple, and its treatment can have a big impact on hydro-intensive utilities. BPA welcomes different approaches and ideas on how to account for the significant variability in this area.

#### 9. Future Revision of Average System Cost Methodology To Address Tiered Rate Issues

BPA and its customers are currently discussing the design of a Tiered Rates Methodology (TRM) for BPA's future wholesale power rates. BPA expects to conduct a hearing under section 7(i) of the Northwest Power Act in 2008 in order to establish a TRM, which would be implemented in the rate period beginning FY 2012. The establishment of the TRM may affect the implementation of the REP for consumer-owned utilities. For example, BPA may propose as part of the TRM

that a consumer-owned utility that elects to receive an individual Contract High Water Mark will have an ASC that excludes costs of any resources added by the utility after September 30, 2006. Other REP-related proposals and issues will undoubtedly be raised in connection with the TRM.

Consequently, BPA has included placeholder language in the Proposed Revised Average System Cost Methodology that the Methodology will be revised if necessary or appropriate to accommodate establishment and implementation of tiered rates.

The Proposed Revised Average System Cost Methodology, Functionalization for Average System Cost Methodology, Endnotes and the Proposed Average System Cost template are incorporated herein by reference and are available at the following link: <http://www.bpa.gov/corporate/Finance/ascm>.

In consideration of the foregoing discussion, BPA proposes to revise the Average System Cost Methodology as set forth below.

Issued in Portland, Oregon, January 31, 2008.

**Stephen J. Wright,**

*Administrator and Chief Executive Officer.*

[FR Doc. E8-2258 Filed 2-6-08; 8:45 am]

**BILLING CODE 6450-01-P**

## DEPARTMENT OF ENERGY

### Bonneville Power Administration

[BPA Docket No. WI-09]

#### Proposed Wind Integration—Within-Hour Balancing Service Rate for Public Hearing, and Opportunity for Public Review and Comment

**AGENCY:** Bonneville Power Administration (BPA), Department of Energy (DOE).

**ACTION:** Notice of Wind Integration—Within-Hour Balancing Service Rate (Notice), BPA Docket No. WI-09.

**SUMMARY:** The purpose of the hearing is to adopt a rate for Wind Integration—Within-Hour Balancing Service. As increasing amounts of wind generation have integrated into BPA's Balancing Authority, the variability and uncertainty of wind generation have led to increased costs through the need for additional reserve capacity, the shift of energy generation from heavy load hours to light load hours, and reduced system efficiency. The Wind Integration—Within-Hour Balancing Service rate will ensure that these costs are borne by the parties causing the costs.

**DATES:** Persons wishing to intervene and become parties in the rate case must file a petition to intervene by 5 p.m., Pacific Standard Time, on February 13, 2008. The petition must state the name and address of the intervenor and the intervenor's interest in the outcome of the proceeding. Written comments by non-party participants must be received by BPA no later than April 15, 2008, to be considered in the Record of Decision ("ROD"). The Administrator will issue a Final Record of Decision in these proceedings by July 28, 2008.

**ADDRESSES:** Petitions to intervene should be directed to Brandon Hignite, Hearing Clerk—2009 Wind Integration Rate Case, L-7, Bonneville Power Administration, 905 NE 11th Avenue, Portland, OR 97232 or by e-mail to: [wi09rate@bpa.gov](mailto:wi09rate@bpa.gov), and must be received no later than 5 p.m., Pacific Standard Time, on February 13, 2008. In addition, a copy of the petition must be served concurrently on BPA's General Counsel and directed to Barry Bennett, LC-7, Office of General Counsel, Bonneville Power Administration, 905 NE 11th Avenue, Portland, OR 97232 or by e-mail to: [bbennett@bpa.gov](mailto:bbennett@bpa.gov). Written comments may be made online at BPA's website: [www.bpa.gov/comment](http://www.bpa.gov/comment), or by mail to: BPA Public Affairs, DKE-7, P.O. Box 14428, Portland, OR, 97293-4428. Please label your submission "2009 Wind Integration Rate Case."

**FOR FURTHER INFORMATION CONTACT:** Mr. Elliot E. Mainzer, Transmission Policy and Strategy Manager, at (360) 619-6252.

#### SUPPLEMENTARY INFORMATION:

##### Part I—Introduction and Procedural Background

##### A. Statutory Provisions Governing This Rate Proceeding

Section 7 of the Northwest Power Act, 16 U.S.C. 839e, sets forth a number of general directives that the BPA Administrator must consider in establishing rates for the sale of electric energy and capacity and transmission services. 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 (FCRPS) (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.”

