2016 Final PRS

March 15, 2017

Bob Harris
Senior VP & UGP Regional Manager
P-SMBP
2016 Final SOR PRS

• 2016 Deficit Payment is $110 M
  • Pays off the 2017 unpaid deficit balance
  • Balance applied towards 2018 remaining deficit balance
• $113 M unpaid on the Drought after 2016
• 2016 $54 M Required Payments
  • Mostly in 2.5% to repay Corps investments
• 2020 is the PRS pinch point
• SOR Study solves at current rate of 28.54 mills/kwh
• Drought debt paid off in 2018
• 2016 Rate Setting Study for CY 2018 rate not finalized yet.
2016 Deficit Repayment

Total Accumulated Deficit $843 M

Deficit Repayment Projected in Current Rate

$113.4 M remaining unpaid
The Missouri River Basin mountain snowpack normally peaks near April 15. On March 13, 2017 the mountain Snow Water Equivalent (SWE) in the “Total above Fort Peck” reach was 14.7”, 104% of average. The mountain SWE in the “Total Fort Peck to Garrison” reach was 16.3”, 137% of average. Normally by March 15 about 87% of the peak mountain SWE has occurred in both reaches.
Missouri River Mainstem System
Annual Runoff above Sioux City, IA

Million Acre-Feet

Historic Drought Periods

Chart provided by US Army Corps of Engineers
Mainstem System Generation

Million Megawatt Hours

Chart provided by US Army Corps of Engineers

Mar 1, 2017 Forecast

Upper Basic: 13.6
Lower Basic: 9.4

2016 Final SOR PRS
Draft Schedule for 2018 Rate Adjustment

<table>
<thead>
<tr>
<th>Jan 2017</th>
<th>Apr 2017</th>
<th>Jul 2017</th>
<th>Oct 2017</th>
<th>Jan 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Process</td>
<td>Federal Register Notice</td>
<td>Federal Register Notice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Informal Meetings</td>
<td>Information Forums</td>
<td>Comment Forums</td>
<td>Final FRN Rate</td>
<td>Final Rate 30 Day Notice</td>
</tr>
</tbody>
</table>

Firm Power Customer Notification Schedule

- **Feb-Mar**: Finalize annual PRS. Determine if Base/Adder needs adjustment via formal rate adj
- **Early Summer**: Preliminary review of Drought Adder-Notify Customer of estimated change
- **Sept-2nd Review of Drought Adder**: Notify Cust of Drought Adder Change eff Jan
- **Oct**: New Rate Effective Jan 1

2016 Final SOR PRS
Save the Date Information Webinar

- Sent out a March 9th letter announcing Webinar
  - Plan for Public Rate Process
  - Webinar is April 18, 2017, 1:00 – 3:00 PM MDT
  - Discuss the Pick-Sloan—ED and LAP Base and Drought Adder true up and the plan for the upcoming public process to adjust the overall Pick-Sloan composite rate
    - Drought Adder component going to zero and increase to the Base Component

  https://www.wapa.gov/regions/UGP/rates/Pages/2018-firm-rate-adjustment.aspx

- Webinar will be recorded and posted to the website.
Questions

www.wapa.gov

The Source