DEPARTMENT OF ENERGY
Western Area Power Administration
AGENCY: Western Area Power Administration, Department of Energy.

49 FR 50582

December 28, 1984

Conformed General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects
ACTION: Conformance of Power Marketing Criteria in Accordance with Hoover Power Plant Act of 1984 (Pub. L. 98-381)

SUMMARY: The Western Area Power Administration (Western) published the General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects (Criteria) in the Federal Register on May 9, 1983 *(48 FR 20872-20889).* The Criteria contained the principles and guidelines for the marketing of power from the Boulder Canyon Project, Parker-Davis Project, and the United States entitlement in the Navajo Generating Station (Navajo), a feature of the Central Arizona Project. The Criteria was developed through an extensive public process. Western began the informal public process in November 1979, holding several informal public information forums, and continued with the formal public process, when proposed Criteria were published in the Federal Register on September 22, 1981 *(46 FR 46864-46874),* and August 24, 1982 *(47 FR 36946-36957).* Two public comment forums were held to gather public input on the proposals. The public comment forums were announced in the Federal Register on December 29, 1981 *(46 FR 62929),* and September 20, 1982 *(47 FR 41420),* and were held on January 21, 1982, and November 23, 1982.

Throughout the public process Western received extensive legal briefs and comments concerning the marketing of Boulder Canyon Project power. Comments concerning the Boulder Canyon Project centered principally around the interpretation of section 5 of the Boulder Canyon Project Act.

The State of Nevada, on August 27, 1982, filed suit in Las Vegas District Court against the United States and the California Boulder Canyon Project contractors. The litigation advanced the claim by the State of Nevada to a statutory right to one-third of the Hoover resource upon contract termination and to any amount of power not applied for by California as a State. The State of Arizona joined the State of Nevada. The California Hoover allottees (except Metropolitan Water District of Southern California), answered the claim and filed a counter claim; and the California cities of Anaheim, Azusa, Banning, Riverside, and Colton filed a motion to intervene.

In order to settle the controversy over the allocation of Boulder Canyon Project power, Congress set forth the allocation of Hoover power for the period beginning June 1, 1987, in the Hoover Power Plant Act of 1984 (Pub. L. 98-381, August 17, 1984). The Hoover Power Plant Act of 1984 sets forth the amounts of power reserved for renewal to existing customers and authorizes the Secretary of the Interior to increase the capacity of existing generating equipment and appurtenances at Hoover Power Plant (hereinafter referred to as "uprating program"). This Act also prescribes the method of allocation of the power generated by the "uprating program" and prescribes the method for marketing of Navajo power in excess of the needs of the Central Arizona Project.

These mandated provisions were fully addressed in the environmental assessment and Finding of No Significant Impact dated May 2, 1983, see section D of the Criteria. For this reason section D of the Criteria remains unchanged from the May 9, 1983, Federal Register publication.

Title I, section 105(a)(3) of the Hoover Power Plant Act of 1984 requires the Secretary of Energy to publish a notice in the Federal Register conforming the text of subdivision E of the "General Consolidated Power Marketing Criteria for Boulder City Area Projects," published in the Federal Register on May 9, 1983 *(48 FR 20881),* to the Hoover Power Plant Act of 1984. The Criteria contained herein provides for the modifications required as a result of the Hoover Power Plant Act of 1984.

DATES: These Conformed General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects are effective on the date of this notice.

ADDRESS: For further information concerning these Criteria contact: Mr. Thomas A. Hine, Area Manager, Boulder City Area Office, Western Area Power Administration, P.O. Box 200, Boulder City, NV 89005, (702) 293-8800.

TEXT: SUPPLEMENTARY INFORMATION:

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Discussion

A. Mandated Revisions to the "General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects" as a Result of Hoover Power Plant Act of 1984 (Pub. L. 98-381)

Part 1 Section C -- Contractual Information

Western will offer power contracts to each contractor containing the terms and conditions and any provisions which may be applicable to the power to be marketed under these Criteria.

The Hoover Power Plant Act of 1984 (Act) requires that certain contract terms shall be included in power contracts offered to each contractor.

Pursuant to Title II, section 201(a) of the Act, each long-term firm power service contract entered into or amended subsequent to 1 year from the date of enactment of the Act shall contain an article requiring the development and implementation of an energy conservation program by the contractor. The energy conservation program shall encourage customer consumption efficiency improvements and demand management practices which ensure that the available supply of hydroelectric power is used in an economically efficient and environmentally sound manner.

On November 13, 1981, Western published in the Federal Register *(46 FR 56140-561145)* a notice of the "Announcement of Final Guidelines and Acceptance Criteria for Customer Conservation and Renewable Energy Programs." Each contractor will be subject to these guidelines. These guidelines will be amended to reflect the provisions of Title II of the Hoover Power Plant Act of 1984.

Title I, section 105(h)(2) of the Act provides that contracts entered into for power from the Boulder Canyon Project or Navajo surplus power shall contain provisions by which any dispute or disagreement as to interpretation or performance of the provisions of the Hoover Power Plant Act of 1984, or of applicable regulations or of the contract may be determined by arbitration or court proceedings.

Title I, section 105(a)(4) of the Act provides that a contract offer for Boulder Canyon Project power shall not restrict the use to which the capacity and energy contracted for by the Metropolitan Water District of Southern California may be placed within the State of California; Provided, that to the extent practicable and consistent with sound water management and conservation practice, the Metropolitan Water District of Southern California shall use such capacity and energy to pump available Colorado River water prior to using such capacity and energy to pump California State water project water.

The May 9, 1983, Criteria provides that beginning June 1, 1987, the rate for Boulder Canyon Project power will include a component to provide for a contribution to the Lower Colorado River Basin Development Fund. Title I, section 102(c) of the Act specifies that the equivalent of 4 1/2 mills/kilowatthour (kWh) will be included in the rates charged to purchasers in Arizona and the equivalent of 2 1/2 mills/kWh will be included in the rates charged to purchasers in California and Nevada. These charges will be included in the rates for the Boulder Canyon Project commencing June 1, 1987, and the Parker-Davis Project commencing June 1, 2005. After the repayment period for the Central Arizona Project, the equivalent of 2 1/2 mills/kWh shall be included in the rates charged to purchasers in Arizona, California, and Nevada.

