Rate Schedule P-SED-FP10
(Supersedes Schedule P-SED-FP9)
Effective February 1, 2009

UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION

PICK-SLOAN MISSOURI BASIN PROGRAM--EASTERN DIVISION
MONTANA, NORTH DAKOTA, SOUTH DAKOTA, MINNESOTA, IOWA, NEBRASKA

SCHEDULE OF RATES FOR FIRM PEAKING POWER SERVICE
(Approved Under Rate Order No. WAPA-140)

Effective:

The first day of the first full billing period beginning on or after February 1, 2009, through December 31, 2013.

Available:

Within the marketing area served by the Eastern Division of the Pick-Sloan Missouri Basin Program, to customers with generating resources enabling them to use firm peaking power service.

Applicable:

To the power sold to customers as firm peaking power service.

Character:

Alternating current, 60 hertz, three phase, delivered and metered at the voltages and points established by contract.

Monthly Rates:

DEMAND CHARGE: $6.20 for each kilowatt per month (kWmonth) of the effective contract rate of delivery for peaking power or the maximum amount scheduled, whichever is greater.

ENERGY CHARGE: 16.71 mills for each kilowatthour (kWh) for all energy scheduled for delivery without return.

Charge Components:

Base: A fixed revenue requirement that includes operation and maintenance expense, investment and replacements, normal timing purchase power costs (purchases due to operational constraints, not associated with drought), and transmission costs. The Base peaking revenue requirement is $14.5 million.

$$\text{Base Demand} = \frac{\text{Base Peaking Demand Revenue Requirement}}{\text{Peaking CROD Billing Units}} = \$3.40/\text{kWmonth}$$

Energy[1] = 9.27 mills/kWh

Drought Adder: A formula-based revenue requirement that includes future purchase power above timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits. For the period beginning February 1, 2009, the Drought Adder peaking revenue requirement is $12.0 million.

$$\text{Drought Adder Demand} = \frac{\text{Drought Adder Peaking Demand Revenue Requirement}}{\text{Peaking CROD Billing Units}} = \$2.80/\text{kWmonth}$$

Energy[1] = 7.44 mills/kWh

Process:

Any proposed change to the Base component will require a public process. The Drought Adder component may be adjusted annually using the above formula for any costs attributed to drought of less than or equal to the equivalent of 2 mills/kWh to the Power Repayment Study (PRS) composite rate. Any planned incremental adjustment to the Drought Adder component greater

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1 Firm peaking energy is normally returned. This rate will be assessed in the event firm peaking energy is not returned.

than the equivalent of 2 mills/kWh to the PRS composite rate will require a public process.

BILLING DEMAND: The billing demand will be the greater of: (1) the highest 30-minute integrated demand measured during the month up to, but not in excess of, the delivery obligation under the power sales contract, or (2) the contract rate of delivery.

Adjustments:

For Drought Adder: Adjustments pursuant to the Drought Adder component will be documented in a revision to this rate schedule.

Billing for Unauthorized Overruns: For each billing period in which there is a contract violation involving an unauthorized overrun of the contractual obligation for peaking demand and/or energy, such overrun shall be billed at 10 times the above rate.