



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

SEP 27 2016

Dear Desert Southwest Region Customers and Interested Parties:

Rate Order No. WAPA-175 for ancillary services, transmission losses, and unreserved use penalties from the Desert Southwest Region (DSW) and Western Area Lower Colorado Balancing Authority (WALC) requires annual calculation of the charges. The rate order also includes Network Integration Transmission Service (Network) on the Parker-Davis Project (P-DP) and Pacific Northwest-Pacific Southwest Intertie Project (Intertie) and requires annual calculation of the transmission revenue requirements.

Western Area Power Administration (WAPA) has calculated the charges and transmission revenue requirements for fiscal year (FY) 2017. The following tables contain the charges that will be effective on October 1, 2016.

Rate Schedule	Ancillary Services	FY 2017
DSW-SD4	Scheduling, System Control and Dispatch	\$16.69 per schedule per day
DSW-RS4	Reactive Supply and Voltage Control	\$0.058/kW-Month
DSW-FR4	Regulation and Frequency Response	\$0.168/kW-Month
DSW-EI4	Energy Imbalance	See table below
DSW-SPR4 DSW-SUR4	Spinning Reserve Supplemental Reserve	None available ¹
DSW-GI2	Generator Imbalance	See table below

¹ Upon request, WALC will purchase at market price and pass-through the cost plus administrative fee.

Energy/Generator Imbalance Service		
Deviations	Settlements	
	On-Peak Hours	Off-Peak Hours
Less than or equal to $\pm 1.5\%$ (with a 4 MW minimum) of metered load or generation	100%	100%
Greater than $\pm 1.5\%$ up to 7.5% (or greater than 4 MW to 10 MW) of metered load or generation	110% for under-deliveries	110% for under-deliveries
	90% for over-deliveries	75% for over-deliveries
Greater than $\pm 7.5\%$ (or 10 MW) of metered load or generation ²	125% for under-deliveries	125% for under-deliveries
	75% for over-deliveries	60% for over-deliveries

² An intermittent resource will be exempt from this deviation band but will be subject to the settlement provisions in the second deviation band for all deviations greater than $\pm 7.5\%$ (or 10 MW) of metered generation.

Rate Schedule	Transmission Services	FY 2017
PDP-NTS4	P-DP Network	\$46,197,740 ³
INT-NTS4	Intertie Network	\$31,472,879 ³
DSW-TL1	Transmission Losses	3.0%
DSW-UU1	Unreserved Use Penalties	Two times the maximum allowable firm point-to-point transmission rate for the service at issue.

³ The monthly charge is the product of the Network customer's load-ratio share times one-twelfth of the annual transmission revenue requirement for the applicable transmission system.

Information concerning these formula rates is available for review on WAPA's website at <https://www.wapa.gov/regions/DSW/Rates/Pages/ancillary-rates.aspx>.

If you have any questions or need additional information, please contact me at (602) 605-2442 or Todd Statler at (602) 605-2781.

Sincerely,


 Scott R. Lund
 Rates Manager