Title I, Section 104 of the Hoover Power Plant Act of 1984 amended the Boulder Canyon Project Adjustment Act (54 Stat. 774, as amended, *43 U.S.C. 618).* The General Regulations to the Boulder Canyon Project Adjustment Act, approved May 20, 1941, promulgates regulations for generation and sale of power. The Hoover Power Plant Act of 1984 is supplementary and amendatory to these General Regulations. To carry out the purposes of the Boulder Canyon Project Adjustment Act, as amended by the Hoover Power Plant Act of 1984, the Secretary of Energy will promulgate additional general regulations for ratemaking purposes for sale of power. These General Regulations will provide the basis for the rate methodology for the Boulder Canyon Project.

Part IV, Section A -- Navajo Generating Station

Allocation of Navajo power for long-term arrangements will be made after the decision relative to the construction of a regulatory storage unit is reached. Title I, section 107(c) of the Act further stipulates that Navajo surplus shall be marketed and exchanged by the Secretary of Energy pursuant to the plan adopted by the Secretary of the Interior directly to, with or through the Arizona Power Authority (APA) and/or other entities having preference status under the preference provisions of the Reclamation Project Act of 1939. The Secretary of the Interior shall adopt the plan deemed most acceptable, after consultation with the Secretary of Energy, the Governor of Arizona, and the Central Arizona Water Conservation District (or its successor in interest to the repayment obligation for the Central Arizona Project), for the purposes of optimizing the availability of Navajo surplus and providing financial assistance in the timely construction and repayment of construction costs of authorized features of the Central Arizona Project.

Part VI -- Boulder Canyon Project

The table showing the amounts of long-term contingent power has been modified to reflect long-term contingent capacity and associated energy reserved for renewal contract offers to existing Boulder Canyon Project contractors as allocated by Title I, section 105(a)(1)(A) of the Act. The table reflects an increase in capacity and energy to the City of Los Angeles, Department of Water and Power, and an increase in capacity to the APA and the Colorado River Commission of Nevada.

A new provision has been added to reflect Title I, section 105(c)(1) of the Act which provides that no renewal contract for Boulder Canyon Project power shall be executed with any entity which is a party to the lawsuit entitled the "State of Nevada et al. against the United States of America et al." in the United States District Court for the District of Nevada, case numbered CV LV '82 441 RDF, unless that entity agrees to file in that action a stipulation for voluntary dismissal with prejudice of its claims, or counterclaims, or crossclaims as the case may be, and also agrees to file with the Secretary of Energy a document releasing the United States, its officers and agents, and all other parties to that action who join in that stipulation from any claims arising out of disposition of capacity and energy from the Boulder Canyon Project.

The planned uprating program by the Bureau of Reclamation (Reclamation) was authorized by the Hoover Power Plant Act of 1984. The May 9, 1983, Criteria provided that the capacity and energy in excess of the renewal offers would be divided among the States of Arizona, California, and Nevada. Applications for this excess power would be accepted from all qualified preference entities within these States.

Title I, section 105(a)(1)(B) of the Act modified the proposed allocation process. Capacity and energy resulting from the uprating program will be divided between the States as identified in the existing Criteria; however, contracts for the capacity and energy resulting from the uprating program for use within Arizona and Nevada shall be offered to the APA and the Colorado River Commission of Nevada, respectively. In the case of California, Western will accept applications from all qualified entities; Provided, that no contract will be offered to any California entity who is offered a renewal contract for capacity exceeding 20,000 kilowatts.

Priority of entitlement to excess energy generated at Hoover Dam has been modified. Arizona receives the first right to delivery of excess energy which is equal in each year of operation to 200 million kWh. If excess energy is not generated at Hoover Powerplant, Arizona shall accumulate a first right of delivery of excess energy subsequently generated in an amount not to exceed 600 million kWh. The 600 million kWh has been further defined by Title I, section 105(a)(1)(C) of the Act. Said first right of delivery has been clarified to be 600 million kWh, inclusive of the current year's 200 million kWh.

The May 9, 1983, Criteria has been further modified by Title I, section 105(a)(1)(C) of the Act to provide that the second priority to excess energy will go to meet Hoover Dam contractual obligations for the renewal contracts and the uprating program, not to exceed 26 million kWh. The third priority will go to meet the energy requirements of the States of Arizona, California, and Nevada; such available excess energy to be divided equally among the three States.

A new section F has been added to the Criteria to outline the method of allocating deficiencies in generation as provided in Title I, section 105(a)(2) of the Act. When actual generation is less than commitments, such deficiency will be borne by the holder of contracts in the ratio that the sum of the quantities of firm energy to which each contractor is entitled bears to the total firm commitments.

B. Regulatory Procedural Requirements.

1. Determination under Executive Order 12291: Western has determined that these Criteria are not a major rule under section 1(b) of Executive Order 12291, *46 FR 13193* (February 19, 1981). Western has an exemption from sections 3, 4, and 7 of the Executive Order 12291.

2. Regulatory Flexibility Act of 1980 *(5 U.S.C. 601* et seq.): Each agency, when required by *5 U.S.C. 553* to publish certain rules, is further required to prepare and make available for public comment initial regulatory flexibility analyses to describe the impact of such rules on small entities. Western has determined that this rulemaking of particular applicability relates to allocation and selling of electric power in accordance with reclamation law by Western and, therefore, is not a rule. In any event, the Administrator of Western hereby certifies that the impacts of such allocation and the selling of electric service by Western would not cause an adverse economic impact on a substantial number of those small entities provided for under the Regulatory Flexibility Act.

3. Environmental Assessment: Western has prepared an environmental assessment (EA) which is available for public review. The EA addresses the four alternatives of:

a. No action, essentially renewal in kind of existing Boulder Canyon Project capacity and offer for allocation of Parker-Davis Project capacity and energy.

b. One-third split of Boulder Canyon Project power and offer for allocation of Parker-Davis Project power.

c. Renewal of firm power to existing contractors and allocation of additional firm power and peaking power to existing and new customers.

d. Renewal of nameplate capacity and one-third split of additional uprated operating capacity of the Boulder Canyon Project power, offer for allocation of Parker-Davis Project power, and allocation of additional power as firm and peaking power.

