

Western Area Power Administration – Upper Great Plains Region

Transmission and Ancillary Formula Rate Implementation Protocols

The transmission and ancillary formula rate templates (“Formula Rate Templates”) of Western Area Power Administration – Upper Great Plains Region (“Western-UGP” or “WAPA-UGP”) and these Transmission and Ancillary Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rates (“Formula Rates”) of WAPA-UGP for transmission and ancillary revenue requirement determinations under the Southwest Power Pool, Inc. (“SPP”) Open Access Transmission Tariff (“SPP Tariff”). WAPA-UGP must follow the instructions specified in the Formula Rates to calculate its Annual Transmission Revenue Requirement (“ATRR”) and the Annual Revenue Requirement (“ARRs”) for Ancillary Services offered under the SPP Tariff.

Recovery of costs associated with existing and new facilities shall be consistent with the Formula Rates and Attachment AI and Attachment J, respectively, of the SPP Tariff. The ATRR and ARRs shall be determined for January 1 to December 31 of a given calendar year. The Formula Rates shall become effective for recovery of WAPA-UGP’s ATRR and ARRs upon the effective date authorized by the Federal Energy Regulatory Commission (“FERC”). The Deputy Secretary of Energy has the authority to confirm, approve and place such rates in effect on an interim basis. FERC has the exclusive authority to confirm, approve and place into effect on a final basis, and to remand or to disapprove rates developed by WAPA’s Administrator. FERC’s review is limited to (1) whether the rates are the lowest possible consistent with sound business principles; (2) whether the revenue levels generated are sufficient to recover the costs of producing and transmitting electric energy including repayment within the period permitted by law; and (3) the assumptions and projections used in developing the rates. FERC shall reject decisions of WAPA’s Administrator only if it finds them to be arbitrary, capricious or in violation of the law.

The Formula Rates shall be applicable to service on and after January 1 of each calendar year through December 31 of the calendar year (“Rate Year”), subject to review, challenge and refunds or surcharges, to the extent provided herein. These Protocols specify the dates applicable to the activities described herein. Should any due date fall on a weekend or a holiday recognized by FERC, then the due date shall be no later than the next Business Day.

Section I Definitions

For purposes of these Protocols, the following capitalized terms shall have the meanings set forth below.

- A. “Accounting Change” means any change in the WAPA-UGP Federal Power System (the System) financial statements including the financial position, results of operations and cash flows of WAPA-UGP, an agency of the U.S. Department of Energy (DOE), and the hydroelectric power generating functions of the U.S. Department of the Interior (DOI), Bureau of Reclamation (Reclamation), the U.S. Department of Defense (DOD), Army Corps of Engineers (Corps), (collectively referred to as the generating agencies). For the generating agencies, only the individual power systems for which WAPA-UGP markets

and transmits hydroelectric power are included in the combined financial statements and included here. WAPA, a Federal power marketing administration, markets and transmits hydroelectric power generated from these power systems, which are operated and maintained by the generating agencies. It also means any change in the accounting policies and practices from those in effect for the Calendar Year upon which the immediately preceding Annual Update was based and that could impact the ATRR and/or ARR calculations under the Formulas. Accounting Changes include any changes resulting from:

1. revisions to the System financial statements which are prepared following accounting principles generally accepted in the United States of America (U.S. GAAP). The combined financial statements also reflect FERC regulations, FERC's Uniform System of Accounts ("USoA") and DOE's accounting practices;
 2. correction of errors and prior period adjustments that impact the ATRR and/or ARRs;
 3. the implementation of new estimation methods or policies;
 4. a change in WAPA-UGP's or the generating agencies' accounting policies and practices, which reflect specific legislation and executive directives issued by departments of the Federal government;
 5. WAPA-UGP's or the generating agencies' own accounting changes (which constitute a change to the ATRR or ARR greater than or equal to \$15,000) such as the addition or deletion of a subaccount not specified by FERC's USoA; or
 6. a change in WAPA-UGP's or the generating agencies' cost allocation policies or practices from those policies and/or practices in effect in the Prior Rate Year, which change causes a result under the Formula Rate different than the result under the Formula Rate as calculated without such change.
- B. "Annual Revenue Requirement" or "ARR" means the net revenue requirement for the Ancillary Services calculated in accordance with the Formula Rates posted on the WAPA-UGP Open Access Same-Time Information System ("OASIS") and SPP OASIS, subject to review pursuant to the provisions of these Protocols.
- C. "Annual Transmission Revenue Requirement" or "ATRR" means the net revenue requirement for the Transmission Services calculated in accordance with the Formula Rate posted on the WAPA-UGP OASIS and SPP OASIS, subject to review pursuant to the provisions of these Protocols.
- D. "Annual Meeting" means the meeting hosted by WAPA-UGP for exchanging information with Interested Parties regarding updates to the financial data in its Formula Rates.
- E. "Annual Update" means WAPA-UGP's annual posting of its updates to the financial data in its Formula Rates, in a working Excel™ format. The Annual Update is submitted as

