

**UNITED STATES DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION**

**LOVELAND AREA PROJECTS**

**MODIFIED DROUGHT ADDER CHARGES  
FOR FIRM ELECTRIC SERVICE**

(Rate Schedule L-F10, Approved Under Rate Order No. WAPA-167)

Effective:

The first day of the first full billing period beginning on or after January 1, 2017, through December 31, 2019, or until modified or superseded by a new rate schedule.

Monthly Charge as of January 1, 2017, under the Rate:

**CAPACITY CHARGE:**

\$4.79 per kilowatt of billing capacity.

**ENERGY CHARGE:**

18.28 mills per kilowatthour (kWh) of monthly entitlement.

**BILLING CAPACITY:** Unless otherwise specified by contract, the billing capacity will be the seasonal contract rate of delivery.

**Base (Unchanged):** A fixed revenue requirement that includes operation and maintenance expense, investment repayment and associated interest, normal timing power purchases (purchases due to operational constraints, not associated with drought), and transmission costs.

$$\text{Base Capacity} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Firm Billing Capacity}} = \$3.92/\text{kWmonth}$$

$$\text{Base Energy} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Annual Energy}} = 14.95 \text{ mills/kWh}$$

**Drought Adder (Modified):** A formula-based revenue requirement that includes future purchase power expense in excess of timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits. As of January 1, 2017, the charges are:

$$\text{Drought Adder Capacity} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Firm Billing Capacity}} = \$0.87/\text{kWmonth}$$

$$\text{Drought Adder Energy} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Annual Energy}} = 3.33 \text{ mills/kWh}$$