The impact analysis deals with the effect these alternatives will have on the existing electrical system as well as the effect of the alternatives on the physical, natural, and social/economic environments.

Western has made a determination based upon environmental considerations of these final Criteria, that this action is not a significant action in the context of the National Environmental Policy Act, and that it will not lead to any significant environmental impacts. A Finding of No Significant Impact (FONSI) has been prepared. Copies of the EA and FONSI are available from the Boulder City Area Office.

C. Conformed General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects.

Part I. General

Section A. Purpose and Scope. In accordance with Federal power marketing authorities in reclamation law and the Department of Energy Organization Act of 1977, Western has developed and, pursuant to the Hoover Power Plant Act of 1984 (Pub. L. 98-381), has modified these General Consolidated Power Marketing Criteria or Regulations for Boulder City Area Projects (Criteria). These Criteria establish one set of general marketing principles for power generated at all Federal projects (Projects) under the marketing jurisdiction of Western's Boulder City Area Office. This document will serve as a new power marketing criteria for the Parker-Davis Project and Central Arizona Project (Navajo) resources, and will serve as the regulations for contract renewal and for the sale of power from the Boulder Canyon Project. The power generated at these Projects has been marketed under different power marketing guidelines or regulations. By consolidating the marketing of power from these Projects under common guidelines, the Federal system can be operated at improved efficiency within the constraints imposed by law, regulations, and treaties.

Section B. Authorities. Federal power in the Boulder City Area is marketed in accordance with the power marketing authorities in Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and all acts amendatory thereof or supplementary thereto); the Department of Energy Organization Act of 1977 (91 Stat. 565); and in particular, those acts and amendments enabling the Boulder Canyon Project (45 Stat. 1057); Hoover Power Plant Act of 1984 (Pub. L. 98-381); Parker-Davis Project (49 Stat. 1028, 1039; 68 Stat. 143); and the Colorado River Basin Project (82 Stat. 885).

Section C. Contractual Information. Power contracts will be implemented as existing contracts and contract extensions terminate, and as additional resources become available. The existing Boulder Canyon Project contracts terminate on May 31, 1987. The existing Parker-Davis Project contracts terminate on March 31, 1986. The Parker-Davis Project contracts will be extended through May 31, 1987, upon mutual agreement between Western and each individual contractor, in order to have common contract termination dates.

The additional Parker-Davis Project power will not be available until operational integration in the Boulder City Area is implemented. Navajo power surplus to the needs of the Central Arizona Project and Title I Salinity Control Project (as amended by Pub. L. 96-336, September 4, 1980, 88 Stat. 266), may be available as early as July 1984, in varying quantities, and will be marketed in accordance with these Criteria.

Western will offer power contracts to each contractor containing the terms and conditions and any special provisions which may be applicable to the power to be marketed under these Criteria. Separate exhibits to the contracts will identify such things as the amounts of capacity and energy to be delivered on a monthly basis from a particular Project, the point(s) of delivery, and the maximum rate of delivery at each point of delivery. These exhibits will be prepared and modified as necessary. If requested by the contractor, Western, in preparation of the exhibits, will endeavor to approximate the individual contractor's seasonal and monthly energy usage pattern. The extent to which Western will be able to accommodate these patterns will be contingent upon monthly energy availability and required water releases.

Each long-term firm power service contract entered into or amended subsequent to 1 year from the date of enactment of the Hoover Power Plant Act of 1984, shall contain an article requiring the development and implementation by the contractor of an energy conservation program. The contractor's energy conservation program shall comply with Western's guidelines and Criteria for Customer Conservation and Renewable Energy Programs.

The Projects will be operationally integrated to improve the efficiency of the Federal system in accordance with: the operational constraints of the Colorado River, hydro-project powerplants, and Navajo Generating Station, as may be imposed by the Secretary of the Interior or authorized representatives; applicable laws; the general terms, conditions, and principles contained in these Criteria; and the General Power Contract Provisions in effect which are applicable to a particular Project.

Long-term contracts for Parker-Davis Project power will terminate September 30, 2007. Long-term contracts for Boulder Canyon Project power will terminate on September 30, 2017. Long-term contracts for the Boulder Canyon Project will be subject to an energy revision on or about October 1, 2007, if deemed necessary by Western, due to the results of then current hydrology studies.

Each Boulder Canyon Project and Navajo contractor will also contractually agree to supply its own reserves for power from these Projects which meet or exceed Western Systems Coordinating Council minimum reserve requirements.

Each contract for Boulder Canyon Project power or Navajo surplus power will contain a provision by which any dispute or disagreement as to interpretation or performance of the provisions of the Hoover Power Plant Act of 1984 or of applicable regulations or of the contract may be determined by arbitration or court proceedings.

Contracts for Boulder Canyon Project power will allow for a reduction in capacity due to generating unit outages caused by forced outages, maintenance schedules, or reservoir drawdown. This reduction will be based on the ratio each entity's allocation of Boulder Canyon Project capacity bears to the total Boulder Canyon Project capacity marketed, multiplied by the amount of capacity removed from service, or not available because of reduction in effective head.

The renewal contract offer to the Metropolitan Water District of Southern California for Boulder Canyon Project capacity and energy will not restrict the use to which capacity and energy contracted for by the Metropolitan Water District of Southern California may be placed within the State of California; Provided, that to the extent practicable and consistent with sound water management and conservation practice, the Metropolitan Water District of Southern California shall use such capacity and energy to pump available Colorado River water prior to using such capacity and energy to pump California State water project water.

Notwithstanding the procedures in section A of Part VIII, below, Western, within the constraints of river operation, intends to permit each Boulder Canyon Project power contractor to schedule loaded and unloaded synchronized generation, the sum of which cannot exceed the amount of capacity reserved for the renewal offer to the individual contractors. To the extent that energy entitlements are not exceeded, such previously scheduled unloaded synchronized generation may be used for regulation, ramping, and spinning reserves through the use of a dynamic signal. These functions will be developed by Western and Reclamation, in cooperation with the Boulder Canyon Project power contractors, and implemented by contract and through written operating instructions. Energy used for the purpose of supplying unloaded synchronized generation to Boulder Canyon Project power contractors will be accounted for on a monthly basis, and will be supplied by the individual contractors through reductions in energy deliveries, in subsequent months, as will be specified in the power contracts.

