

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

**PICK-SLOAN MISSOURI BASIN PROGRAM--EASTERN DIVISION
MONTANA, NORTH DAKOTA, SOUTH DAKOTA, MINNESOTA, IOWA
NEBRASKA**

**MODIFIED DROUGHT ADDER CHARGES
FOR FIRM POWER SERVICE**

(Rate Schedule P-SED-F12, Approved Under Rate Order No. WAPA-166)

Effective:

The first day of the first full billing period beginning on or after January 1, 2017, through December 31, 2019, or until modified or superseded by a new rate schedule.

Monthly Charge as of January 1, 2017, under the Rate:

CAPACITY CHARGE:

\$6.50 for each kilowatt month (kWmonth) of billing capacity.

ENERGY CHARGE:

16.18 mills for each kilowatthour (kWh) for all energy delivered as firm power service.

BILLING CAPACITY: The billing capacity will be as defined by the power sales contract.

Base (Unchanged): A fixed revenue requirement that includes operation and maintenance expense, investments and replacements, interest on investments and replacements, normal timing purchase power (purchases due to operational constraints, not associated with drought), and transmission costs. The Base component charges are fixed amounts under this Rate Schedule, determined as follows:

$$\text{Base Capacity} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Firm Metered Billing Units}} = \$4.90/\text{kWmonth}$$

$$\text{Base Energy} = \frac{50\% \times \text{Base Revenue Requirement}}{\text{Annual Energy}} = 12.33 \text{ mills/kWh}$$

Drought Adder (Modified): A formula-based revenue requirement that includes future purchase power above timing purchases, previous purchase power drought deficits, and interest on the purchase power drought deficits. The formulas, along with the charges under the formulas as of January 1, 2017, are:

$$\text{Drought Adder Capacity} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Firm Metered Billing Units}} = \$1.60/\text{kWmonth}$$

$$\text{Drought Adder Energy} = \frac{50\% \times \text{Drought Adder Revenue Requirement}}{\text{Annual Energy}} = 3.85 \text{ mills/kWh}$$