



Western
Area Power
Administration

Upper Great Plains Region (WAPA-UGP or UGP) Transmission & Ancillary Services Formula Rates (Rate Order No. WAPA-218)



Public Information Forum

February 19, 2025

Virtual Meeting

8:00am to 9:00am MST

Presented by: Steve Sanders
UGP Strategic Advisor

Introductions

- Steve Sanders – UGP Strategic Advisor
- Lloyd Linke – UGP Regional Manager
- Gayle Nansel – UGP Operations Manager
- Evan Bekkedahl – Attorney-Advisor
- Linda Cady-Hoffman – UGP Rates Manager
- Sara Baker – Project Manager (Transmission Tariff Coordinator)



Purpose of Meeting

- As described in the *Federal Register* Notice (FRN) published December 30, 2024 (89 FR 10646):
 - Western Area Power Administration (WAPA) [Rate Order No. WAPA-218](#), Upper Great Plains (UGP) region of the WAPA proposes new formula rates for the Pick-Sloan Missouri Basin Program--Eastern Division (P-SMBP--ED) transmission and ancillary services for UGP's costs to be recovered under the Southwest Power Pool's (SPP) Open Access Transmission Tariff (Tariff).
- UGP to present detailed explanation of the proposed formula rates and other modifications.

***Note: The information presented today includes estimated CY 2025 data for illustrative/comparison purposes only. The formulas will be updated with more current data for the April 1, 2026, implementation.**

<http://www.oasis.oati.com/WAPA/WAPAdocs/FRN-Proposed-UGP-Trans-Anc-Service-Rates-2024-1230.pdf>



Rate Process Notifications and Information Postings

- Following the FRN publication, consistent with other SPP Zone 19 (UMZ) Transmission Owners (TOs), WAPA-UGP provided notification and posted information by email on January 2, 2025, about the proposed formula rates to the SPP “Formula Rate Posting Information Notification” (FRPIN) Exploder List: frpin@spplist.spp.org
- All future notices, including Annual Update notices, will also be sent to this SPP Exploder List (“Service List”).



Rate Process Notifications and Information Postings

- Notices, Detailed Information, Updates, Customer Comments, Status, and all other related postings on this rate process will be posted to or made available at the following locations:
 - 1) WAPA-UGP's OASIS at:
<http://www.oasis.oati.com/wapa/index.html> under the "Rate Order No. WAPA-218" link in the "Rates" folder;
 - 2) WAPA-UGP's Rates Web Page at:
<https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>; and
 - 3) "Western Area Power Administration UGP Information" link on SPP's *Member Related Postings* website at:
<http://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings>.



Rate Process Notifications and Information Postings

- The direct link to the “Rate Order No. WAPA-218” page, where all the information related to this rate process can be accessed is:
<https://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-218.htm>.
- Initial WAPA-UGP OASIS postings on December 30, 2024.
- The following documents will be posted, as available, at the “[Rate Order No. WAPA-218](#)” page, or will be provided upon request:
 - 1) Rate Templates (transmission and ancillary services rates) (*Excel*)
 - 2) Rate Schedules (Clean and Redline to prior versions) (*PDF*)
 - 3) Formula Rate Implementation Protocols (*PDF*)



Rate Process Notifications and Information Postings

The screenshot shows the OATI webSmartOASIS website. The browser address bar displays <https://www.oasis.oati.com/wapa/index.html>. The navigation bar includes links for Registration, About, and Home. A Menu Panel on the left lists various documents, with red arrows pointing to 'SPP Member Related Postings Link' and 'Rate Order No. WAPA-218'. The main content area features a banner for OATI webSmartOASIS with the tagline 'TRANSFORMING THE BUSINESS OF E'. Below the banner are buttons for 'PRODUCTION Node Login' and 'Hub Login'. The text 'Administration UGP Information)' is displayed. A paragraph states: 'Historic information for the UGP / Basin Electric Power Cooperative / Heartland Consumers Power District integrated transmission system called the Integrated System (IS) previously in the MAPP and WECC Regions is also available on this page.' The 'Recent News' section, last updated on 01/02/2025, includes a notice of proposed rates for Rate Order No. WAPA-218, with a link to the 'News Folder' for older news. It also mentions 'SPP RTO West Updates' (last update 09/08/2023) and provides a link to the 'wapa.gov RTO West website'. The 'Rate Order No. WAPA-218' section provides the information page URL: <http://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-218.htm>. The '01/02/2025 (NEW)' section highlights the '(UGP Transmission/Ancillary Rates for SPP) Notice of Proposed UGP Transmission/Ancillary Formula Rates (Rate Order No. WAPA-218) for SPP RTO Expansion into Western Interconnection - Federal Register notice on December 30, 2024 (89 FR 106476), Announcement of Consultation and Comment Period'. A detailed paragraph describes the December 30, 2024, Federal Register notice (FRN-Proposed-UGP-Trans-Anc-Service-Rates-2024-1230.pdf), stating that the UGP region of the Western Area Power Administration (WAPA) proposes new formula rates for the Pick-Sloan Missouri Basin Program--Eastern Division (P-SMBP--ED) transmission and ancillary services for UGP costs to be recovered under the Southwest Power Pool (SPP) Open Access Transmission Tariff (Tariff) should UGP decide to expand its participation in SPP in the Western Interconnection. These rates will be used by UGP to provide rate data to SPP, the Regional Transmission Organization (RTO).