Rates established by BPA are effective on an interim or final basis as approved by FERC. 16 U.S.C. 839e(a)(2). In addition to the Northwest Power Act, BPA ratemaking is governed by the Bonneville Project Act, 16 U.S.C. 832, *et seq.*, the Federal Columbia River Transmission System (FCRTS) Act, 16 U.S.C. 838, *et seq.*, and the Flood Control Act of 1944, 16 U.S.C. 825, *et seq.*

Section 7(i) of the Northwest Power Act, 16 U.S.C., 839e(i), requires that BPA's rates be set according to certain procedures, including issuance of a **Federal Register** notice announcing the proposed rates; one or more hearings conducted as expeditiously as practicable by a hearing officer; public opportunity to provide oral and written views related to the proposed rates; opportunity to offer refutation or rebuttal of submitted material; and a decision by the Administrator based on the record. This proceeding will be governed by the Procedures Governing Bonneville Power Administration Rate Hearings, 51 FR 7611 (March 5, 1986), which implement and, in most instances, expand these statutory requirements.

#### *B. Proposed Schedule Concerning This Rate Proceeding*

The hearing will be conducted under the rule for general rate proceedings, section 1010.9 of the Procedures Governing Bonneville Power Administration Rate Hearings. The following proposed schedule is provided for informational purposes. A final schedule will be established by the Hearing Officer at the prehearing conference.

14 February 2008—Prehearing/BPA Direct Case  
20–21 February 2008—Clarification of BPA Direct Case  
22 February 2008—Motions to Strike  
22 February 2008—Data Request Deadline  
29 February 2008—Answers to Motions to Strike  
29 February 2008—Data Response Deadline  
4 March 2008—Public Hearing (Portland)  
14 March 2008—Parties file Direct Case  
17–18 March 2008—Clarification of Parties' Direct Cases  
20 March 2008—Motions to Strike  
20 March 2008—Data Request Deadline  
27 March 2008—Answers to Motions to Strike  
27 March 2008—Data Response Deadline

15 April 2008—Parties file Rebuttal  
15 April 2008—Close of Participant Comment Period  
16–17 April 2008—Clarification of Rebuttal  
18 April 2008—Motions to Strike  
18 April 2008—Data Request Deadline  
25 April 2008—Answers to Motions to Strike  
25 April 2008—Data Response Deadline  
1–2 May 2008—Cross Examination  
9 May 2008—Initial Briefs Filed  
19 May 2008—Oral Argument  
30 May 2008—Draft ROD issued  
16 June 2008—Briefs on Exceptions  
By 28 July 2008—Final ROD—Final Proposal

#### *C. Ex Parte Communications Prohibited*

Section 1010.7 of the BPA Hearing Procedures prohibits *ex parte* communications. The *ex parte* rule applies to all BPA and DOE employees and contractors. Except as provided below, any outside communications with BPA and/or DOE personnel regarding BPA's rate case by other Executive Branch agencies, Congress, existing or potential BPA customers (including tribes), and nonprofit or public interest groups are considered outside communications and are subject to the *ex parte* rule. The general rule does not apply to communications relating to: (1) Matters of procedure only (the status of the rate case, for example); (2) exchanges of data in the course of business or under the Freedom of Information Act; (3) requests for factual information; (4) matters for which BPA is responsible under statutes other than the ratemaking provisions; or (5) matters which all parties agree may be made on an *ex parte* basis. The *ex parte* rule remains in effect until the Administrator's Final ROD is issued, which is scheduled to occur by July 28, 2008.

### **Part II—Purpose and Scope of Hearing**

#### *A. Purpose of the Hearing*

The purpose of the hearing is to adopt a rate for Wind Integration—Within-Hour Balancing Service. As increasing amounts of wind generation have integrated into BPA's transmission system, the variability and uncertainty of wind generation have led to increased costs through the need for additional reserve capacity, the shift of energy generation from heavy load hours to light load hours, and reduced system efficiency. The Wind Integration—Within-Hour Balancing Service Rate is intended to ensure that these costs are borne by the parties causing the costs.

#### *B. Scope*

Pursuant to Rule 1010.3(f) of BPA's Procedures, the Administrator limits the scope of this hearing to issues concerning the rate for Wind Integration—Within-Hour Balancing Service described in Part IV hereof. In particular, the following issues are not part of the scope of the case, and the Hearing Officer is directed to strike all testimony contesting these issues: how BPA operates the FCRPS to provide control area services and ancillary services; how or from which entities BPA's transmission business obtains capacity to provide any such services; program levels and program level forecasts for any BPA program; and rates previously established or to be established in any other rate case, including BPA's WP-07 Supplemental Wholesale Power Rate Case.

