



Department of Energy
Western Area Power Administration
Upper Great Plains Customer Service Region
P.O. Box 35800
Billings, MT 59107-5800

OCT 21 2016

Dear Transmission Customers and Other Interested Parties:

Summarized below are the Western Area Power Administration, Upper Great Plains Region (Western-UGP) Transmission and Ancillary Services Rates which will be effective January 1, 2017. Western-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.

Western-UGP will host a meeting to provide customers and other interested parties an opportunity to discuss and comment on these recalculated revenue requirements on October 31, 2016, at 9:00 a.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 in person or via WebEx, please contact Sara Baker at (406) 255-2924 or sbaker@wapa.gov before October 31, 2016, for meeting or WebEx access information.

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

The Western-UGP recalculated revenue requirements for 2017 are as follows:

Western-UGP Transmission and Ancillary Services Formula Rates

<u>Service</u>	<u>Rate Schedule No.</u>	<u>2017 Annual Revenue Requirement¹</u>
Transmission	WAUGP-ATTR	\$ 147,035,618 ²
Scheduling, System Control and Dispatch	WAUGP-AS1	\$ 12,200,825 ²
Regulation and Frequency Response	WAUW-AS3	\$ 301,656

¹ The recalculated revenue requirements will take effect on the first day of the first full billing period beginning on or after January 1, 2017.

² The Annual Revenue Requirement estimates are based upon facilities that Western-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 Western-UGP facilities included is available on the Western-UGP's Open Access Same-Time Information System (OASIS) home page hosted on SPP's OASIS at <http://www.oatioasis.com/wapa/index.html>.

Operating Reserves – Spinning and Supplemental Reserves	WAUW-AS5 and 6	\$ 257,621
Energy Imbalance	WAUW-AS4	<p>i) For deviations within +/- 1.5% (minimum of 2 MW) of the scheduled transaction, 100% of average incremental³ cost;</p> <p>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;</p> <p>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.</p>
Generator Imbalance	WAUW-AS7	<p>i) For deviations within +/- 1.5% (minimum of 2 MW) of the scheduled transaction, 100% of the average incremental³ cost;</p> <p>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;</p>

³ Western-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 Western-UGP incremental cost and will not be changed more often than once per year unless Western-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.

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.

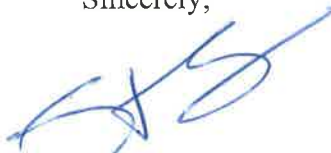
The data used in recalculating these rates can be found on Western-UGP's OASIS home page (<http://www.oatioasis.com/wapa/index.html>) hosted on SPP's OASIS and also on Western-UGP's rate web site <https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>.

These 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, 2017.

Please refer to Western-UGP's OASIS home page (<http://www.oatioasis.com/wapa/index.html>) hosted on SPP's OASIS for information regarding the implementation status for Western-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 Western-UGP Transmission and Ancillary Services Rate Calculation, please telephone me at (605) 882-7500 or Steve Sanders at (406) 255-2840.

Sincerely,



Lloyd A. Linke

Vice President of Operations

for Upper Great Plains Region

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