



Department of Energy
Western Area Power Administration
Watertown Operations Office
P.O. Box 790
1330 41st Street SE
Watertown, South Dakota 57201-0790

Dear Transmission Customers and Other Interested Parties:

On September 25, 2018, Western Area Power Administration (WAPA), Upper Great Plains Region (UGP), sent out the Transmission and Ancillary Services Rates which were to become effective January 1, 2019. Since then, UGP received comments on its recalculated revenue requirements and as a result has updated the Transmission and Ancillary Services Rates. These revised rates will become effective January 1, 2019. UGP transferred functional control of its eligible transmission facilities to Southwest Power Pool, Inc. (SPP) on October 1, 2015, and therefore, transmission and ancillary services on such facilities are now available from SPP as the Transmission Provider under SPP's Open Access Transmission Tariff.¹

UGP's recalculated revenue requirements, as revised, for 2019 are as follows:

UGP Transmission and Ancillary Services Formula Rates (Revised 12/28/18)

<u>Service</u>	<u>Rate Schedule No.</u>	<u>2019 Annual Revenue Requirement²</u>
Transmission	WAUGP-ATTR	\$ 135,555,574 ³
Scheduling, System Control and Dispatch	WAUGP-AS1	\$ 10,099,229
Regulation and Frequency Response	WAUW-AS3	\$ 258,356
Operating Reserves – Spinning and Supplemental Reserves	WAUW-AS5 and 6	\$ 245,764
Energy Imbalance	WAUW-AS4	i) For deviations within +/- 1.5% (minimum of 2 MW) of the scheduled transaction, 100% of average incremental ³ cost;

¹ UGP is identified as Western-UGP in the SPP Tariff.

² The recalculated revenue requirements will take effect on the first day of the first full billing period beginning on or after January 1, 2019.

³ The Annual Revenue Requirement estimates are based upon facilities that UGP has proposed to be included per Attachment AI of SPP's Tariff and consistent with the criteria set forth in the "Zone 19 (Upper Missouri Zone) – Attachment AI Guidance Document", dated 06/14/2016, as prepared by the Attachment AI Working Group in FERC docket ER15-1775-000. The Attachment AI Guidance Document and list of UGP facilities included is available on the UGP's Open Access Same-Time Information System (OASIS) home page hosted on SPP's OASIS at <http://www.oatioasis.com/wapa/index.html>.

ii) For deviations greater than +/- 1.5% up to 7.5% (or greater than 2 MW up to 10 MW) of the scheduled transaction, 110% of incremental cost when energy taken is greater than energy scheduled and 90% of incremental cost when energy taken is less than scheduled;

iii) For deviations greater than +/- 7.5% (or 10 MW) of the scheduled transaction, 125% of incremental cost when energy taken is greater than energy scheduled and 75% of incremental cost when energy taken is less than scheduled.

Generator Imbalance

WAUW-AS7

i) For deviations within +/- 1.5% (minimum of 2 MW) of the scheduled transaction, 100% of the average incremental³ cost;

ii) For deviations greater than +/- 1.5% up to 7.5% (or greater than 2 MW up to 10 MW) of the scheduled transaction, 110% of incremental cost when energy delivered is less than generation scheduled and 90% of incremental cost when energy delivered is greater than scheduled;

iii) For deviations greater than +/- 7.5% (or 10 MW) of the scheduled transaction, 125% of incremental cost when energy delivered is less than energy scheduled and 75% of incremental cost when energy delivered is greater than scheduled.

As an exception, an intermittent resource will be exempt from this deviation band and will pay the deviation band charges for all deviations greater than the larger of 1.5% or 2 MW.

³ UGP's incremental cost will be based upon a representative hourly energy index or combination of indexes. The index to be used will be posted on the applicable SPP Web site and/or SPP's Open Access Same-Time Information System (OASIS) at least 30 days before use for determining the UGP incremental cost and will not be changed more often than once per year unless UGP determines that the existing index is no longer a reliable price index. Data used and the charges resulting from using this formula will be posted on the applicable SPP Web site and/or SPP OASIS.

The data used in recalculating these rates can be found on UGP's OASIS home page (<http://www.oatioasis.com/wapa/index.html>) hosted on SPP's OASIS and also on UGP's rate web site <https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>.

The UGP rate information is also posted under the "Western Area Power Administration UGP Information" link on the SPP Member Related Postings web site <http://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings>.

These revised new rates will be used by SPP for billing transmission and ancillary services in the SPP Zone 19 pricing zone (also referred to as the Upper Missouri Zone or UMZ) and/or in the Western Area Power Administration, Upper Great Plains West Balancing Authority Area (WAUW) in the Western Interconnection effective January 1, 2019.

Please refer to UGP's OASIS home page, above, for information regarding the implementation status for UGP assessing financial charges as the Balancing Authority for WAUW in the Western Interconnection under the Energy Imbalance and Generator Imbalance rates.

If you have any questions concerning the UGP Transmission and Ancillary Services Rate Calculation, please telephone me at (605) 882-7500, or Steve Sanders at (406) 255-2840.

Sincerely,

A handwritten signature in black ink, appearing to be "L. Linke", with a long horizontal stroke extending to the right.

For Lloyd A. Linke
Operations Manager