

ORIGINAL



Department of Energy
Western Area Power Administration
P.O. Box 281213
Lakewood, CO 80228-8213

October 31, 2007

VIA FEDERAL EXPRESS

Honorable Kimberly D. Bose
Office of the Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Room 1A, East
Washington, DC 20426

FILED
OFFICE OF THE
SECRETARY
2007 NOV - 1 A 11: 56
FEDERAL ENERGY
REGULATORY COMMISSION

NJ08-1-000

Re: Informational Filing on Revision to Open Access
Transmission Tariff in Western Area Power
Administration Docket No. NJ07-2

Dear Secretary Bose:

The United States Department of Energy, Western Area Power Administration (Western) hereby submits for filing the above-described Informational Filing. The purpose of the Informational Filing is to provide notice that Western is revising the billing and payment provisions of Western's amended non-jurisdictional open access transmission tariff (OATT). We have provided an original and fourteen (14) copies of this filing letter and its enclosures. We have also included an additional copy and request that you date-stamp and return it to the undersigned in the self-addressed envelope.

I. BACKGROUND

Western is not a public utility subject to the Commission's jurisdiction under Section 205 and 206 of the Federal Power Act (FPA).¹ Western is, however, a transmitting utility subject to FPA sections 211-213² and has provided open access transmission

¹ 16 U.S.C. §§ 824d and 824e (2006).
² 16 U.S.C. §§ 824i-k (2006).

service since its inception in 1977. Western originally sought and received safe harbor reciprocity status with the filing of its initial OATT in 1998, later approved by the Commission.³ Western has maintained its safe harbor reciprocity status through the filing and approval of many amendments to its OATT, the most recent being in this docket.⁴

Western intends to file an OATT that conforms to the requirements of Order No. 890. Before doing so, Western must undertake a significant public process to provide all stakeholders the opportunity to submit comments and suggestions regarding the adoption and implementation of the Order 890 OATT and possible deviations therefrom. Due to the time required to complete this process and the subsequent internal decision-making process, Western is unable to file an Order 890 OATT at this time.

However, Western has an immediate need to revise the Section 7 billing and payment provisions in its OATT under which Transmission Customers pay for transmission service after the fact, usually one month after the service is provided. While undergoing a public process for adjusting its Pacific Northwest-Pacific Southwest Intertie Project (Intertie) transmission service rates, Western identified the Intertie as a Federal project/power system particularly vulnerable to the risk of non-payment. Western determined this risk could be mitigated by requiring all Intertie long-term firm OATT transmission customers to pay for the service one month in advance.

In order to implement this requirement Western is revising Section 7 of its OATT to create the flexibility to potentially require Transmission Customers to pay for transmission service in advance. However, no requirement for advance payment for a Federal project/power system will be implemented until a rate schedule has been adopted in a public process.

At this time, Western intends to require advance payment only from Transmission Customers purchasing long-term firm

³ United States Department of Energy - Western Area Power Administration, 99 FERC ¶ 61,062 (2002).

⁴ 119 FERC ¶ 61,329 (2007).

transmission service on the Intertie. The requirement has been incorporated into Intertie Rate Schedule INT-FT4, recently submitted to the Commission for confirmation and approval in Docket No. EF08-5191-000, and will be implemented once Western's OATT revision is effective.

II. AMENDED OATT REVISION

The existing language in Section 7.1 of Western's OATT is being revised as specified in the attachments.

III. EFFECTIVE DATE

Western respectfully requests that the Commission deem the revisions to its OATT effective December 1, 2007.

IV. SERVICE

Western shall make copies of this filing and its revised OATT available for public inspection on its OASIS. Western has also served this filing on all parties to this proceeding.

V. CONTENTS OF FILING

Along with this transmittal letter, the documents submitted with this filing include:

Attachment A - Redlined version of the new tariff sheet.

Attachment B - Clean version of the new tariff sheet.

