

Rate Schedule P-SED-F10
(Supersedes Schedule P-SED-F9)
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 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.

Applicable:

To the power and energy delivered to customers as firm power service.

Character:

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

Monthly Rates:

DEMAND CHARGE: \$6.80 for each kilowatt per month (kWmonth) of billing demand.

ENERGY CHARGE: 16.71 mills per kilowatthour (kWh) for all energy delivered as firm power service.

BILLING DEMAND: The billing demand will be as defined by the power sales contract.

Charge Components:

Base: A fixed revenue requirement that includes operation and maintenance expense, investments and replacements, interest on investments and replacements, normal timing purchase power costs (purchases due to operational constraints, not associated with drought), and transmission costs. The Base revenue requirement is \$163.5 million.

$$\text{Base Demand} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Firm Metered Billing Units}} = \$3.80/\text{kWmonth}$$

$$\text{Base Energy} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Annual Energy}} = 9.27 \text{ mills/kWh}$$

Drought Adder: A formula-based revenue requirement that includes future purchase power expense excluding 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 revenue requirement is \$130.6 million.

$$\text{Drought Adder Demand} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Firm Metered Billing Units}} = \$3.00/\text{kWmonth}$$

$$\text{Drought Adder Energy} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Annual Energy}} = 7.44 \text{ mills/kWh}$$

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

Adjustments:

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

For Character and Conditions of Service: Customers who receive deliveries at transmission voltage may in some instances be eligible to receive a 5-percent discount on demand and energy charges when facilities are provided by the customer that results in a sufficient savings to Western to justify the discount. The determination of eligibility for receipt of the voltage discount shall be exclusively vested in Western.

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

For Power Factor: None. The customer will be required to maintain a power factor at the point of delivery between 95 percent lagging and 95 percent leading.