Studies are in progress to determine the possible benefits to the Central Arizona Project of combined marketing of the Navajo resource and the Boulder Canyon Project power allocated for use within Arizona, and to determine the amount of funding that could feasibly be provided to the Reclamation by entities in the State of Arizona or political subdivisions of the State of Arizona, for the construction of a regulatory storage unit or other features of the Central Arizona Project. The results of these studies and the term of indebtedness of any contributed funding arrangements that may result will have an effect upon the term of power contracts for the Navajo resource. Therefore, Western will delay establishment of a term of contract for long-term commitments for Navajo power until these studies are completed.

Western will purchase energy, if necessary, specifically for the purpose of fulfilling the energy obligations shown in these Criteria for the Boulder Canyon Project and Parker-Davis Project; except that for those Boulder Canyon Project contractors that can provide firming energy more efficiently from their own resources, Western, on an annual basis, will agree to those contractors providing their own firming energy. Western will reduce the energy obligation to those contractors proportionately. The cost of firming energy that is provided will be reimbursed in the year in which it occurs.

The individual Projects will remain financially segregated for the purposes of accounting and Project repayment. The Boulder City Area rate schedules for each individual Project will be developed to satisfy cost recovery criteria for each Project. Cost recovery criteria for the Boulder Canyon Project and for the United States Navajo entitlement will be develped as part of a separate public process. The Parker-Davis Project cost recovery criteria is already established.

In general, the cost recovery criteria will include components such as operation and maintenance, replacements, betterments, amoritzation of long-term debt with interest, and other financial obligations of the Projects. The Boulder Canyon Project beginning June 1, 1987, and the Parker-Davis Project beginning June 1, 2005, and until the end of the repayment period for the Central Arizona Project, will provide for surplus revenues by including the equivalent of 4 1/2 mills per kWh in the rates charged to contractors in Arizona and by including the equivalent of 2 1/2 mills per kWh in the rates charged to contractors in California and Nevada. After the repayment period for Central Arizona Project, the equivalent of 2 1/2 mills per kWh shall be included in the rates charged to all contactors in Arizona, Nevada, and California.

In order to allow Reclamation to comply with required minimum water releases, and to allow Western to receive purchased energy during offpeak load hours, all power contractors may be required to schedule a minimum rate of delivery during such offpeak load hours. The percentage of energy to be taken by the contractors at the minimum scheduled rate of delivery shall be established on a seasonal basis, and may be increased or decreased as conditions dictate. The monthly minimum rate of delivery for each power contractor will be computed by dividing the number of kilowatthours to be taken during the month by a contractor at the minimum rate of delivery, by the number of offpeak load hours in the month. The number of kilowatthours to be taken during offpeak load hours at the minimum rate of delivery will not exceed 25 percent of the contractor's monthly energy entitlement. Offpeak load hours will be defined in the contracts based on individual system characteristics.

No contractor shall sell for profit any of the capacity and energy allocated to it to any customer of the contractor for resale by that customer.

Part II. Marketing Area

The marketing area for the Projects is defined in appendix A of these Criteria, and consists generally of southern California, southern Nevada, most of Arizona, and a small part of New Mexico. The Boulder City Area marketing area includes a limited portion of the Upper Colorado River Basin, in which the Navajo Generating Station is located, and most of the Lower Colorado River Basin, as defined in the Colorado River Compact.

Part III. Service Seasons

Power from all Projects will be marketed for delivery during two service seasons. These seasons are based upon historic water releases on the Lower Colorado River. Approximately 70 percent of the water is released from Lake Mead during the summer season, and 30 percent is released during the winter season. The reduced water releases during the winter season allow for a period in which to perform generator maintenance.

Section A. Summer Season. The summer season for any calendar year is the 7-month period beginning the first day of the Boulder City Area's March billing period and continuing through the last day of its September billing period.

Section B. Winter Season. The winter season is the 5-month peiod beginning the first day of the Boulder City Area's October billing period, for any calendar year, and continuing through the last day of its February billing period in the next succeeding calendar year.

Section C. Proposed Regulatory Storage Unit. Reclamation is finalizing studies to provide a recommendation to the Secretary of the Interior concerning the location and size of a regulatory storage unit for the Central Arizona Project. Construction of a regulatory storage unit would give Reclamation the operational flexibility to increase winter season pumping and reduce summer season pumping. This may allow for marketing of Navajo power surplus to Central Arizona Project needs during both the summer and winter seasons. The length of service season for Navajo power will depend upon such factors as the construction of the storage unit, the size of the storage unit, utility exchange arrangements and Navajo outage schedules. Initially, the service seasons for delivery of Navajo power will coincide with the seasons established for all Projects.

Part IV. Navajo Generating Station

Section A. General. The Central Arizona Project is tentatively scheduled to begin pump testing operations in July 1984, with initial water deliveries in January 1985. Power surplus to pumping needs in varying quantities may be available at that time and will be marketed under short-term arrangements.

A regulatory storage unit for the Central Arizona Project, if constructed, would give Reclamation the operational flexibility to maximize winter season pumping and reduce summer season pumping with the effect of making Navajo power available during the peakload months. Arizona entities are presently completing studies to determine the amount of contributed financing that could be provided for contruction of a regulatory storage unit or other features of the Central Arizona Project.

With construction of a regulatory storage unit, the potential exists for power to be made available during the summer season under long-term arrangements. Allocations of Navajo power for long-term arrangements will be made after the decision relative to the construction of a regulatory storage unit is reached. Delivery of Navajo power under long-term arrangements with Western may require the contractor to contribute funds to Reclamation for the construction of a regulatory storage unit for the Central Arizona Project.

