

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION
ROCKY MOUNTAIN REGION
Loveland Area Projects**

UNRESERVED USE PENALTIES

Applicable

The Transmission Customer shall compensate the Loveland Area Projects (LAP) each month for any unreserved use of the transmission system (Unreserved Use) under the applicable transmission service rates as outlined herein. Unreserved Use occurs when an eligible customer uses transmission service that it has not reserved or a Transmission Customer uses transmission service in excess of its reserved capacity. Unreserved Use may also include a Customer's failure to curtail transmission when requested.

Penalty Rate

The penalty rate for a Transmission Customer that engages in Unreserved Use is 200 percent of LAP's approved rate for firm point-to-point transmission service assessed as follows: the Unreserved Use Penalty for a single hour of Unreserved Use is based upon the rate for daily firm point-to-point service. The Unreserved Use Penalty for more than one assessment for a given duration (e.g., daily) increases to the next longest duration (e.g., weekly). The Unreserved Use Penalty for multiple instances of Unreserved Use (e.g., more than one hour) within a day is based on the rate for daily firm point-to-point service. The Unreserved Use Penalty for multiple instances of Unreserved Use isolated to one calendar week is based on the rate for weekly firm point-to-point service. The Unreserved Use Penalty for multiple instances

**Rate Schedule L-UU1
SCHEDULE 10 to Tariff
October 1, 2011**

of Unreserved Use during more than one week in a calendar month is based on the rate for monthly firm point-to-point service.

A Transmission Customer that exceeds its firm reserved capacity at any point of receipt or point of delivery, or an eligible customer that uses transmission service at a point of receipt or point of delivery that it has not reserved, is required to pay for all ancillary services that were provided by the Western Area Colorado Missouri Balancing Authority and associated with the Unreserved Use. The Customer will pay for ancillary services based on the amount of transmission service it used and did not reserve.

Effective

The first day of the first full billing period beginning on or after October 1, 2011, through September 30, 2016.

Rate

The rate for Unreserved Use Penalties is 200 percent of LAP's approved rate for firm point-to-point transmission service assessed as described above.

Any change to the rate for Unreserved Use Penalties will be listed in a revision to this rate schedule issued under applicable Federal laws, regulations, and policies and made part of the applicable service agreement.