



Department of Energy
Western Area Power Administration
Upper Great Plains Customer Service Region
P.O. Box 35800
Billings, MT 59107-5800

MAR 09 2017

Dear Firm Power Customer:

The Western Area Power Administration (WAPA) Upper Great Plains Region (UGPR) and Rocky Mountain Region (RMR) are planning on entering into rate adjustment processes to increase the Base Charge components of the firm power rates for the Pick-Sloan Missouri Basin Program (P-SMBP) and the Loveland Area Projects (LAP). Concurrently, we will be reducing the P-SMBP Drought Adder Charge components of the firm power rates. The Drought Adder Charge components will be going to zero in calendar year 2018. The anticipated net effect is that the firm power rates for the P-SMBP--Eastern Division will be going down overall from the current rates. As far as the LAP rate, the P-SMBP--Western Division portion of the rate is also anticipated to go down. That potential decrease could be offset by increases to the Fryingpan-Arkansas (Fry-Ark) portion of the rate due to the upcoming impacts related to the Mt. Elbert Rehabilitation Project. RMR will share proposed option(s) for handling the rehabilitation costs in the Fry-Ark study during the following webinar.

The informational webinar is scheduled for Tuesday, April 18, 2017, 1:00 p.m. to no later than 3:00 p.m. MDT. The focus of the webinar will be to provide an update on the FY 2016 P-SMBP and Fry-Ark Power Repayment Studies, discuss the Base and Drought Adder true up, and plan for the upcoming public comment period.

There is **no advance** registration needed to attend the webinar. At the time of the webinar, please visit the Website at <https://www.wapa.gov/regions/UGP/rates/Pages/2018-firm-rate-adjustment.aspx> to sign into the webinar. If you are unable to attend the live webinar, it will be recorded and posted to the Website, as will the most current information regarding the P-SMBP--Eastern Division rate adjustment process. Please check the Website for the most up to date information.

If you have any questions prior to the webinar, please telephone Linda Cady-Hoffman, UGPR Rate Manager at (406) 255-2920. We look forward to working with you.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jody S. Sundsted".

Jody S. Sundsted
Vice President of Power Marketing
For Upper Great Plains Region