Rate Process Notifications and Information Postings

 <https://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-218.htm>



Western Area Power Administration (WAPA)
Upper Great Plains Region (UGP)
Rate Order No. WAPA-218

Last Update: 02/06/2025: Notice of Posting of Information/Meeting Presentations (as available) for the Proposed UGP Transmission/Ancillary Rates

02/06/2025: (UGP Transmission/Ancillary Rates for SPP): Notice of Posting of Information/Meeting Presentations (as available) for the Proposed UGP Transmission/Ancillary Rates

The following Information/Presentations have for the Proposed UGP Transmission/Ancillary Service Rates:

1. Rates Customer Brochure; describing proposed Transmission and Ancillary Service Rates:
[WAPA-UGP-Trans-Ancillary-Rates-Customer-Brochure--Rate-Order-No-WAPA-218.pdf](#) (Posted 02/06/25)
2. Others to be posted soon, when available.

The documents are posted/linked at the following locations: 1) UGP's OASIS at <http://www.oasis.oati.com/wapa/index.html>; 2) the UGP's Rates Web Page at: <https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>; and 3) the "Western Area Power Administration UGP Information" link on SPP's [Member Related Postings](#) website.

01/29/2025 (Updated 12/30/2024 Posting - Add Net Conference Meeting Information): (UGP Transmission/Ancillary Rates for SPP) Notice of Proposed UGP Transmission/Ancillary Formula Rates (Rate Order No. WAPA-218) for SPP RTO Expansion into Western Interconnection - Federal Register notice on December 30, 2024 (89 FR 106476), Announcement of Consultation and Comment Period