VI. COMMUNICATION

Western requests that all correspondence, pleadings, and other communications concerning this filing be served upon:

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Ronald J. Klinefelter
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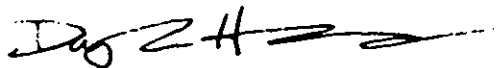
Lloyd A. Linke
Power System Operations Manager
Western Area Power Administration
Upper Great Plains Region
P.O. Box 790
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Watertown, SD 57201
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VII. CONCLUSION

For all the forgoing reasons, Western respectfully requests that the Commission accept the instant filing, as set forth herein.

Dated October 31, 2007.

Respectfully submitted,



Douglas N. Harness
Attorney
Office of General Counsel
Western Area Power
Administration

Enclosures

ATTACHMENT A

intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

7 Billing and Payment

7.1 Billing Procedures: Within a reasonable time after the first day of each month, the Transmission Provider shall submit an invoice to the Transmission Customer for the charges for all services furnished under the Tariff during the preceding month. The charges shall be for all services furnished during the preceding month except for those Transmission Customers required to make advance payment pursuant to a rate schedule adopted in a public process. Invoices for Transmission Customers required to make advance payment shall be issued in accordance with the applicable rate schedule and will show the credits for any advance payments deposited and received by the Transmission Provider for the service month being billed. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to the Transmission Provider, or by wire transfer to a bank named by the Transmission Provider.

7.2 Unpaid Balances:

(a) Bills not paid in full by the Contractor by the due date specified in Section 7.1 shall bear an interest charge of five hundredths percent (0.05%) of the principal sum unpaid for each day payment is delinquent, to be added until the amount due is paid in full. Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the Transmission Provider. Payments received will be first applied to the charges for late payment assessed on the principal and then to payment of the principal.

(b) In the event the Transmission Customer fails to make payment to the Transmission Provider on or before the due date as described above, twice within any twelve consecutive months, the Transmission Provider may determine that the Transmission Customer presents a risk of future timely payments. If such determination is made, Transmission Provider will give written notice to the Transmission Customer that it must provide a form of security identified in Section 11. Such security must be provided by the Transmission Customer within thirty (30) calendar days after receiving such notice. At any time after submitting 12 consecutive on time payments, the Transmission Customer may request that the Transmission Provider review its payment history and rescind the requirement for additional security. The

Transmission Customer shall demonstrate that it has eliminated the risk of future late payments prior to making a request. The Transmission Provider will notify the Transmission Customer of its decision within sixty (60) calendar days of the request. Any dispute between the Transmission Customer and the Transmission Provider regarding elimination of additional security under this provision shall be covered under Section 12.

7.3 Customer Default: In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to the Transmission Provider on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Transmission Provider notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Within the same 30 calendar days after notice of failure to make payment, the Transmission Customer shall have the right of appeal to the Administrator of Western. The Transmission Provider shall submit its recommendation to the Administrator for review and approval, but shall not terminate service until the Administrator makes a determination on the Transmission Customer's appeal. In the event of a billing dispute between the Transmission Provider and the Transmission Customer, the Transmission Provider will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then the Transmission Provider may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

8 Accounting for the Transmission Provider's Use of the Tariff

The Transmission Provider shall record the following amounts, as outlined below.

- 8.1 Transmission Revenues: Include in a separate operating revenue account or subaccount the revenues it receives from Transmission Service when making Third-Party Sales under Part II of the Tariff.
- 8.2 Study Costs and Revenues: Include in a separate transmission operating expense account or subaccount, costs properly chargeable to expense that are incurred to perform any System Impact Studies or Facilities Studies which the Transmission Provider conducts to determine if it must construct new transmission facilities or upgrades necessary for its own uses, including making Third-Party Sales under the Tariff; and include in a separate operating revenue account or subaccount the revenues received for System Impact Studies or Facilities Studies performed when such amounts are separately stated and identified in the Transmission Customer's billing under the Tariff.

ATTACHMENT B

intermediary, such as a power marketer. This reciprocity requirement also applies to any Eligible Customer that owns, controls or operates transmission facilities that uses an intermediary, such as a power marketer, to request transmission service under the Tariff. If the Transmission Customer does not own, control or operate transmission facilities, it must include in its Application a sworn statement of one of its duly authorized officers or other representatives that the purpose of its Application is not to assist an Eligible Customer to avoid the requirements of this provision.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated October 31, 2007 at Lakewood, Colorado.

By:



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