Navajo power, which is surplus to the Federal uses of the Central Arizona Project and Title I Salinity Control Project (as amended by Pub. L. 96-336, September 4, 1980, 88 Stat. 266), will be marketed by the Secretary of Energy pursuant to the plan adopted by the Secretary of the Interior directly to, with, or through the Arizona Power Authority and other entities having preference status under the provisions of section 9(c) of the Reclamation Project Act of 1939, in the following order of priority:

A. Preference entity(s) within Arizona;

B. Preference entities within the Boulder City marketing area;

C. Preference entitites in adjacent Federal marketing areas; and

D. Nonpreference entities in the Boulder City marketing area.

In the event that a potential contractor fails to place such power under contract within a reasonable period, as specified by the United States and in accordance with the terms and conditions offered by the United States, the amounts of power released by such failure will be reallocated in accordance with the preceding order of priority.

In the marketing of Navajo power, the Secretary of the Interior shall adopt the plan deemed most acceptable, after consultation with the Secretary of Energy, the Governor of Arizona, and the Central Arizona Water Conservation District for the purpose of optimizing the availability of Navajo surplus and providing financial assistance in the timely construction and repayment of construction costs of authorized features of the Central Arizona Project.

Section B. Short-Term Contingent Power. Contingent power is capacity and energy which is normally available, except during either forced or planned outages that affect powerplant capability. Reduction in capacity and energy, when necessary, will be on a pro rata basis among all contractors for Navajo surplus power. The Central Arizona Project is tentatively scheduled to begin pump testing operations in July 1984, with initial deliveries of water in January 1985. After that time, varying amounts of power may be available under short-term arrangements.

Section C. Long-Term Contingent Power. Amounts of contingent power available will depend upon the construction of a regulatory storage unit and related agreements, and Central Arizona Project operation plans.

Each Navajo contractor will also contractually agree to supply its own reserves for Navajo power which meet or exceed Western Systems Coordianting Council minimum reserve requirements.

Part V. Parker-Davis Project

Section A. General. An amount of Parker-Davis Project power is reserved for priority uses by the United States and, upon application, for allocation to new and current contractors.

Power reserved for United States priority use is capacity and energy which is reserved for Federal Reclamation project use, and irrigation pumping on certain Indian lands. Power that is reserved for United States priority use, but not presently needed, is marketed to some of the Parker-Davis Project contractors as withdrawable power. Requests for withdrawals for Federal reclamation project use power, and Indian irrigation pumping power have equal priority.

Federal reclamation project use power is defined for these Criteria to mean that capacity and energy which is established herein for Federal reclamation projects in the Lower Colorado River Basin. Such projects are Federal reclamation facilities established for the protection and drainage works along the lower Colorado River. The following is a list of projects for which Federal reclamation project use power is reserved: relift and drainage pumps; construction camp sites; Yuma-Mesa Irrigation and Drainage District; Gila Project drainage pumps; Wellton-Mohawk Irrigation and Drainage District Plant Nos. 1, 2, and 3; and the Colorado River Front Work and Levee System.

Power for irrigation pumping on certain Indian lands is defined for these Criteria to mean Federal capacity and energy established herein for use in irrigation pumping on Indian irrigation projects which are adjacent to the Lower Colorado River south of Davis Dam and north of the border between the United States and Mexico.

When priority use power is requested, Western will substantiate that the power to be withdrawn will be used for the above specified purposes, and then will withdraw the necessary amount of power upon a 2-year advance notice. Withdrawals of power will be made as requested and substantiated until the total amount of power reserved for priority use purposes is in use.

Power surplus to that reserved for United States priority uses and that reserved for allocation to the existing contractors will be available for allocation to new or current contractors in accordance with preference provisions of section 9(c) of the Reclamation Project Act of 1939, in the following order of priority:

A. Preference entities within the Boulder City marketing area;

B. Preference entities in adjacent Federal marketing areas; and

C. Nonpreference entities in the Boulder City marketing area.

In the event that a contractor or potential contractor fails to place such power under contract within a reasonable period, to be determined by the United States, in accordance with the terms and conditions offered by the United States, the amounts of power released by such failure will be reallocated in accordance with the preceding preference order.

Section B. Long-Term Firm Power. Long-term firm power is intended to have assured availability to the conractor within energy limitations specified in these Criteria. The maximum seasonal capacity entitlement for long-term firm power shall be available to a contractor during each month of the service season. The amount of energy associated with long-term firm power shall be the amount of energy specified in these Criteria and in power sales contracts.

Parker-Davis Project long-term firm power capacity allocations reserved for current contractor upon receipt of an application for power are as follows:

Contractor Ref. App. B	Summer season kilowatts			Winter season kilowatts		
	With-drawable	Nonwith-drawable	Total	With-drawble	Nonwith-drawable	Total
APPA:						
AEPCO		21,100	21,100		16,200	16,200
Mesa		10,450	10,450		8,000	8,000
MEC		2,700	2,700		2,200	2,200
CRIR		8,900	8,900		5,940	5,940
CRC (Nevada)	7,900	49,050	56,950	4,710	36,300	41,010
EAFB	1,935	16,350	18,285	1,180	13,450	14,630
ED-3	2,925		2,925	2,115		2,115
IID		32,550	32,550		26,300	26,300
SRP		31,700	31,700		22,500	22,500
SCIP	1,935	15,250	17,185	1,180	11,950	13,130
Thatcher		350	350		250	250
WMIDD	900	2,200	3,100	595	1,850	2,445

YID		960	960		780	780
YPG	1,935	3,300	5,235	1,180	2,900	4,080
FMIT		1,970	1,970		1,200	1,200
Subtotals	17,530	196,830	214,360	10,960	149,820	160,780
Priority uses		39,000	39,000		24,700	24,700
Totals	17,530	235,830	253,360	10,960	174,520	185,480

Energy available to long-term firm power contractors on and after June 1, 1987, will be equal to 3,441 KWh/kW (67 percent capacity factor) in the summer season and 1,703 kWh/kW (47 percent capacity factor) in the winter season.

Western advised the city of Needles, California (Needles), by letter dated January 18, 1979, that the Deputy Secretary, Department of Energy, had elected to make power available to Needles under similar terms and conditions as that which was available to Needles under terminated Contract No. 14-06-300-802. Needles has met the requirements to become a preference customer.