described in these Protocols.

- F. “Business Day” means from 9:00 AM to 5:00 PM Central Prevailing Time other than weekends and Federal Holidays.
- G. “Calendar Year” means January 1 through December 31 of a given year.
- H. “Current Rate Year” means the Rate Year for which the Annual Update is posted on the WAPA-UGP OASIS and SPP OASIS (*e.g.*, if the Initial Posting of the Annual Update is posted on or around September 1, 2020, and the Final Posting of the Annual Update is posted on or around December 15, 2020, the Current Rate Year is January 1, 2021 through December 31, 2021).
- I. “Customer(s)” or “Transmission Customer(s)” means the customers taking NITS, service under Grandfathered Agreements, or PTP Transmission Service.
- J. “FERC” or “Commission” means the Federal Energy Regulatory Commission.
- K. “Final Posting” means the Annual Update information that WAPA-UGP posts to the WAPA-UGP OASIS and SPP posts to the SPP OASIS with changes agreed to during the informal review process.
- L. “Formal Challenge” means a challenge by an Interested Party to an aspect of the Annual Update that is served on WAPA-UGP by electronic service.
- M. “Formula Rate Template” means the WAPA-UGP transmission and ancillary formula rate templates set forth herein.
- N. “Formula” means the Formula Rate Template set forth in Addendum 35 to Attachment H of the SPP Tariff.
- O. “Formula Rate” has the meaning defined herein and means the WAPA-UGP Formula Rate Implementation Protocols together with the Formula Rate Templates.
- P. “FPA” means the Federal Power Act.
- Q. “Informal Challenge” means written notification by an Interested Party to WAPA-UGP, during the Review Period, of any specific challenge to the Annual Update.
- R. “Information Request” means a written request submitted by an Interested Party to WAPA-UGP.
- S. “Initial Posting” means the initial posting of WAPA-UGP’s Annual Update to the WAPA-UGP OASIS.
- T. “Interested Party” includes SPP Tariff Transmission Customers.
- U. “NITS” means Network Integration Transmission Service as defined in the SPP Tariff.

- V. “OASIS” means Open Access Same-Time Information System.
- W. “OATT” or “SPP Tariff” means SPP’s Open Access Transmission Tariff.
- X. “Prior Rate Year” means the Rate Year two (2) years prior to the Current Rate Year (*e.g.*, if the Current Rate Year is January 1, 2021 through December 31, 2021, then the Prior Rate Year is January 1, 2019 through December 31, 2019).
- Y. “PTP” means Point-to-Point Transmission Service as defined in the SPP Tariff.
- Z. “Publication Date” means the date on which WAPA-UGP posts the Initial Posting to the WAPA-UGP OASIS, or the next Business Day following the actual posting date should that posting date fall on a weekend or a holiday recognized by FERC.
- AA. “Rate Year” means January 1 of a given year through December 31 of the same Calendar year.
- BB. “Review Period” means, unless otherwise extended in writing by WAPA-UGP, the period extending from the Publication Date through November 15, which includes a period for submission of Information Requests and a period for preparation of Informal Challenges.
- CC. “SPP” means Southwest Power Pool, Inc. or its successor organization.
- DD. “SPP Tariff” or “OATT” means SPP’s Open Access Transmission Tariff.
- EE. “USoA” means FERC’s Uniform System of Accounts.

