



Department of Energy
Western Area Power Administration
Desert Southwest Customer Service Region
P.O. Box 6457
Phoenix, AZ 85005-6457

DEC 03 2013

Dear Central Arizona Project 115/230-kV Transmission Service Customers and Interested Parties:

In accordance with Western Area Power Administration (Western) Rate Order No. WAPA-124, Western has reviewed its rate calculation for Central Arizona Project (CAP) 115/230-kV transmission service. The referenced Rate Order established a formula rate which is reviewed annually and modified as necessary, based on updated financial and transmission reservation information. As a result of this review, Western has determined there will be an increase to the existing rate. Effective January 1, 2014, the rates will be as follows:

Firm Transmission Rate (CAP-FT2)
\$/kW-year \$12.32
\$/kW-month \$ 1.03

Nonfirm Transmission Rate (CAP-NFT2)
1.41 mills/kWh

The rate increase for 2014 is primarily due to the costs of necessary replacement of the ED-2/Saguaro transmission line which is anticipated to be spread over a 5 year period, as well as a change in average projected reservations on the CAP 115/230-kV transmission system.

Updated data concerning the CAP 115/230-kV transmission rates will be available for review on Western's website at <http://www.wapa.gov/dsw/pwrmt/CAPTRP/CAPTRP.htm>. If you have questions or need additional information, please call Ms. Christina Vides at (602) 605-4478 or Mr. Jack Murray at (602) 605-2442.

Sincerely,

A handwritten signature in cursive script that reads "Deborah K. Emler".

Deborah K. Emler
Assistant Regional Manager
for Power Marketing

cc:
Mr. Terrance J. Fulp
Regional Director
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