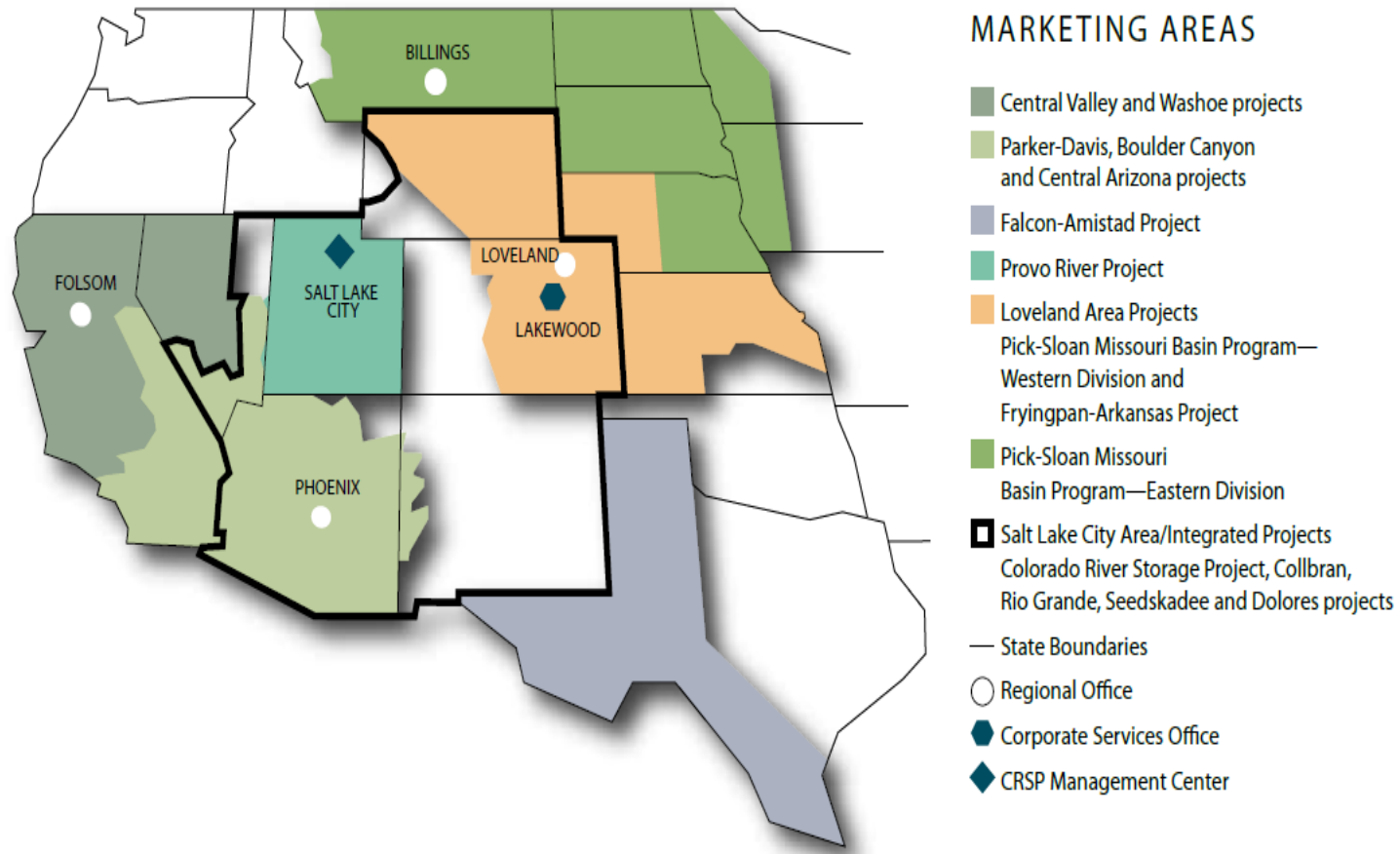


Public Process Overview

- Federal Register Notice published December 30, 2024
- Public Information Meetings, February 19, 2025
- Public Comment Forums, February 19, 2025
- 90-day Comment Period
- **Comment Period Closes – March 31, 2025**
- June-July, WAPA will publish a final FRN of Transmission and Ancillary Services Formula Rates
- New formula Rates in effect April 1, 2026 or later as determined by Administrator
- FERC final approval of formula rates TBD
- Around October 2025, SPP plans to file updated Attachment H for WAPA-UGP to FERC



Western Area Power Administration Upper Great Plains Region (Pick-Sloan Missouri Basin Program – Eastern Division)



WAPA-UGP Membership in Southwest Power Pool, Inc. (SPP)

- UGP is a Transmission Owner member of SPP pursuant to negotiated provisions in its SPP Membership Agreement and the SPP Bylaws and SPP Open Access Transmission Tariff (SPP OATT).
- Transmission and ancillary services are provided by SPP under the SPP OATT for UGP's facilities transferred to the functional control of SPP.
- UGP needs formula rates for transmission and ancillary services so that UGP's costs can be recovered under the SPP OATT.
- UGP's revenue requirements are added to the annual revenue requirements of other transmission owners in the multi-owner SPP pricing Zone 19, also identified as the Upper Missouri Zone (UMZ) for transmission service billed by SPP within the UMZ. UGP's revenue requirements under these proposed rates also impact other costs for transmission service within the broader SPP footprint.
- UGP is proposing to expand its participation in the SPP RTO Expansion into the Western Interconnection on April 1, 2026