Section II Annual Update

- A. On or around September 1 of each calendar year (the Publication Date), WAPA-UGP shall:
 1. For the Prior Rate Year and Current Rate Year, recalculate the ATRR utilized by SPP for zonal NITS service and the ARRs utilized by SPP for ancillary services for the applicable Rate Year in accordance with the applicable Formula Rate(s) and using the Formula Rate Templates. WAPA-UGP shall post its Annual Update to the “Rates” folder on the WAPA-UGP OASIS (the Initial Posting) and WAPA-UGP rates website¹; and
 2. Provide its Annual Update to SPP and request that SPP post such information to the SPP OASIS “Member Related Postings” under the “Western Area Power Administration UGP Information” link.

¹ WAPA-UGP will post the Annual Update at the following locations, respectively: <http://www.oasis.oati.com/wapa/index.html>, and <https://www.wapa.gov/regions/UGP/rates/Pages/rates.aspx>.

- B. Concurrent with the Initial Posting, WAPA-UGP shall provide notification of the Annual Update to Interested Parties by serving such notice electronically upon the Service List.²
- C. The Annual Update shall:
1. Include workable populated Formula Rate Templates with fully functional spreadsheets showing the calculation of the Annual Update and underlying work papers in native format with links and formulas intact, including sufficiently detailed work papers and supporting documentation for data;
 2. Be based on the independently-audited books and records of WAPA-UGP and the generating agencies for the most recent fiscal year including combined financial statements accounted for under the provisions of the Financial Accounting Standards Board (FASB);
 3. Provide sufficient information to enable Interested Parties to replicate the calculation of the formula results from the Formula Rates;
 4. With respect to any change in accounting that affects the inputs to the Formula Rates or the resulting charges billed under the Formula Rates, WAPA-UGP shall identify:
 - a. Any Accounting Changes, such as the initial implementation of an accounting standard or policy; the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific direction; or the correction of errors and prior period adjustments that impact the ATRR and/or ARRs.
 - b. Any items included in the Formula Rates at an amount other than a historic cost basis.
 - c. Individual impact of any changes in Section II.C (4)(a) above on charges billed under the Formula Rates.
 - d. Accounting Changes related to any reorganization or merger transaction.
 5. Not seek to modify the Formula Rates.
 6. With each Annual Update, WAPA-UGP will include a list of any new transmission facilities included in the Formula Rate Templates that were not included in the prior Annual Update. New transmission facilities include but are

² As used in these Protocols, “Service List” shall mean the list of email addresses maintained by SPP of Interested Parties, provided that such Interested Parties request to be added to the Service List through the “Exploder List” link on the SPP website. As of June 2017, the Exploder List was titled “Formula Rate Posting Information Notification” and could be accessed at <http://www.spp.org/stakeholder-center/exploder-lists/>.

not limited to additional substations, breakers, other major substation equipment, and additional transmission line miles. The list will indicate the Zone 19 Attachment AI Guidance Document criteria that WAPA-UGP believes supports each facility's inclusion in WAPA-UGP's ATRR and/or ARRs. This provision in no way limits the rights of any Interested Party to challenge inclusion of new facilities.

Section III Review of Annual Update

Within twenty (20) calendar days of the Publication Date of WAPA-UGP's Annual Update, and with at least seven (7) calendar days' notice, WAPA-UGP will host a meeting for Interested Parties to discuss the Annual Update ("Annual Meeting"). WAPA-UGP shall provide notice of this meeting concurrent with the posting of the Annual Update accessible on the WAPA-UGP OASIS and the SPP OASIS. The notice shall include the date, time and location of the Annual Meeting and shall be provided to Interested Parties through the Service List. The Annual Meeting shall also be available by telephone and/or web access with all meeting materials provided electronically from the WAPA-UGP OASIS and SPP OASIS.