Western has reserved for application by Needles the following amounts of power from the Parker-Davis Project for the post-1987 contract period under then current contract terms and conditions:

	kW	KWh
Summer	5,100	17,800,868
Winter	4,064	6,752,053

Section C. Power In Excess of Amount Reserved. Western will also make available for allocation to new and current contractors the power in excess of that reserved for the existing Parker-Davis Project contractors and priority uses. Amounts of such power which are estimated to be available for allocation after May 31, 1987, are as follows:

Additional Parker-Davis Project Power Available for Allocation

Season	Kilowatt
Summer	24,555
Winer	22,186

Energy available to long-term firm power contractors on and after June 1, 1987, will be equal to 3,441 kWh/kW (67 percent capacity factor) in the summer season and 1,703 kWh/kW (47 percent capacity factor) in the winter season.

Withdrawable power will continue to be subject to a 2-year withdrawal notice. In the event that withdrawals for priority use purposes are made following the allocation process and prior to June 1, 1987, the amount of withdrawable power allocated to individual contractors will be reduced on a pro rata basis.

Part VI. Boulder Canyon Project

Section A. Long-Term Contingent Power. Contingent capacity is capacity which is normally available, except during either forced or planned outages that affect powerplant capability. Electric service renewal contracts for long-term contingent capacity and firm energy under new terms and conditions will be offered to existing Boulder Canyon Project contractors in the following amounts:

Long-Term Contingent Capacity and Associated Firm Energy Reserved for Renewal Contract Offers to Current Boulder Canyon Project Contractors

Contractor 1	Contingent capacity	Summer	Energy (thousands	Total

	(kW)		of kWh) winter	
Metropolitan Water District of Southern California	247,500	904,382	387,592	1,291,974
City of Los Angeles	490,875	488,535	209,658	698,193
Southern California Edison Co	277,500	175,486	75,208	250,694
City of Glendale	18,000	47,398	20,313	67,711
City of Pasadena	11,000	40,655	17,424	58,079
City of Burbank	5,125	14,811	6,347	21,158
Arizona Power Authority	189,000	452,192	193,797	645,989
Colorado River Commission of Nevada	189,000	452,192	193,797	645,989
U.S. for Boulder City	20,000	56,000	24,000	80,000
Total	1,448,000	2,631,651	1,128,136	3,759,787

1 Reference Appendix C.

The reservation shown for the city of Boulder City includes a renewal offer of 700 kW and 1,550,000 kWh to the Bureau of Mines. In the event that the renewal offer to the Bureau of Mines is released, such amounts will be offered to the city of Boulder City.

No contract will be executed with an existing Boulder Canyon Project contractor which is a party to the action entitled the "State of Nevada, et al., against the United States of America, et al." in the United States District Court for the District of Nevada, case number CV LV '82 441 RDF, unless that entity agrees to file in that action a stipulation for voluntary dismissal with prejudice of its claims, or counterclaims, or crossclaims, as the case may be, and also agrees to file with the Secretary, a document releasing the United States, its officers and agents, and all other parties to that action who join in that stipulation from any claims arising out of the disposition of capacity and energy from the Boulder Canyon Project. If after a reasonable period of time, as determined by the Secretary, Western shall offer the capacity and energy available, due to failure of entities to meet the above provision, to other entities in the same state eligible to enter into such contracts under section 5 of the Boulder Canyon Project Act.

Capacity reductions, when necessary, will be on a pro rata basis among all of the Boulder Canyon Project contractors. Winter season capacity will depend primarily upon the capacity of generating units removed from service for maintenance by Reclamation.

Each Boulder Canyon Project contractor will also contractually agree to supply its own reserves for Boulder Canyon Project power which meet or exceed Western Systems Coordinating Council minimum reserve requirements.

Section B. Planned Uprating Program. Reclamation is currently planning an uprating program which would increase the generating capability of the Boulder Canyon Project. The uprating program shall be undertaken with funds advanced under contracts made with the Secretary of the Interior by non-Federal entities in the States of Arizona, Nevada, and California. Reimbursement of funds advanced by non-Federal entities for the uprating program shall be a repayment requirement of the Boulder Canyon Project beginning with the first day of the month following completion of each segment thereof. The development and subsequent delivery of the uprated capacity and associated energy will be contingent upon the contractor finalizing financing agreements with Reclamation and satisfactory contract arrangements with Western.

The amounts of capacity and associated energy resulting from the uprating program reserved for allocation for use in the Boulder City marketing area within the States of Arizona, California, and Nevada are:

	Capacity (kilowatts)	Energy 1

		Summer	Winter
Arizona	188,000	148,000	64,000
California	127,000	99,850	43,364
Nevada	188,000	288,000	124,000
Total	503,000	535,850	231,364

1 Kilowatthours in thousands.

Contracts for the amounts of capacity and associated energy resulting from the uprating program shall be offered to the Arizona Power Authority and the Colorado River Commission of Nevada, as the agency specified by State law as the agent of such State for purchasing power from the Boulder Canyon Project. Western will accept applications from all qualified entities within the State of California. However, in the case of California, no contract shall be offered to any existing Boulder Canyon Project contractor who is offered a renewal contract for capacity exceeding 20,000 kilowatts.

In the event that a contractor or potential contractor fails to place power under contract within a reasonable period, as specified by the United States and in accordance with the terms and conditions offered by the United States, or fails to provide contributed funds, the amounts of power released by such failure will be reallocated in the following order:

A. Preference entities within the Boulder City marketing area;

B. Preference entities in adjacent Federal Marketing areas; and

C. Nonpreference entities in the Boulder City marketing area.

The uprating program will be constructed in stages and is currently scheduled to be completed in early 1991. Power contracts will become effective on June 1, 1987, and will contain an estimated schedule for power deliveries from the uprating program as this program is completed.

In the event that any part of the uprating program is not completed, the total amount of contingent capacity initially allocated to contractors will be reduced on a proportional basis. Power reserved for renewal to existing Boulder Canyon Project contractors will not be affected. If, subsequent to such a capacity reduction, the uprating program is reinstated in whole or in part, the amounts initially allocated will be restored to the contractors in proportionate amounts as the upratings are completed.