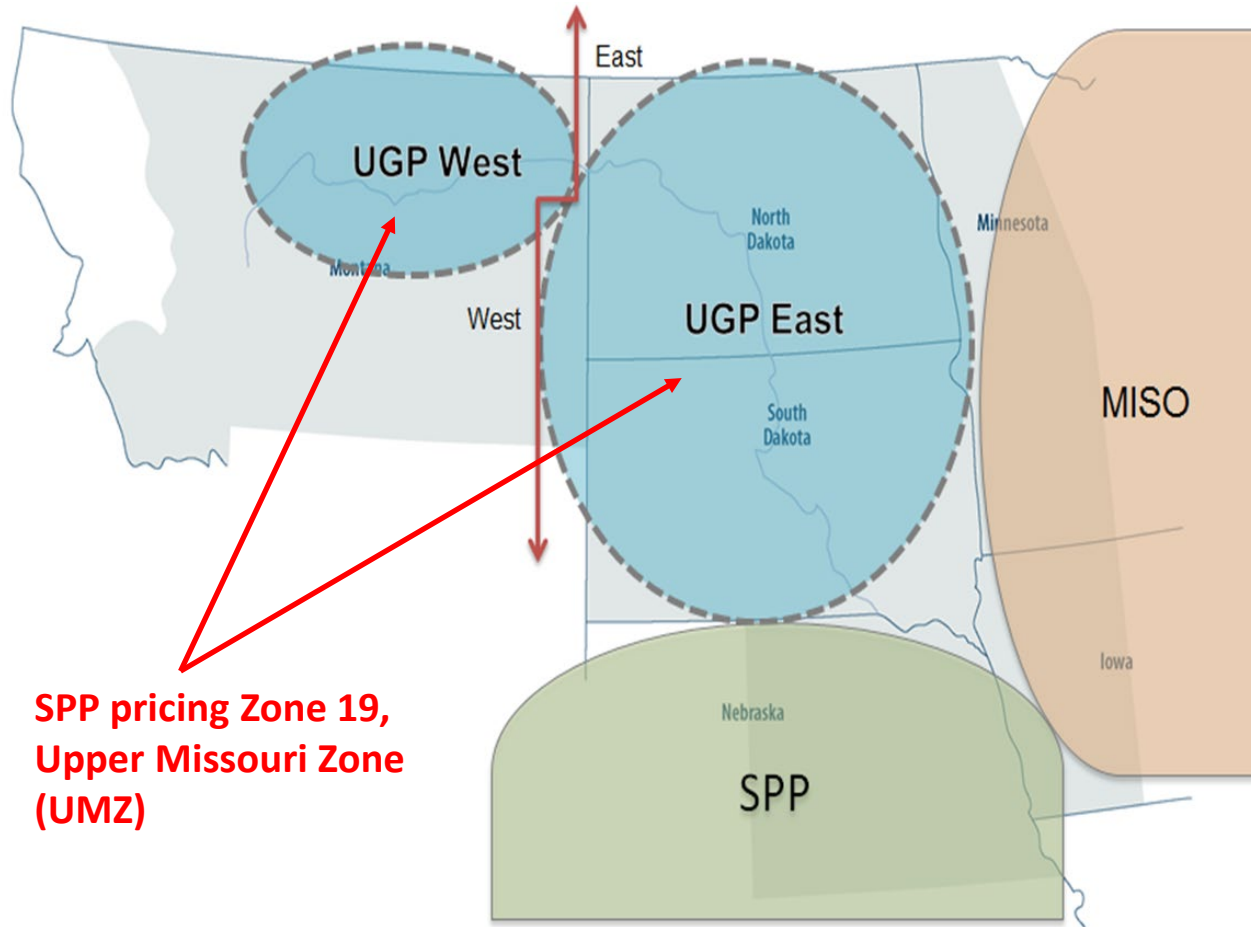


History of how we got to this point with the Proposed Rates

- On April 28, 2023, WAPA published a Federal Register notice titled “Recommendation for the Western Area Power Administration’s Rocky Mountain Region and Colorado River Storage Project Management Center to Pursue Final Negotiations Regarding Membership in the Southwest Power Pool Regional Transmission Organization, and for the Upper Great Plains Region to Expand its Participation.
- On June 4, 2024, SPP submitted revisions to its Tariff, Bylaws, and Membership Agreement to expand the SPP RTO into the Western Interconnection to FERC.
- If SPP succeeds in obtaining FERC’s approval of its Tariff, Bylaws, and Membership Agreement revisions, and upon further approval by the Administrator, UGP plans to expand its participation in SPP in the Western Interconnection.
- If UGP does not expand its participation in SPP in the Western Interconnection, further actions under this notice of proposed rates will be canceled, and existing formula rates will remain in effect. If canceled, UGP will inform customers by letter and by posting notice of such on UGP’s OASIS website and other posting sites noted earlier and will withdraw the formula rates proposed in this notice.