A. Information Exchange

1. Interested Parties may begin submitting Information Requests immediately following the Publication Date of the Annual Update and will have until October 15 to serve reasonable Information Requests on WAPA-UGP for information and work papers supporting the Annual Update. Such Information Requests shall be limited to that which is necessary to determine:
 - a. The extent or effect of an Accounting Change;
 - b. Whether the Annual Update fails to include data properly recorded in accordance with the Protocols and the accuracy and consistency of data;
 - c. The proper application of the Formula Rates and procedures in these Protocols;
 - d. The prudence of actual costs and expenditures, including information on procurement methods and cost control methodologies;
 - e. The effect of any change to the underlying USoA or Formula Rate Templates; or
 - f. Any other information that may reasonably have a substantive effect on the calculation of the charges pursuant to the Formula Rates.

The information and document requests shall address the proper application of data in the Formula Rates, and not the Formula Rates themselves. WAPA-UGP will not claim that responses to information and document requests pursuant the Protocols are subject to any settlement confidentiality provision; however, WAPA-UGP may require that Interested Parties execute a non-disclosure

agreement to obtain access to material that WAPA-UGP deems commercially sensitive or that contains Critical Energy Infrastructure Information as that term is defined in 18 CFR § 388.113(c)(1).

2. WAPA-UGP shall make a good faith effort to respond to Information Requests pertaining to the Annual Update within fifteen (15) calendar days of receipt.
3. WAPA-UGP shall post on a publically accessible portion of the WAPA-UGP OASIS all Information Requests from Interested Parties and WAPA-UGP's response(s) to such requests, and a link to the posting will be electronically served on all Interested Parties via the Service List. WAPA-UGP will request that SPP also post the same information on the SPP OASIS. If responses to Information Requests contain information deemed by WAPA-UGP to be confidential, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement executed by the requesting party and WAPA-UGP.
4. If the deadline for Interested Parties falls on a weekend or holiday recognized by the FERC, the deadline will be extended to the next Business Day.

B. Informal Challenge Procedures

1. Interested Parties shall have until November 15 (or the first Business Day after November 15 if November 15 falls on a weekend or holiday) to notify WAPA-UGP in writing (which may be electronically) of any specific Informal Challenges. The Informal Challenge must specify the inputs, supporting explanations, allocations calculations, or other information to which the Interested Party objects and provide an appropriate explanation and documents to support its Informal Challenge. WAPA-UGP will make a good faith effort to respond to any Informal Challenge within twenty (20) calendar days of notification of such Informal Challenge. WAPA-UGP shall appoint senior representatives to work with the Interested Party to resolve the Informal Challenge.
2. WAPA-UGP will post on the WAPA-UGP OASIS all Informal Challenges from Interested Parties and WAPA-UGP's responses to the Informal Challenges, and a link to the posting will be electronically served on all Interested Parties via the Formula Rate Posting Information Notification List. WAPA-UGP will request that SPP also post the same information on the SPP OASIS. If responses to Informal Challenges contain information that is deemed by WAPA-UGP to be confidential, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement executed by the requesting party and WAPA-UGP.
3. Any changes or adjustments to the Annual Update resulting from the Information Exchange and Informal Challenge procedures that are agreed to by WAPA-UGP and resolved prior to the end of the Review Period shall be reported in the Final Posting on the WAPA-UGP OASIS and SPP OASIS. Any changes or

adjustments agreed to by WAPA-UGP after this date will be reflected in the Annual Update for the following Rate Year.

C. Formal Challenges

1. An Interested Party shall have until January 15 (or the first Business Day after January 15 if January 15 falls on a weekend or holiday recognized by FERC) to file a Formal Challenge. A party may not pursue a Formal Challenge if that party did not submit an Informal Challenge on at least one issue. Having submitted an Informal Challenge on at least one issue, an Interested Party may pursue a Formal Challenge on other issues. WAPA-UGP will make a good faith effort to respond to any Formal Challenge within twenty (20) calendar days of notification of such Formal Challenge. WAPA-UGP, and, if appropriate, SPP, shall appoint senior representatives, including WAPA's Administrator, to work with the Interested Party to resolve the Formal Challenge.
2. A Formal Challenge shall:
 - a. Clearly identify the action or inaction which is alleged to violate the filed Formula Rates or Protocols;
 - b. Explain how the action or inaction violates the filed Formula Rates or Protocols;
 - c. Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:
 - i. The extent or effect of an Accounting Change;
 - ii. Whether the Annual Update fails to include data properly recorded in accordance with the Protocols and the accuracy and consistency of data;
 - iii. The proper application of the Formula Rates and procedures in these Protocols;
 - iv. The prudence of actual costs and expenditures, including information on procurement methods and cost control methodologies;
 - v. The effect of any change to the underlying Uniform System of Accounts or Formula Rate Templates; or
 - vi. Any other information that may reasonably have a substantive effect on the calculation of the charges pursuant to the Formula Rates.
 - d. Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or

inaction;

