

Drought Adder Modification
Effective January 1, 2017

**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 PEAKING POWER SERVICE**

(Rate Schedule P-SED-FP12, 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of the first full billing period beginning on or after January 1, 2017, through December 31, 2019, or until modified or superseded by another rate schedule.

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

CAPACITY CHARGE:

\$5.85 for each kilowatt month (kWmonth) of the effective contract rate of delivery for peaking power or the maximum amount scheduled, whichever is greater.

ENERGY CHARGE:

16.18 mills for each kilowatthour (kWh) for all energy scheduled for delivery without return.

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:

$$\text{Base Capacity} = \frac{\text{Base Peaking Capacity Revenue Requirement}}{\text{Peaking CROD Billing Units}} = \$4.45/\text{kWmonth}$$

Drought Adder: 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 formula, along with the charge under the formula as of January 1, 2017, is:

$$\text{Drought Adder} = \frac{\text{Drought Adder Peaking Capacity Revenue Requirement}}{\text{Peaking CROD Billing Units}} = \$1.40/\text{kWmonth}$$