SPP Upper Missouri Zone (“UMZ”) UGP East and West Overview

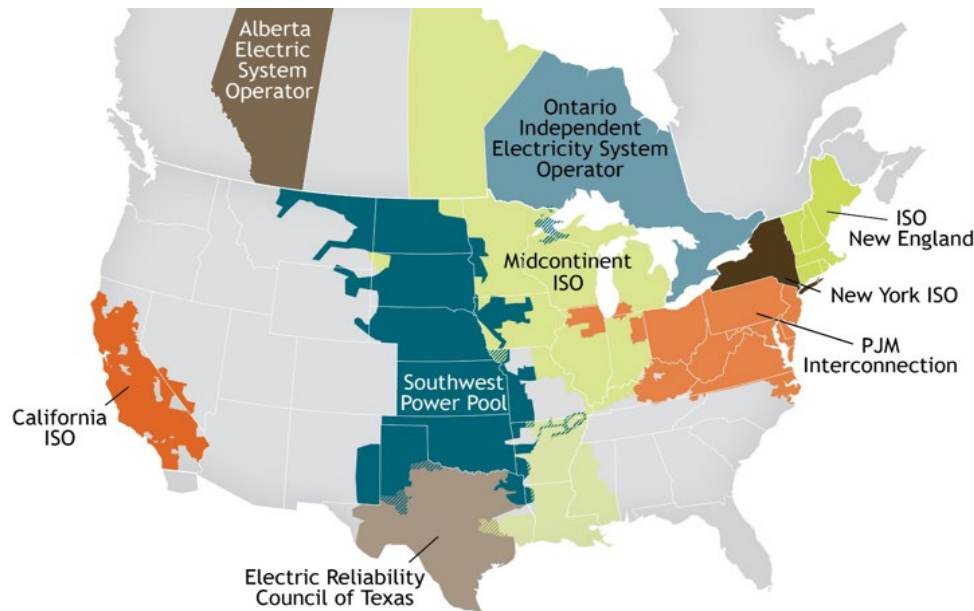


**SPP pricing Zone 19,
Upper Missouri Zone
(UMZ)**

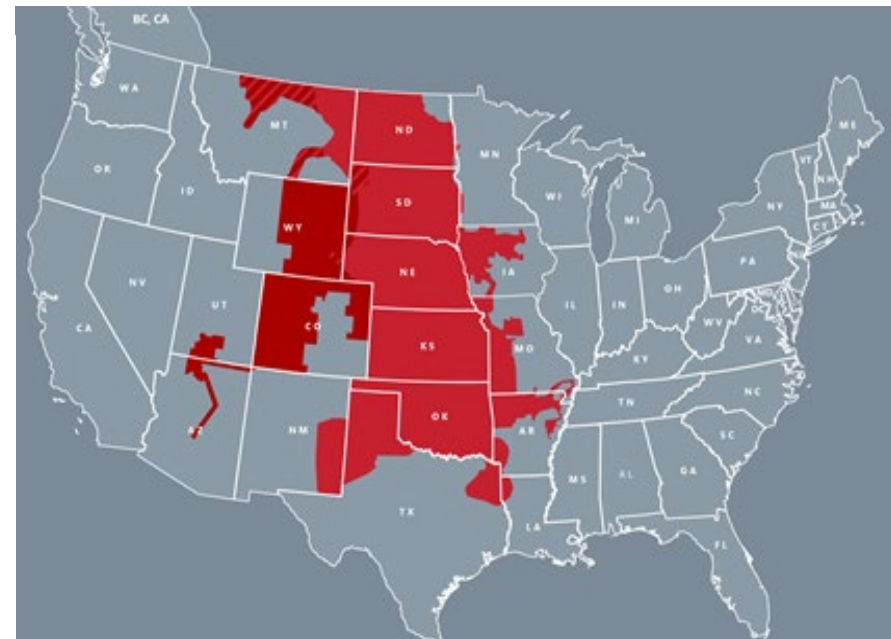


In process: SPP RTO expansion into the West

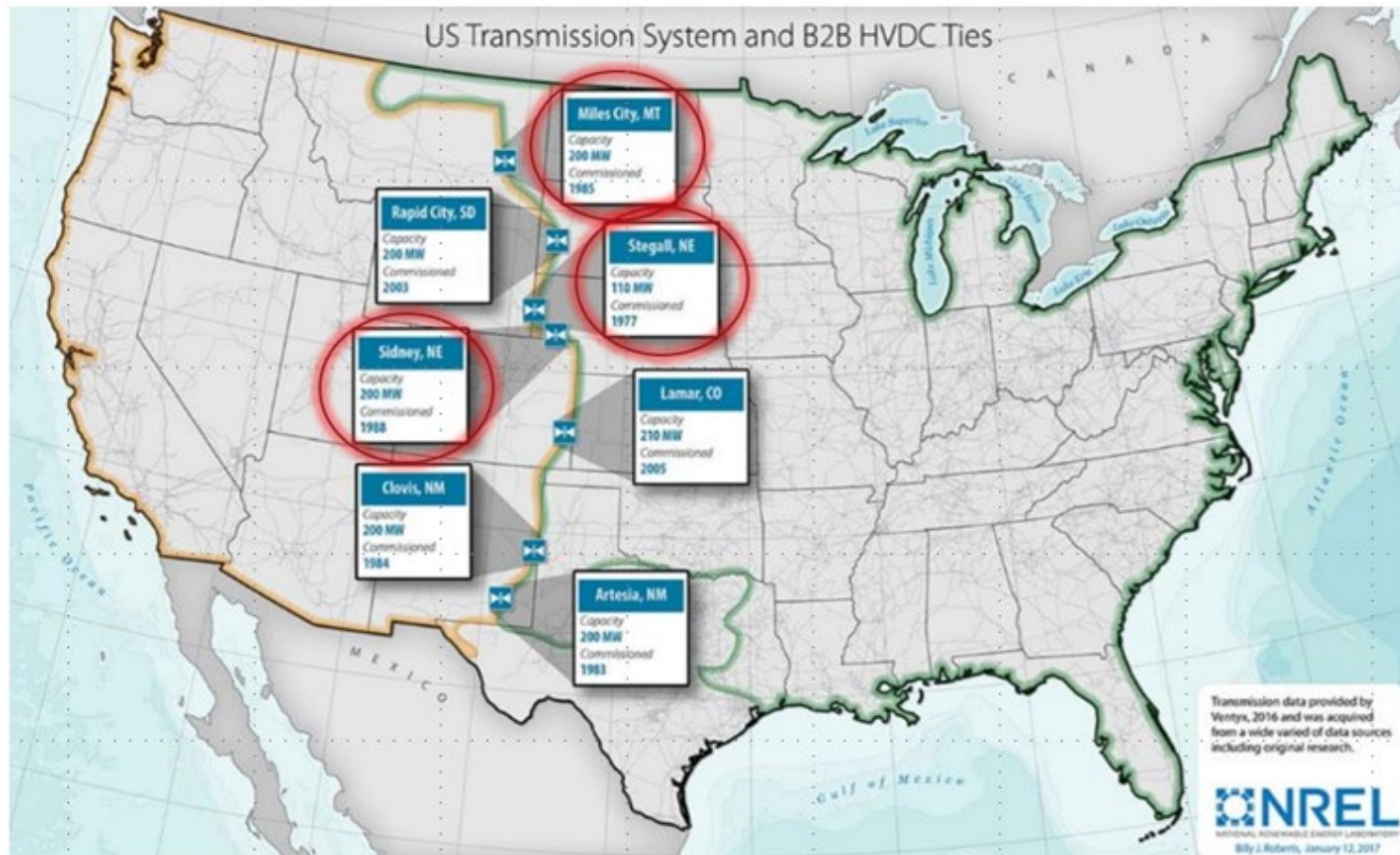
Existing RTOs



SPP RTO expansion



DC Ties



UGP East (Eastern Interconnection) (Currently)

- UGP's Transmission Facilities in the Eastern Interconnection (EI) are included in the UMZ (SPP pricing Zone 19) under WAPA-UGP's SPP Membership Agreement.
- Transmission Service on UGP's EI facilities is provided by SPP on SPP's OASIS under SPP's Tariff.
- SPP Integrated Marketplace (IM) extends over the EI facilities. All east loads that are not metered out are subject to SPP IM requirements.
- All Ancillary Services under the general provisions of the SPP Tariff.



UGP West (Western Interconnection) (Currently)

- UGP's Transmission Facilities in the Western Interconnection (WI) are included in the UMZ (SPP pricing Zone 19) under WAPA-UGP's Westside Agreement with SPP (Attachment AS under SPP Tariff).
- Transmission Service on UGP's WI facilities is provided by SPP on SPP's OASIS under SPP's Tariff, including Attachment AS (West-Side Agreement)
- SPP Integrated Marketplace (IM) DOES NOT extend over the WI facilities.
- UGP maintains the WAUW Balancing Authority Area and provides required Ancillary Services under the SPP Tariff as the Balancing Authority.
- UGP is a member of SPP's Western Energy Imbalance Service (WEIS) market as the Balancing Authority, and therefore the all loads/generation in the WAUW Balancing Authority Area are subject to the WEIS.



UGP Proposed Changes on April 1, 2026

(SPP RTO Expansion into Western Interconnection)

- WAPA-UGP will merge its Western Area Power Administration, Upper Great Plains West (WAUW) Balancing Authority Area (BAA) in the Western Interconnection into SPP's West BAA