Section C. Energy in Excess of Firm Commitments. Energy generated in any year of operation in excess of 4,501.001 million kWh shall be delivered in the following order:

A. The first 200 million kWh for use within the State of Arizona: Provided, however, that in the event excess energy in the amount of 200 million kWh is not generated during any year of operation, Arizona shall accumulate a first right of delivery of excess energy subsequently generated in an amount not to exceed 600 million kWh, inclusive of the current year's 200 million kWh. Said first right of delivery shall accrue at a rate of 200 million kWh per year for each year excess energy in the amount of 200 million kWh is not generated, less amounts of excess energy delivered.

B. Meeting Hoover Dam contractural obligations under Section A (Renewal Contracts) and Section B (Uprating Program), not to exceed 26 million kWh in each year of operation.

C. Meeting the energy requirements of the States of Arizona, California, and Nevada; such available excess energy to be divided equally among the three States.

Section D. Modification Program. Reclamation is also planning a Hoover Modification Program which would further increase the generating capability of the Boulder Canyon Project by approximately 500 MW at rated head. If developed by Reclamation, marketing of that resource will be addressed by Western at that time.

Section E. Capacity Reductions. Contracts for Boulder Canyon Project power will allow for a reduction in capacity due to generating unit outages maintenance schedules or reservoir drawdown. This reduction will be based on the ratio each entity's allocation of Boulder Canyon Project capacity bears to the total Boulder Canyon Project capacity marketed, multiplied by the amount of capacity removed from service, or not available because of reduction of effective head.

Section F. Energy Generation Deficit to Firm Commitments. Whenever actual generation in any year is less than the firm commitments (4,527.001 million kWh), such deficiency shall be borne by the holders of contracts in the ratio that the sum of the quantities of firm energy to which each contractor is entitled to the total firm commitments. At the request of any such contractor, Western will purchase energy to meet that contractor's deficiency at such contractor's expense.

Part VII. Nonfirm Power and Other Agreements

Section A. Short-Term Interruptible Power. Interruptible power may be available under contracts which permit curtailment of delivery by the Boulder City Area.

To the extent that capacity and energy in excess of long-term contract commitments become available, short-term interruptible power may be offered on an if-, as-, and when-available basis. Contracts for short-term interruptible power will be offered on a seasonal or monthly basis as conditions permit.

Western will continue to engage in a fuel replacement program in the Boulder City Area. Purchased energy and project generated energy in excess of long-term contract commitments may be offered as fuel replacement energy.

Section B. Short-Term Firm Power. To the extent that capacity and energy in excess of long-term contract commitments become available, short-term firm power may be offered. Contracts for short-term firm power will be offered on a seasonal, monthly, or yearly basis as conditions permit.

Section C. Other Agreements. Western may as it deems reasonable and necessary enter into such other agreements as: transmission service agreements, interchange agreements, reserve agreements, load regulation agreements, exchange agreements, maintenance and emergency service agreements, power pooling agreements, or other transactions.

Part VIII. Condition of Delivery

Western, in cooperation with the contractor, will establish scheduling and accounting procedures based upon standard utility industry practices. These procedures shall be set forth in separate written instructions. Subject to Western's approval as to location and voltage, delivery will be made at Boulder City Area transmission system voltages, but not normally less than 69 kilovolts. Subject to Western's approval, deliveries will continue to be made at lower voltages at powerplant and substation locations to contractors already receiving such deliveries from Western.

Section A. Scheduling. Deliveries of Boulder City Area power shall be scheduled in advance in accordance with procedures set forth in written instructions. These procedures shall provide for the adoption of schedules to the needs of day-to-day or hour-by-hour operations. Said procedures shall also specify the conditions under which actual deliveries, which are greater or less than scheduled deliveries during the month of a particular season, shall be adjusted in later deliveries in subsequent months of that season. Except in unusual circumstances, Western will not permit energy allocated to a contractor for use within one season to be used in another season.

Section B. Accounting. Deliveries of Boulder City Area power will normally be accounted for on the basis of advance schedules, in accordance with the procedures set forth in written instructions. The written instructions shall include procedures for determining amounts of Boulder City Area power delivered to the contractor at each point of delivery and the procedures for delivery of losses.

Section C. Designated Points of Delivery. Delivery will be made at designated points on the Boulder City Area transmission system at rates of delivery not to exceed the available capability of the transmission system. The designated points of Appendix E, respectively, and may be modified as required.

The designation of delivery points in Appendix D and the transmission systems in Appendix E does not imply any obligation for Western to furnish additional facilities or to increase transmission or transformer capabilities at the designated points. Modifications to existing facilities and alternate or additional delivery points requested by the contractors may be permitted at the discretion of Western. Requests for taps on the Boulder City Area transmission system will be considered on a case-by-case basis.

Navajo power will be delivered at the McCullough and Westwing Substations and other points on the Central Arizona Project system as may be available. If the contractor cannot take delivery of Navajo power into its own system at these delivery points, transmission service arrangements to other delivery points will be the obligation of the contractor.

Boulder Canyon Project power will be delivered at Mead Substation and designated Hoover Switchyards. If a contractor cannot accept delivery of Boulder Canyon Project power at Mead Substation or the designated Hoover Switchyard, transmission service arrangements to other delivery points will be the obligation of the contractor.

Parker-Davis Project power will be delivered to designated points of delivery shown in Appendix D, except for those points denoted as Navajo and Boulder Canyon Project delivery points.

Section D. Conservation and Renewable Energy Programs. Each long-term firm power service contract shall contain an article requiring the development and implementation by the contractor of an energy conservation program.

On November 13, 1981, Western published in the Federal Register a notice of the "Announcement of Final Guidelines and Acceptance Criteria for Customer Conservation and Renewable Energy Programs" (Vol. 46, No. 219). These guidelines outline the present requirements for Western's contractors to develop and implement their conservation and renewable energy programs. Each contractor's program will be in compliance with these guidelines.

Issued in Golden, Colorado, December 17, 1984.

William H. Clagett,

Acting Administrator.

Appendix A

Included in this Area the following:

A. All of the drainage area considered tributary to the Colorado River below a point 1 mile downstream from the mouth of the Paria River (Lee's Ferry).

