



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

**SEP 25 2019**

Dear Transmission Customers and Other Interested Parties:

Summarized below are the Western Area Power Administration (WAPA), Upper Great Plains Region (UGP) Transmission and Ancillary Services Rates which will be effective January 1, 2019. 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.<sup>1</sup>

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 30, 2018, at 1:00 p.m. MDT (2:00 p.m. CDT) at UGP's offices located at 2900 4<sup>th</sup> Avenue North, 6<sup>th</sup> Floor, Billings, MT. The meeting will also be available via WebEx. For those desiring to attend the meeting in person, please contact Sara Baker at (406) 255-2924 or [sbaker@wapa.gov](mailto:sbaker@wapa.gov) before October 30, 2018, for access information.

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

UGP's recalculated revenue requirements for 2019 are as follows:

**UGP Transmission and Ancillary Services Formula Rates**

<u>Service</u>	<u>Rate Schedule No.</u>	<u>2019 Annual Revenue Requirement<sup>2</sup></u>
Transmission	WAUGP-ATRR	\$ 137,323,326 <sup>3</sup>
Scheduling, System Control and Dispatch	WAUGP-AS1	\$ 10,427,084
Regulation and Frequency Response	WAUW-AS3	\$ 251,596

<sup>1</sup> UGP is identified as Western-UGP in the SPP Tariff.

<sup>2</sup> The recalculated revenue requirements will take effect on the first day of the first full billing period beginning on or after January 1, 2019.

<sup>3</sup> The Annual Revenue Requirement estimates are based upon facilities that 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 UGP facilities included is available on the 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	\$ 239,688
Energy Imbalance	WAUW-AS4	<p>i) For deviations within +/- 1.5% (minimum of 2 MW) of the scheduled transaction, 100% of average incremental<sup>4</sup> 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 incremental<sup>3</sup> 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>

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<sup>4</sup> 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 UGP incremental cost and will not be changed more often than once per year unless 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 UGP's OASIS home page (<http://www.oatiaoasis.com/wapa/index.html>) hosted on SPP's OASIS and also on UGP's rate web site <https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>.

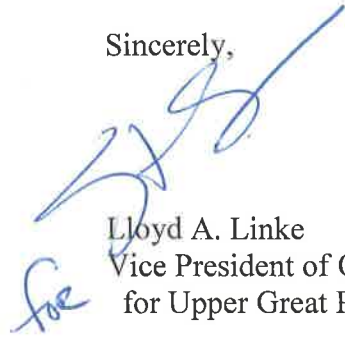
The UGP rate information is also posted under the "Western Area Power Administration UGP Information" link on the SPP Member Related Postings web site <http://sppoasis.spp.org/documents/SWPP/MemberRelatedPostings/MemberRelatedPostings.asp>.

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, 2019.

Please refer to UGP's OASIS home page above for information regarding the implementation status for 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 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