- UGP will place its remaining transmission system and other generation, and load located in the Western Interconnection (in the existing WAUW BAA footprint) into SPP's Integrated Marketplace.
- UGP will terminate its Western Energy Imbalance Service (WEIS) market participation in the WAUW.
- UGP will include its Miles City DC Tie into the Integrated Market 5-minute dispatch.



Existing WAPA-UGP Transmission & Ancillary Service Rates

- On September 28, 2020, FERC approved and confirmed Rate Schedules WAUGP-ATRR, WAUGP-AS1, WAUW-AS3, WAUW-AS4, WAUW-AS5, WAUW-AS6 and WAUW-AS7 under Rate Order No. WAPA-188 on a final basis for a 5-year period through September 30, 2025.
- These existing rate schedules consist of separate formula-based rates for transmission service and ancillary services for the transmission facilities in the P-SMBP--ED that UGP transferred to the functional control of SPP.
- Existing rates are posted on Western-UGP OASIS Home Page (in “Rates” Folder) at link:
<http://www.oasis.oati.com/wapa/index.html>
- The existing rates have been extended through September 30, 2030, under Rate Order No. WAPA-217 (FERC approval pending).
- <https://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-217.htm>



Proposed WAPA-UGP Transmission & Ancillary Service Rates (4/1/2026)

- The proposed rates **continue the formula-based methodology of the Existing Rates** that includes an annual update to the financial data in the rate formulas **with only limited changes** to:
 1. Formula Rate Templates to increase transparency and provide break-outs of UGP's ATRR calculations for SPP's settlement purposes (both in the Eastern and Western Interconnections);
 2. Formula Rate for Scheduling, System Control and Dispatch Service (SSCD) to increase transparency; and,
 3. New Formula Rate for Miles City DC Tie – Incremental Market Efficiency Use (Incremental MEU or IMEU)
 - a. To be provided to SPP (Under Attachment AE - Addendum 3A) to collect revenue under the SPP Tariff to offset incremental DC tie operations cost due to increased “wear and tear” from SPP market dispatch of the DC Tie.