B. The State of Arizona, excluding that portion lying in the Upper Colorado River Basin, except for that portion of the Upper Colorado River Basin in which the Navajo Generating Station is located. The Navajo Generating Station is included in the power marketing area as a resource only.

C. That portion of the State of New Mexico lying in the Lower Colorado River Basin and the independent Quemada Basin lying north of the San Francisco River drainage area.

D. Those portions of the State of California lying in the Lower Colorado River Basin and in drainage basins of all streams draining into the Pacific Ocean south of Calleguas Creek.

E. Those parts of the States of California and Nevada in the Lahontan Basin including the lying south of the drainages of Mono Lake, Adobe Meadows, Owens Lake, Amargosa River, Dry Lakes, and all closed independent basins or other areas in southern Arizona not tributary to the Colorado River.

Appendix B -- Existing Parker-Davis Project Contractors

APPA -- Arizona Power Pooling Association (Arizona) n1

n 1 APPA Distribution:

CRIR -- Colorado River Indian Reservation (Arizona, California)

CRC -- State of Nevada and its Colorado River Commission (Contractor for the State of Nevada) n2

n 2 CFC Contractors:

EAFB -- Edwards Air Force Base (California)

ED-3 -- Electrical District Number Three (Arizona)

FMIT -- Fort Mohave Indian Tribe (Arizona, California)

IID -- Imperial Irrigation District (California)

SRP -- Salt River Project (Arizona)

SCIP -- San Carlos Irrigation Project (Arizona)

Thatcher -- Town of Thatcher (Arizona)

WMIDD -- Wellton-Mohawk Irrigation and Drainage District (Arizona)

YID -- Yuma Irrigation District (Arizona)

YPG -- Department of the Army, Yuma Proving Ground (Arizona)

1. MEC -- Mohave Electric Cooperative (Allottee and Member of AEPCO)
2. Mesa -- City of Mesa (Allottee and Principal of APPA)
3. AEPCO -- Arizona Electric Power Cooperative, Inc. (Allottee and Principal of APPA)

a. Anza Electric Cooperative (California)

b. Duncan County Electric Cooperative (Arizona)

c. Graham County Electric Cooperative (Arizona)

d. Mohave Electric Cooperative (Arizona)

e. Sulphur Springs Valley Electric Cooperative (Arizona)

f. Trico Electric Cooperative (Arizona)

1. Overton Power District (Nevada)

2. Valley Electric Association (Nevada)

3. BMP Industrial Complex (Nevada)

a. Basic Management, Inc. (Nevada)

b. Flintkote Company (Nevada)

c. Kerr-McGee (Nevada)

d. Stauffer Chemical Company (Nevada)

e. Titanium Metals Corporation (Nevada)

Appendix C -- Existing Boulder Canyon Project Contractors

MWD -- Metropolitan Water District of Southern California (California)

LADWP -- Department of Water and Power, the City of Los Angeles (California)

SCE -- Southern California Edison Company (California)

Glendale -- City of Glendale (California)

Pasadena -- City of Pasadena (California)

Burbank -- City of Burbank (California)

APA -- Arizona Power Authority (Contractor for the State of Arizona) n1

n 1 APA Contractors:

CRC -- State of Nevada and its Colorado River Commission (Contractor for the State of Nevada) n2

n 2 CRC Contractors:

Boulder City -- City of Boulder City (Nevada)

1. Buckeye Water Conservation and Draninage District

2. Chandler Heights Citrus Irrigation District

3. Cortaroi-Marana Irrigation District

4. Electrical District Number 2, Pinal County

5. Electrical District Number 3, Pinal County

6. Electrical District Number 4, Pinal County

7. Electrical District Number 5, Maricopa County

8. Electrical District Number 5, Pinal County

9. Electrical District Number 6, Pinal County

10. Electrical District Number 7, Pinal County

11. Maricopa County Municipal Water Conservaiton District Number One

12. Ocotillo Water Conservation District

13. Roosevelt Irrigation District

14. Roosevelt Water Conservation District

15. Salt River Project

16. San Tan Irrigation District

17. Wellton-Mohawk Irrigation and Draninage District

1. Lincoln County Power District

2. Nevada Power Company

3. Overton Power District

4. BMP Industrial Complex

a. Basic Management, Inc.

b. Flintkote Company

c. Kerr-McGee

d. Stauffer Chemcial Company

e. Titanium Metals Corporation

Appendix D -- Designated Points of Delivery, Tap Points, and Voltages

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	Kilovolts
Arizona:	
Adams Tap	115
Black Mesa	230
Bouse	161

Buckeye	161
Buckskin Tap	69
Bullhead Tap	69
Casa Grande	115
	12.5
Cochise	115
Coolidge	230
	115
	13.8
	12.5
Colorado Tap	69
Davis Switchyard	230
	69
Davis Tap	4.16
Duval-Warm Springs Tap	69
Eagle Eye	161
ED-2	115
	12.5
ED-4	115
	12.5
ED-5	115
Empire	115
Gila	161
	69
	34.5
Headgate Rock Tap	161
Hilltop Tap	230
Liberty	230
Marana	115
Maricopa	115
	69
	13.8
MEC Kingman Tap	69
Mesa	230
	69
Navajo Switchyard 1	500
Nogales Tap	115
Oracle	115
Phoenix	161
	69
	12.5
Pinnacle Peak	230
Planet Tap	69
Prescott	230
	115
Round Valley	230
Saguaro Generating Station	115
Signal	115
	12.5
Tucson	115
	14.4
Wellton-Mohawk	161
	34.5
Westwing 1	500
	230
Yuma Tap	34.5
Yuma Mesa	34.5

California:	
Blythe	161
Gene	230
Knob	161
Parker Switchyard	230
	161
	69
	34.5
Senator Wash	69
Nevada:	
Amargosa	138
Basic	230
	13.8
Boulder City Switchyard	69
	2.4
Boulder City Tap	230
Clark Tie	230
Hoover Switchyard 2	287.5
	230
	138
	69
Mead 2	230
McCullough Switchyard 1	500
	230

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1 Navajo Delivery Points.

2 Boulder Canyon Project Delivery Points.

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[See Material in original]

BILLING CODE 6450-01-C

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