- e. State whether the issues presented are pending in an existing proceeding in any forum in which the Interested Party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
 - f. State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that belief;
 - g. Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the Interested Party, including, but not limited to, contracts and affidavits; and
 - h. State whether the filing party utilized the Informal Challenge procedures described in these Protocols with regard to any issue.
3. Formal Challenges shall be served upon WAPA-UGP in writing (which may be electronically) to the individual listed as the WAPA-UGP contact person in WAPA-UGP's Annual Update.

D. Modification of Formula Rate or Annual Update

1. No party shall seek to modify the Formula Rates under the Challenge procedures (either Formal or Informal) set forth in these Protocols, and the Annual Update shall not be subject to challenge for modifying the Formula Rates.
2. A change to applicable WAPA-UGP Formula Rate fixed inputs may not be made absent the appropriate filing with FERC.
3. If WAPA-UGP makes a correction to a Mistake in its financial information during the Current Rate Year that would affect the Formula Rate for the Current Rate Year, such corrections and any resulting refunds or surcharges shall be reflected in the Annual Update for the next effective Rate Year. For purposes of these Protocols, "Mistake" shall mean errors or omissions regarding the values inputted into the Formula Rate Template, such as arithmetic or computational errors. Mistakes shall not include matters involving exercise of judgment or substantive differences of opinion regarding the derivation of an input that is more properly the subject of the annual review process.
4. Any changes to the data inputs shall be incorporated into the Formula Rates and the charges produced by the Formula Rates in the Annual Update for the next effective Rate Year.

E. Final Posting

1. On or around December 15 of each year, WAPA-UGP shall post the Final Posting of its Annual Update to the WAPA-UGP OASIS and also request SPP to post the same information on the SPP OASIS.

2. This Final Posting must include the information that is reasonably necessary to determine:
 - a. That input data under the Formula Rates is properly recorded in any underlying work papers;
 - b. That WAPA-UGP has properly applied the updates to the financial data in the Formula Rates and these procedures;
 - c. The accuracy of the data and the consistency with the Formula Rates of the ATRR and ARRs for the ancillary rates under review; and
 - d. The extent of Accounting Changes that affect Formula Rates inputs.
3. The Final Posting must also describe all aspects of the Formula Rates or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures.
4. Contemporaneous with the making of such Final Posting on the WAPA-UGP OASIS, WAPA-UGP shall provide notice of the Final Posting to Interested Parties via the Service List and request that SPP also post the Final Posting on the SPP OASIS.

Section IV Joint SPP Transmission Owners' Meeting

If the SPP Transmission Owners with transmission projects that utilize a regional cost-sharing methodology implement a process to coordinate and hold joint meetings, WAPA-UGP intends to participate in that process. Notice of joint informational meetings, including the time, date, and location, shall be posted on the SPP OASIS and distributed to Interested Parties via the Formula Rate Posting Information Notification List no less than seven (7) days prior to such meetings.

Section V WAPA-UGP Example Schedule

| Line No. | Action | Begin | End | Calendar Days from Publication Date |
|----------|--------------------------------------|-----------------|------------------|-------------------------------------|
| 1 | Rate Year | Jan. 1, 2021 | Dec. 31, 2021 | |
| 2 | Publication Date | | Sept. 1, 2020 * | |
| 3 | Annual Meeting of Interested Parties | | Sept. 21, 2020 * | Within 20 |
| 4 | Information Request Due Date | Sept. 1, 2020 * | Oct. 15, 2020 | ~45 |
| 5 | Informal Challenges Due Date | | Nov. 15, 2020 | ~75 |
| 6 | Final Posting | | Dec. 15, 2020 * | ~105 |
| 7 | Formal Challenge Due Date | | Jan. 15, 2021 | |

* On or around