#### *C. National Environmental Policy Act Evaluation*

BPA is in the process of assessing the potential environmental effects of the Wind Integration Within-Hour Balancing Service rate, consistent with the National Environmental Policy Act (“NEPA”). The NEPA process is conducted separately from BPA's formal rate proceedings. Therefore, the Administrator directs the Hearing Officer to exclude from the record all evidence and argument that seek in any way to address the potential environmental impacts of the rates being developed in the 2009 Wind Integration—Within-Hour Balancing Service Rate Case.

BPA's Business Plan Environmental Impact Statement (“Business Plan EIS”), completed in June 1995, evaluated the environmental impacts of a range of business plan alternatives that could be varied by applying various policy modules, including one for rates. Any combination of alternative policy modules should allow BPA to balance its costs and revenues. The Business Plan EIS also addressed response strategies, including adjusting rates that BPA could pursue if BPA's costs exceeded its revenues.

In August 1995, the BPA Administrator issued a Record of Decision (“Business Plan ROD”) that adopted the Market-Driven Alternative from the Business Plan EIS. This alternative was selected because, among other reasons, it allows BPA to: (1) Recover costs through rates; (2) competitively market BPA's products and services; (3) develop rates that meet customer needs for clarity and simplicity; (4) continue to meet BPA's legal mandates; and (5) avoid adverse

environmental impacts. BPA also committed to apply as many response strategies as necessary when BPA's costs and revenues do not balance.

In April 2007, BPA completed and issued a Supplement Analysis to the Business Plan EIS. The Supplement Analysis found that the Business Plan EIS's relationship-based and policy-level analysis of potential environmental impacts from BPA's business practices remains valid, and that BPA's current business practices remain consistent with BPA's Market-Driven approach. The Business Plan EIS and ROD thus continue to provide a sound basis for making determinations under NEPA concerning BPA's policy-level decisions, including rates.

Because the Wind Integration rate proposal likely would assist BPA in accomplishing the goals identified in the Business Plan ROD, the proposal appears consistent with these aspects of the Market-Driven Alternative. In addition, this rate proposal is similar to the type of rate designs and resulting rate levels evaluated in the Business Plan EIS; thus implementation of this rate proposal would not be expected to result in significantly different environmental impacts from those examined in the Business Plan EIS. Therefore, BPA expects that this rate proposal will fall within the scope of the Market-Driven Alternative that was evaluated in the Business Plan EIS and adopted in the Business Plan ROD.

As part of the Administrator's Record of Decision that will be prepared regarding the Wind Integration—Within-Hour Balancing Service rate, BPA may tier its decision under NEPA to the Business Plan ROD. However, depending upon the ongoing environmental review, BPA may, instead, issue another appropriate NEPA document. Persons may submit comments regarding the potential environmental effects of the proposal to Katherine Pierce, NEPA Compliance Officer, KEC-4, Bonneville Power Administration, 905 NE. 11th Avenue, Portland, OR 97232. Any such comments received by the comment deadline in Part III.A above will be considered by BPA's NEPA compliance staff in the NEPA process that will be conducted for this proposal.

### Part III—Public Participation

#### A. Distinguishing Between Participants and Parties

BPA distinguishes between participants in and parties to the hearings. Apart from the formal hearing process, BPA will accept comments, views, opinions, and information from

participants, who are defined in the BPA Procedures as persons who may submit comments without being subject to the duties of, or having the privileges of, parties. Participants are not entitled to participate in the prehearing conference; may not cross examine parties' witnesses, seek discovery, or serve or be served with documents; and are not subject to the same procedural requirements as parties.

Participants' written and oral comments will be made part of the official record and considered by the Administrator, if they are submitted on or before April 15, 2008. Participants' written views, supporting information, questions, and arguments should be submitted to the address noted in the **ADDRESSES** section of this Notice or at the public hearing.

The second category of interest is that of a party as defined in Rules 1010.2 and 1010.4 of the BPA Procedures. 51 Fed. Reg. 7611 (1986). Parties may participate in any aspect of the hearing process.

