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

SEP 1 3 2013

Dear Transmission Customers and Other Interested Parties:

Summarized below are the Integrated System (IS) Transmission and Ancillary Services Rates which will be effective January 1, 2014.

Western Area Power Administration (Western) will host a meeting to provide customers an opportunity to discuss and comment on these rates on October 15, 2013, at 1:30 p.m. MDT at Western's offices located at 2900 4th Avenue North, 6th Floor, Billings, MT. The meeting will also be available via WebEx. For those desiring to attend the meeting via WebEx, please contact Sara Baker at (406) 255-2924 or sbaker@wapa.gov before September 27, 2013, for access information. If you will attend in person, please e-mail your intention to do so to UGPISRate@wapa.gov prior to September 27, 2013.

This meeting provides an opportunity to discuss the proper application of data in the formula rate, not the rate formula itself.

The data used in calculating these rates can be found at either of the following web sites: http://www.wapa.gov/ugp/rates/default.htm or http://www.oatioasis.com/wapa/index.html.

The recalculated rates are as follows:

Service	Rate Schedule	Rate
Network Transmission	UGP-NT1	Load-ratio share of 1/12 of the Annual Revenue Requirement for IS Transmission Service of $199,293,972
Firm Point-to-Point Transmission	UGP-FPT1	Maximum of $3.02/kWmonth
Non-Firm Point-to-Point Transmission	UGP-NFPT1	Maximum of 4.14 mills/kWh
Scheduling, System Control and Dispatch	UGP-AS1	$43.38/tag/day
Reactive Supply and Voltage Control from Generation Sources	UGP-AS2	$0.03/kWmonth

Regulation and Frequency Response	UGP-AS3	$0.06/kWmonth
Energy Imbalance	UGP-AS4	i) For deviations within +/- 1.5% (minimum of 2 MW) of the scheduled transaction, 100% of average incremental 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 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.
Spinning/Supplemental Reserves	UGP-AS5 and 6	$0.20/kWmonth of customer load
Generator Imbalance	UGP-AS7	i) For deviations within +/- 1.5% (minimum of 2 MW) of the scheduled transaction, 100% of the average incremental 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.
Penalty Rate for Unreserved Use of Transmission Service	UGP-TSP1	200% of the transmission service rate for point-to-point service assessed as follows: the penalty for a single hour will be based upon the rate for daily firm point-to-point service; the penalty for more than one assessment of a given duration (e.g. daily) will increase to the next longest duration (e.g. weekly); the penalty charge for multiple instances of unreserved use within a day will be based on the rate for daily firm point-to-point service; the penalty charge for multiple instances of unreserved use isolated to 1 calendar week would result in a penalty based on the charge for weekly firm point-to-point service; and the penalty charge for multiple instances of unreserved use during more than 1 week during a calendar month is based on the charge for monthly firm point-to-point service.

The IS Transmission Loss Factor effective January 1, 2014, is 4 percent and unchanged from the previous 5-year period.

These new rates shall be used in transmission bills calculated on or after February 1, 2014. Please refer to the IS OASIS page (http://www.oatioasis.com/wapa/index.html) for information regarding the implementation status for Western charging Transmission Customers under the Energy Imbalance and Generator Imbalance rates.

If you have any questions concerning the IS Transmission and Ancillary Services Rate Calculation, please telephone Lloyd Linke at (605) 882-7500.

Sincerely,

for Lloyd A. Linke
Operations Manager