What will not change with UGP's Rates Implementation

- For transmission and ancillary services provided under the SPP Tariff, WAPA-UGP proposes to continue to provide necessary information related to WAPA-UGP's rate implementation and annual updates in our Formula Rate Implementation Protocols (Protocols), which together with the Formula Rate Templates (Templates), comprise the Formula Rates submitted to SPP for incorporation into the SPP Tariff.
- The proposed rates continue the formula-based methodology (with true-up) that includes an annual update on January 1 of every year, to the financial data in the rate formulas, and include Rate Formula Implementation Protocols to clarify UGP's rate implementation and annual update procedures.
- Minor edits to Protocols proposed.



Proposed Changes to Formula Rates

- Terminate the Balancing Authority Area (BAA)-related ancillary services (and associated worksheets in the Rate Formula Templates) for Regulation and Frequency Response Service, Operating Reserves—Spinning Reserve Service and Supplemental Reserve Service, Energy Imbalance Service (EI), and Generator Imbalance Service (GI);
- Calculate the Annual Transmission Revenue Requirement (ATRR) for the Miles City Direct Current (DC) Tie for SPP's settlements purposes related to SPP's proposed DC Tie Access Charge;
- Calculate the subtotals of the ATRR for the SPP West and East BAAs separately for SPP's settlements purposes;
- Incorporate a new worksheet to calculate the Incremental Market Efficiency Use (Incremental MEU) share for the Miles City DC Tie;
- Calculate the ATRRs for SPP Base Plan Upgrades separately for SPP's settlements purposes in each of the SPP West and East BAAs; and
- Other updates to Templates to increase transparency, improve formatting, and remove items not applicable for UGP.



Summary Comparison of Proposed Annual Transmission Formula Rates

WAPA-UGP 2025 Rate Estimate Calculation Summary-Estimate ¹	Current WAPA-UGP Estimate 1/1/25 (Net)	Proposed WAPA-UGP for 4/1/26 (Net) (using 1/1/25 data for comparison)
Description	Annual	
Sub-Total Schedule 9 East	N/A*	\$145,913,278
Sub-Total Schedule 9 DC Tie (East)	N/A*	\$ 2,400,949
Incremental MEU Share Revenue Credit <i>line included for display, this credit will be reflected in gross Sch 9 DC Tie (East) line above</i>	N/A*	\$ (116,404)
Total Schedule 9 East	N/A*	\$148,197,823
Sub-Total Schedule 9 West	N/A*	\$ 16,207,210
Total Schedule 9 2025 Est (from WS1-ATRR Rate Base, C18, 2023 True-up)	\$ 164,832,517	\$164,405,033

¹ These comparisons use the same financial data in the existing 1/1/2025 and new 4/1/2026 template for transparency during the rate process. Values may show slight variations due to refinements in calculations in new templates to align with best practices. Enhancements include removal of items that don't apply to WAPA-UGP's rate development that were initially included from standard transmission owner templates utilized by WAPA-UGP when it joined SPP in 2015, increased precision in allocations of costs, streamlined calculations for improved consistency, and enhanced visibility for better usability.



Scheduling, System Control and Dispatch Service (SSCD)

Total SSCD 2023 Est (from WS1-ATRR Rate Base, C18, 2023 True-up)	\$ 13,177,608	\$ 13,172,543
BPU Schedule 11 Revenue Requirement Est by facility:		
LEWIS-RICHLAND 115 kV Ckt 1, 72052	\$ 6,763	\$ 6,752
ROBERTS COUNTY 115 kV SUBSTATION, 71926	\$ 432,791	\$ 432,651
ROBERTS COUNTY 115/69 kV TRANSFORMER, 71927	\$ 661,268	\$ 661,044
WILLISTON SUBSTATION 115 kV TERMINAL UPGRADES, 61856	\$ 63	\$ 53
BISMARCK 12.47 kV REACTOR, 143157	\$ 261,504	\$ 261,428
OAHE 230 kV TERMINAL UPGRADES, 122734	\$ 169,153	\$ 169,105
SULLY BUTTES-WHITLOCK 230 kV LINE CLEARANCE INCREASE, 143613	\$ 100,422	\$ 100,393
WHITLOCK-GLENHAM 230 kV CLEARANCE INCREASE, 143614	\$ 488,393	\$ 488,251
Total SPP BPU - Schedule 11 2025 Est (from WS1-ATRR Rate Base, C18, 2023 True-up)	\$ 2,120,356	\$ 2,119,676
Ancillary Services		
Regulation Revenue Requirement	\$ 478,137	N/A
Reserves	\$ 488,154	N/A
Total Ancillary Services	\$ 966,291	

*Breakdown is part of new rate process and did not exist prior to this proposal



Incremental MEU

Once the Miles City DC Tie is transferred to the SPP Market Operator for 5-minute dispatch, the increased usage is expected to impact wear and tear on the following equipment:

- Switchable reactive support devices (shunt reactors/capacitors) – particularly interrupters/breakers
- Converter transformers, including Load-Tap-Changers (LTC)
- DC Valves (solid state electronics) and controls
- Auxiliary systems (e.g. Valve Cooling)
- Equipment specific to individual DC Ties based upon design (e.g. Dynamic Overvoltage devices, etc.)



