



Department of Energy
Western Area Power Administration
Rocky Mountain Customer Service Region
P.O. Box 3700
Loveland, CO 80539-3003

MAY 1 2003

To all Transmission Customers and Interested Parties:

The Western Area Power Administration, Rocky Mountain Region, (Western, RMR), has extended existing transmission and ancillary service rates for the Loveland Area Projects (LAP) from April 1, 2003, through March 31, 2004. Enclosed is a copy of the Federal Register, Vol. 68, No. 66, which extends the LAP Transmission and Ancillary Service rates, and the Energy Imbalance Service rate, approved by the Deputy Secretary of Energy on March 20, 2003. Also enclosed are two rate extensions approved by Western's Administrator on April 8, 2003 for Transmission Losses and Unauthorized Use of Transmission System and Control Area Resources.

Western anticipates beginning a public process in June 2003, to renew and/or revise these rates and will provide you with additional information as it becomes available. If you have any questions, please contact Daniel T. Payton, Rates Manager, at (970) 461-7442.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Hulls".

Edward F. Hulls
Operations Manager

Enclosures

memorandum

DATE APR 7 2003

REPLY TO
ATTN OF: J6100, D. Payton

SUBJECT: Extension of Rate for Unauthorized Use of Transmission System and Control Area Resources for Rocky Mountain Region's Western Area Colorado Missouri Control Area (Rate Schedule L-US1)

TO: M. Hacskaylo, A0000, Lakewood, CO

Issue:

Request for extension of Schedule of Rates for Unauthorized Use of Transmission System and Control Area Resources, L-US1, in the Western Area Colorado Missouri (WACM) control area of the Rocky Mountain Region (RMR).

Background:

On June 15, 2001, you approved Rate Schedule L-US1, Schedule of Rates for Unauthorized Use of Transmission System and Control Area Resources in RMR's WACM control area.

RMR requests an extension of this rate so that its expiration date will coincide with the FERC-approved LAP transmission and ancillary services rates. We have requested an extension of those rates through March 31, 2004, to allow more time for the study of energy imbalance and regulation, and to permit a concurrent public process for new rates for transmission, ancillary services, and firm electric service rates. RMR will incorporate the Rate for Unauthorized Use of Transmission System and Control Area Resources into that public process.

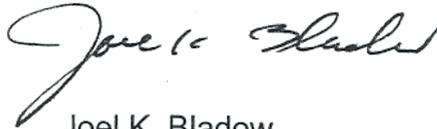
Discussion

Since RMR's implementation of this rate in FY 2001, there has been a significant decrease in transmission customers utilizing the transmission system without contractual rights or a valid OASIS reservation. Although the revenue collected for this violation has not been significant, the goal of reducing unauthorized use of transmission has been achieved.

Attached to this memorandum is an Extension of Rate Schedule L-US1

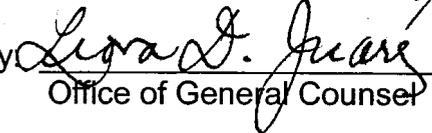
Recommendation:

I recommend that you approve this extension of the Rate Schedule for Unauthorized Use of Transmission System and Control Area Resources. The rate schedule will become effective on October 1, 2003, and remain in effect until March 31, 2004.



Joel K. Bladow
Regional Manager

Approved as to legal sufficiency:

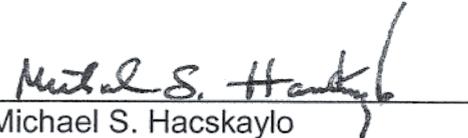
By 
Office of General Counsel

Approved:

Disapproved:

Date: _____

APPROVED BY THE ADMINISTRATOR:


Michael S. Hacskaylo

APR 8 - 2003

Date

(for WACM Unauthorized Use of
Transmission and Control Area
Resources Rate Schedule, L-US1

United States Government

memorandum

Department of Energy
Western Area Power Administration

DATE APR 7 2003

REPLY TO
ATTN OF: J6100, D. Payton

SUBJECT: Extension of Rate for Transmission Losses for Rocky Mountain Region's Western Area Colorado Missouri Control Area (Rate Schedule L-LO1)

TO: M. HacsKaylo, A0000, Lakewood, CO

Issue:

Request for extension of Schedule of Rates for Transmission Losses, L-LO1, in the Western Area Colorado Missouri (WACM) control area of the Rocky Mountain Region (RMR).

Background:

On October 8, 2000, you approved Rate Schedule L-LO1, Schedule of Rates for Transmission Losses, for the RMR's WACM control area. Subsequent to that, a revision to the rate was approved by you on April 30, 2001, which reflected a more accurate pricing mechanism for financial settlement of loss energy and to refine the definition of loss liability.

RMR requests an extension of this rate so that its expiration date will coincide with the FERC-approved LAP transmission and ancillary services rates. We have requested an extension of those rates through March 31, 2004, to allow more time for the study of energy imbalance and regulation, and to permit a concurrent public process for new rates for transmission, ancillary services, and firm electric service rates. RMR will incorporate the Rate Schedule for Transmission Losses into that public process.

Discussion:

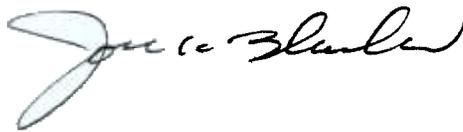
Since July 1, 2002, transmission and transformer losses have been accounted for in WACM's Energy Imbalance Service rate calculations for customers serving load within WACM. However, there are point-to-point transmission customers that are not subject to WACM's Energy Imbalance Service rate, to whom this rate still applies.

Since RMR's implementation of this rate for transmission losses in FY 2001, RMR has seen a significant increase in delivery of loss energy to satisfy transmission loss obligations and also collected \$7.3 million from customers choosing to settle their loss obligations financially. Some of the energy increase is not a "true" increase as prior to the rate implementation, customers were not required to schedule losses separately and there was no mechanism to monitor whether customers were fulfilling their loss obligations.

Attached to this memorandum is an Extension of Rate Schedule L-LO1

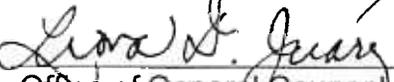
Recommendation:

I recommend that you approve this extension of the rate for transmission losses. The rate schedule will become effective on October 1, 2003, and remain in effect until March 31, 2004.



Joel K. Bladow
Regional Manager

Approved as to legal sufficiency:

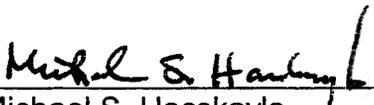
By: 
Office of General Counsel

Approved:

Disapproved:

Date: _____

APPROVED BY THE ADMINISTRATOR:


Michael S. HacsKaylo

APR 8 - 2003
Date

(for WACM Transmission Losses
Rate Schedule, L-LO1)