#### B. Petitions To Intervene

Persons wishing to become parties to BPA's rate proceeding must notify BPA in writing of their interest by submitting a petition to intervene. Petitions to intervene are due to the Hearing Officer by February 13, 2008, and should be directed to Brandon Hignite, Hearing Clerk, L-7, Bonneville Power Administration, 905 NE. 11th Avenue, Portland, OR 97232 or by e-mail to: [wio9rate@bpa.gov](mailto:wio9rate@bpa.gov), and must be received no later than 5 p.m., Pacific Standard Time, on February 13, 2008. In addition, a copy of the petition must be served concurrently on BPA's General Counsel and directed to Barry Bennett, LC-7, Office of General Counsel, Bonneville Power Administration, 905 NE. 11th Avenue, Portland, OR 97232 or by e-mail to: [bbennett@bpa.gov](mailto:bbennett@bpa.gov).

Petitions shall state the name and address of the person requesting party status and the person's interest in the hearing. Petitioners must explain their interests in sufficient detail to permit the Hearing Officer to determine whether they have a relevant interest in the hearing. Pursuant to Rule 1010.1(d) of BPA's Procedures, BPA waives the requirement in Rule 1010.4(d) that an opposition to an intervention petition be filed and served 24 hours before the prehearing conference. Any opposition to an intervention petition may instead be made at the prehearing conference. Any party, including BPA, may oppose a petition for intervention. All timely applications will be ruled on by the Hearing Officer. Late interventions are strongly disfavored. Opposition to an

untimely petition to intervene shall be filed and received by BPA within two days after service of the petition.

#### C. Developing the Record

The record will include, among other things, the testimony and evidence submitted by the parties, the transcripts of any hearings and cross-examination, written material submitted by the participants, and evidence accepted into the record by the Hearing Officer. The Hearing Officer will review the record and certify the record to the Administrator for decision. Parties will have the opportunity to file initial briefs at the close of cross-examination. After the close of the hearings, and following submission of initial briefs, BPA will issue a draft ROD that states the Administrator's preliminary decision(s). Parties may file briefs on exceptions, after that the Administrator will issue the final ROD establishing the rate.

The Administrator will develop the final rate for Wind Integration—Within-Hour Balancing Service based on the entire record. The Administrator will serve copies of the final Record of Decision on all parties and will file the final proposed rate, together with the record, with FERC for confirmation and approval.

### Part IV—Summary of the Proposal

In 2006 BPA and the Northwest Power and Conservation Council convened a regional forum to discuss the operational and economic issues raised by the expected integration of significant amounts of wind generation into the Pacific Northwest power system. In March 2007 the group, which included investor-owned utilities, public power organizations, environmental groups, and others, produced the Northwest Wind Integration Action Plan. The Action Plan recognized that the emergence of wind energy as a significant resource on the Northwest transmission grid—which has 17 separate Balancing Authorities—raised new cost recovery and cost allocation issues.

Historically, most of the variability and uncertainty in a Balancing Authority's operations has been caused by loads. As a result, most Northwest transmission providers do not have rate schedules that charge generators for the variability they add to the system. However, the output of wind generators is significantly more variable and uncertain than the output of traditional generation sources. The variability and uncertainty associated with wind generation increases the demand for reserves required to maintain Balancing Authority reliability.

Under current rate schedules, BPA power customers pay most of the costs of these additional reserves. For BPA, wind integration cost recovery is a particularly important issue because the majority of the 1,425 MW of wind generation in the BPA Balancing Authority is exported to other Balancing Authorities to serve the loads of other regional utilities. Therefore, BPA power customers are paying the costs of providing balancing services for wind generation used to serve other loads. This pattern of large-scale exports of wind generation is expected to continue through the end of 2009, at which point BPA expects that 2,880 MW of wind will be interconnected to the BPA system.

To better align cost causation and cost allocation, BPA is proposing a Wind Integration—Within-Hour Balancing Service rate under which wind generators will be charged for the costs of the additional reserve capacity that is needed to support their operations, as well as other incremental costs caused by the variability of wind generation. Additional costs are caused by the need to shift energy generation from heavy load hours to light load hours to preserve the ability to change generation levels to compensate as wind output changes and by reduced efficiency because demands on the system become less predictable as wind generation increases. The new rate is intended to ensure that BPA recovers the costs that wind generation places on the system, and that the costs are allocated to the parties that cause the costs.

BPA currently estimates that, during FY 2009, it will need an average of 203 MW of capacity to provide these balancing services for wind generation. Therefore, BPA is proposing a wind integration rate to recover the embedded costs of 203 MW of Federal system resources plus the other costs, noted above, that wind generation places on the system.