Incremental MEU

For the Miles City DC Tie, the following IMEU-eligible Groups* of equipment are proposed:

- Group 1 – DC Valve Hall (Thyristors, etc.)
- Group 2 – Converter transformers, including Load-Tap-Changers (LTC)
- Group 3 - Switchable reactive support devices (shunt reactors/capacitors)

* Equipment that SPP market operation can increase the “wear and tear” and reduce the service life.



Incremental MEU

For each IMEU-eligible Group of Miles City DC Tie equipment, a “Loss of Life” (%) will be determined (and refined as actual SPP market operation experience is gained)

The proposed rate is based upon a calculated Gross Plant depreciation expense change of each Group considering the Loss of Life.

The rate will be updated each year and include a prior period true-up.

Note: The Miles City DC Tie was jointly constructed by UGP and Basin Electric Power Cooperative, and therefore, some portions of the Incremental MEU for the Miles City DC Tie is expected to be recovered under Basin Electric’s rates.



Incremental MEU – New Rate Schedule WAUGP-DCTIE-IMEU

- Incremental MEU Share (for each Group) = $(E-C)*A$,
where $1/B=C$ & $1/(B*(1-D))=E$
- Total Incremental MEU Share = Sum of Incremental
MEU Share (for all Groups) + F

A = Miles DC Tie Gross Plant Impacted by Incremental MEU (\$)

B = Average Service Life of Gross Plant Impacted by
Incremental MEU

C = Average Service Life Depreciation Rate of Gross Plant
Impacted by Incremental MEU (%)

D = Loss of Service Life Due to Market Use (%)

E = Decreased Average Service Life Depreciation Rate of Gross
Plant Impacted by Incremental MEU (%)

F = Prior period true-up (\$)



Proposed Incremental MEU Share Miles City DC Tie (Worksheet 7)

Miles City DC Tie Facilities	Gross Plant in Service (\$)	
MILES CITY CONVERTER STATION - BEPS	19,890,752	From WS4-TransFac
MILES CITY CONVERTER STATION - BEFP	3,832,628	From WS4-TransFac
Total	23,723,379	From WS4-TransFac

Eligible IMEU Groups	Loss of Life due to SPP Market Use (Variable)	Gross Plant Totals: (\$)	% of Total	Average Useful Life (Yrs)	Pre-IMEU Depreciation Rate	IMEU Depreciation Rate	IMEU Share (\$)
Group 1 - DC Valve Hall (Thyristors, etc.)	30%	834,748	3.52%	34.75	2.88%	4.11%	10,295 ⁵
Group 2 - Converter Transformers/LTCs	30%	224,033	0.94%	39.33	2.54%	3.63%	2,441 ¹
Group 3 - Reactive Switched /1	30%	6,724,616	28.35%	27.80	3.60%	5.14%	103,668 ⁸
Subtotal IMEU Eligible Equipment		7,783,397	32.81%				116,404 ⁴
Prior Year True-up							-
Total IMEU Share							116,404 ⁴
Non-Eligible DC Tie Equipment	N/A	15,939,982	67.19%				
		23,723,379	100.00%				



Proposed WAPA-UGP Transmission & Ancillary Service Rates (4/1/2026)

- WAPA intends the proposed formula-based rates, if adopted, to go into effect on April 1, 2026
- The charges under the rates would be updated on January 1 of each year thereafter.
- The proposed formula rates would remain in effect until March 31, 2031, or until WAPA changes the formula rates through another public rate process pursuant to 10 CFR part 903, whichever occurs first.
- <https://www.oasis.oati.com/woa/docs/WAPA/WAPAdocs/Rate-Order-No-WAPA-218.htm>



More Information

Western-UGP OASIS Home Page (See “Rate Order No. WAPA-218” page in “Rates” Folder)

<http://www.oasis.oati.com/wapa/index.html>

SPP Member Related Posting Page

<http://opsportal.spp.org/OASIS/Directory/Member%20Related%20Postings>

UGP Rates Information

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Questions

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Linda Cady-Hoffman (406) 255-2920 - cady@wapa.gov

Sara Baker (406) 255-2924 – sbaker@wapa.gov



Comment Addresses

Public Comment Forum to follow this meeting.

Please send written comments by email to UGPTRates@wapa.gov
or to the address below:

Rates Manager

Upper Great Plains Region, Western Area Power Administration

2900 4th Ave North, Billings, MT 59101-1266

Fax: (406) 255-2900

**Comments must be received by
March 31, 2025**

