



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

**SEP 20 2018**

Dear Desert Southwest Region Customers and Interested Parties:

Western Area Power Administration (WAPA) has calculated the fiscal year (FY) 2019 ancillary service charges for the Desert Southwest Region (DSW) and Western Area Lower Colorado Balancing Authority (WALC). WAPA has also calculated FY 2019 revenue requirements for Network Integration Transmission Service (Network) on Pacific Northwest-Pacific Southwest Intertie Project (Intertie) and Parker-Davis Project (P-DP).

The ancillary service charges and Network revenue requirements are calculated under Rate Order No. WAPA-175 which also includes rate schedules for transmission losses and unreserved use penalties. The following tables contain the charges that will be effective on October 1, 2018.

<b>Rate Schedule</b>	<b>Ancillary Services</b>	<b>FY 2019</b>
DSW-SD4	Scheduling, System Control and Dispatch	\$16.31 per schedule per day
DSW-RS4	Reactive Supply and Voltage Control	\$0.054/kW-Month
DSW-FR4	Regulation and Frequency Response	\$0.106/kW-Month
DSW-EI4	Energy Imbalance	See table below
DSW-SPR4 DSW-SUR4	Spinning Reserve Supplemental Reserve	None available <sup>1</sup>
DSW-GI2	Generator Imbalance	See table below

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

<b>Energy/Generator Imbalance Service</b>		
<b>Deviations</b>	<b>Settlements</b>	
	<b>On-Peak Hours</b>	<b>Off-Peak Hours</b>
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 <sup>2</sup>	125% for under-deliveries	125% for under-deliveries
	75% for over-deliveries	60% for over-deliveries

<sup>2</sup> 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.

<b>Rate Schedule</b>	<b>Transmission Service</b>	<b>FY 2019</b>
INT-NTS4	Intertie Network	\$40,481,741 <sup>3</sup>
PDP-NTS4	P-DP Network	\$48,241,440 <sup>3</sup>
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.

<sup>3</sup> 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 charges will also be available 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 feel free to contact me at (602) 605-2565, [ramsey@wapa.gov](mailto:ramsey@wapa.gov) or Todd Statler at (602) 605-2781, [statler@wapa.gov](mailto:statler@wapa.gov).

Sincerely,

Tina Ramsey  
Rates & Alternative Finance Manager