Western's Hourly Exchange Program
Informal Rates Process

Padmini Palwe

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Agenda

- Definition of Hourly Exchange (HE) Program
- How it is calculated - Illustrative Example
- Questions

Hourly Exchange Program

Western established the Hourly Exchange program to:

- Allow all customers to fully and efficiently use their BR percentage.
- Allow Western to provide to other customers any BR energy a customer cannot use, on a pre-scheduled basis due to insufficient load.
- Help mitigate the costs incurred by a customer for the power it is obligated to pay for, but may not be able to use.

Source: Exchange Program (Exhibit B) from Customer Contracts.

Calculation of Hourly Exchange Program

- BR Customers will pay for exchange energy by adjusting their BR percentage (from contract) which is applied to BR Revenue Requirement.

- Illustration:

Illustration of Base Resource Percentage Adjustments for Hourly Exchange

BR Customer	BR Percentage from Contract	Hourly BR = 30MWh	Customer's BR in Excess of Load	Customers receiving EE	BR delivered (adjusting to EE)	Revised BR %
Customer A	20%	6	3	0	3	10%
Customer B	10%	3	0	1	4	13.33%
Customer C	70%	21	0	2	23	76.67%
Total	100%	30	3	3	30	100%

Source: Western's Merchant Billing Procedure for Hourly Exchange Date: 5/19/08

Questions??