BPA projects the cost of providing this service is \$22.9 million. To recover this cost, BPA is proposing a rate not to exceed \$0.81 per installed kW of wind capacity per month.

The proposed rate schedule is attached at the end of this Notice.

Issued this 30th day of January, 2008.

**Stephen J. Wright,**

*Administrator and Chief Executive Officer.*

#### ACS-09

#### ANCILLARY SERVICES AND CONTROL AREA SERVICES RATE

#### SECTION I. AVAILABILITY

\* \* \*

Control Area Service rates available under this rate schedule are:

\* \* \*

#### 5. Wind Integration—Within-Hour Balancing Service

\* \* \*

#### SECTION III. CONTROL AREA SERVICE RATES

##### E. WIND INTEGRATION—WITHIN-HOUR BALANCING SERVICE

The rate below applies to all wind plants in the BPA Control Area. Within-Hour Balancing Service provides the generation capability to follow within-hour variations of wind resources in the BPA Control Area and to maintain the power system frequency at 60 Hz in conformance with NERC and WECC reliability standards.

##### 1. RATE

The rate shall not exceed \$0.81 per kilowatt per month.

##### 2. BILLING FACTOR

The Billing Factor is as follows:

i. For each wind plant, or phase of a wind plant, that has completed installation of all units no later than the 15th day of the month prior to the billing month, the billing factor will be the nameplate of the plant in kW. A unit has completed installation when it has generated and delivered power to the BPA system.

ii. For each wind plant, or phase of a wind plant, for which some but not all units have been installed by the 15th day of the month prior to the billing month, the billing factor will be the maximum measured hourly output of the plant through the 15th day of the prior month in kW.

[FR Doc. E8-2253 Filed 2-6-08; 8:45 am]

**BILLING CODE 6450-01-P**

#### DEPARTMENT OF ENERGY

#### Federal Energy Regulatory Commission

[Project No. 2146-117]

#### Alabama Power Company; Notice of Application for Amendment of License and Soliciting Comments, Motions to Intervene, and Protests

Take notice that the following hydroelectric application has been filed with the Commission and is available for public inspection:

a. *Application Type:* Non-Project Use of Project Lands and Waters.

b. *Project No:* 2146-117.

c. *Date Filed:* January 18, 2008.

d. *Applicant:* Alabama Power Company.

e. *Name of Project:* Coosa River Project.

f. *Location:* On the Coosa River, in Elmore County, Alabama, and Floyd County, Georgia.

g. *Filed Pursuant to:* Federal Power Act, 16 U.S.C. 791a-825r.

h. *Applicant Contact:* Keith Bryant, 600 18th Street North, Birmingham, AL 35203; (205) 257-1403.

i. *FERC Contact:* Gina Krump, Telephone (202) 502-6704, and e-mail: [Gina.Krump@ferc.gov](mailto:Gina.Krump@ferc.gov).

j. *Deadline for filing comments, motions to intervene, and protest:* March 3, 2008.

All documents (original and eight copies) should be filed with: Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426.

The Commission's Rules of Practice and Procedure require all interveners filing documents with the Commission to serve a copy of that document on each person whose name appears on the official service list for the project. Further, if an intervener files comments or documents with the Commission relating to the merits of an issue that may affect the responsibilities of a particular resource agency, they must also serve a copy of the document on that resource agency. A copy of any motion to intervene must also be served upon each representative of the Applicant specified in the particular application.

k. *Description of Request:* Alabama Power Company is seeking Commission approval to issue a permit to RHEMA, LLC for the construction of a boat ramp, four boat docks, totaling 60 slips, walking trails, and two storm water drains. The proposed facilities would serve the residents of Sunset Shores Condominiums. APC is also seeking authorization to allow RHEMA, LLC to withdrawal of up to 2,400 gallons per day of water from the project reservoir for landscape watering, as needed. The proposal would not require dredging or excavation.

l. *Locations of the Application:* A copy of the application is available for inspection and reproduction at the Commission's Public Reference Room, located at 888 First Street, NE., Room 2A, Washington, DC 20426, or by calling (202) 502-8371. This filing may also be viewed on the Commission's Web site at <http://www.ferc.gov> using the "eLibrary" link. Enter the docket number excluding the last three digits in the docket number field to access the document. You may also register online at <http://www.ferc.gov/docs-filing/esubscription.asp> to be notified via email of new filings and issuances related to this or other pending projects. For assistance, call 1-866-208-3676 or