



Department of Energy
Western Area Power Administration
Rocky Mountain Customer Service Region
P.O. Box 3700
Loveland, CO 80539-3003
AUG 19 2016

Dear Rocky Mountain Region Customer:

This letter is to formally notify you of the signature and approval of the Western Area Power Administration's (WAPA) Rate Order No. WAPA-174 (Rate Order 174) for the Rocky Mountain Region transmission, ancillary services, transmission losses, and sales of surplus products by the Department of Energy's Deputy Secretary on August 12, 2016 (enclosed). Signature and approval by the Deputy Secretary places the formula rates detailed in Rate Order 174 into effect beginning October 1, 2016. Copies of the individual rate schedules are also enclosed, as required under WAPA's OATT, for you to attach to your applicable service agreement(s). The rate schedules will be available on WAPA's websites at <https://www.wapa.gov/regions/RM/rates/Pages/Transmission-ancillary.aspx> and <https://www.wapa.gov/regions/CRSP/rates/Pages/Tariffs.aspx>.

Once published in the Federal Register, a copy of the published Rate Order 174 will also be made available on WAPA's website at <https://www.wapa.gov/regions/RM/rates/Pages/2017-rate-adjustment.aspx>, along with other documents pertaining to Rate Order 174.

The new formula rates are effective for a 5-year period - October 1, 2016, through September 30, 2021. Significant changes and/or additions to the formula rates include modifications to the existing formula rate schedules, a new rate schedule for "LAP Marketing Sale of Surplus Products, L-M1", a reduction from 18- to 4-months of transmission projections, the addition of variable energy resource capacity multipliers, and as the elimination of previously granted Reactive Supply Service exemptions.

The charges under the applicable formula rates are calculated annually and will be made available on WAPA's website at <https://www.wapa.gov/regions/RM/rates/Pages/Transmission-ancillary.aspx>. For your convenience, we are enclosing a copy of the 2017 Rates Table, which lists the charges for Fiscal Year (FY) 2017, which are based on FY 2015 financial, load, and schedule data, and explanations for any changes from the FY 2016 charges.

If you have questions concerning Rate Order 174 or the FY 2017 formula rate charges, please telephone me at (970) 461-7211.

Sincerely,

A handwritten signature in blue ink that reads "Sheila D. Cook".

Sheila D. Cook
Rates Manager
Rocky Mountain Region

15 Enclosures