

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

**DESERT SOUTHWEST REGION
Western Area Lower Colorado Balancing Authority**

TRANSMISSION LOSSES SERVICE

Effective

The first day of the first full billing period beginning on or after October 1, 2016, and will remain in effect through September 30, 2021, or until superseded.

Applicable

Capacity and energy losses occur when a Transmission Service Provider (TSP) delivers electricity over its transmission facilities for a transmission customer. The Western Area Lower Colorado Balancing Authority (WALC) provides this service to TSPs within its Balancing Authority Area. Transmission losses (losses) are assessed for transactions on transmission facilities within WALC, unless separate agreements specify the terms for losses. The losses applicable to Federal TSPs will be passed directly to transmission customers. The transmission customer must either purchase this service from WALC or make alternative comparable arrangements to satisfy their obligations for losses.

Formula Rate

The loss percentage currently in effect is posted on WALC's website and may be changed from time to time. Financial settlement for losses will occur on a monthly basis, unless determined by WALC. Proxy prices used to determine financial settlement will be derived from the Palo Verde electricity price indexes, or similar alternative, for on-peak and off-peak. This pricing information is posted on WALC's website.