

## 977TH—MEETING, REGULAR MEETING, JANUARY 19, 2012, 10 A.M.—Continued

Item No.	Docket No.	Company
<b>Gas</b>		
G-1 .....	RM11-4-000 .....	Storage Reporting Requirements of Interstate and Intrastate Natural Gas Companies.
G-2 .....	OR11-21-000 .....	Kenai Pipe Line Company; Tesoro Alaska Company and Tesoro Logistics Operations, LLC.
G-3 .....	RP11-1432-000, ..... RP11-1432-001	ETC Tiger Pipeline, LLC.
<b>Hydro</b>		
H-1 .....	P-7269-029 .....	James B. Boyd and Janet A. Boyd.
<b>Certificates</b>		
C-1 .....	CP11-531-000 .....	Golden Triangle Storage, Inc.
C-2 .....	CP11-46-000 .....	Kern River Gas Transmission Company.

Dated: January 12, 2012.

**Kimberly D. Bose,**  
Secretary.

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Immediately following the conclusion of the Commission Meeting, a press briefing will be held in the Commission Meeting Room. Members of the public may view this briefing in the designated overflow room. This statement is intended to notify the public that the press briefings that follow Commission meetings may now be viewed remotely at Commission headquarters, but will not be telecast through the Capitol Connection service.

[FR Doc. 2012-906 Filed 1-13-12; 11:15 am]

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## DEPARTMENT OF ENERGY

### Southwestern Power Administration

#### Integrated System Power Rates

**AGENCY:** Southwestern Power Administration, DOE.

**ACTION:** Notice of Rate Order.

**SUMMARY:** Pursuant to Delegation Order Nos. 00-037.00, effective December 6, 2001, and 00-001.00C, effective January

31, 2007, the Deputy Secretary has approved and placed into effect on an interim basis Rate Order No. SWPA-63, which increases the power rates for the Integrated System pursuant to the Integrated System Rate Schedules which supersede the existing rate schedules.

**DATES:** The effective period for the rate schedules specified in Rate Order No. SWPA-63 is January 1, 2012, through September 30, 2015.

**FOR FURTHER INFORMATION CONTACT:** Mr. James K. McDonald, Administrator, Southwestern Power Administration, Department of Energy, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6690, [jim.mcdonald@swpa.gov](mailto:jim.mcdonald@swpa.gov).

**SUPPLEMENTARY INFORMATION:** Rate Order No. SWPA-63, which has been approved and placed into effect on an interim basis, increases the power rates for the Integrated System pursuant to the following Integrated System Rate Schedules:

Rate Schedule P-11, Wholesale Rates for Hydro Peaking Power;

Rate Schedule NFTS-11, Wholesale Rates for Non-Federal Transmission/ Interconnection Facilities Service;

Rate Schedule EE-11, Wholesale Rate for Excess Energy.

The rate schedules supersede the existing rate schedules shown below:

Rate Schedule P-09, Wholesale Rates for Hydro Peaking Power (superseded by P-11);

Rate Schedule NFTS-09, Wholesale Rates for Non-Federal Transmission/ Interconnection Facilities Service (superseded by NFTS-11);

Rate Schedule EE-09, Wholesale Rate for Excess Energy (superseded by EE-11).

Southwestern Power Administration's (Southwestern) Administrator has

determined based on the 2011 Integrated System Current Power Repayment Study, that existing rates will not satisfy cost recovery criteria specified in Department of Energy Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944. The finalized 2011 Integrated System Power Repayment Studies (PRSs) indicate that an increase in annual revenue of \$9,569,425, or 5.4 percent, beginning January 1, 2012, will satisfy cost recovery criteria for the Integrated System projects. The proposed Integrated System rate schedules would increase annual revenues from \$177,191,800 to \$186,761,225, to recover increased investments and replacements in the hydroelectric generating and transmission facilities and increased operations and maintenance costs for both Southwestern and the U.S. Army's Corps of Engineers (Corps). Additionally, the PRS analyzes the Purchased Power Deferral Account which indicated a reduction was needed for the Purchased Power Adder which is used to recover average year purchased energy costs. This proposal also continues the size and frequency of the Administrator's Discretionary Purchased Power Adder Adjustment (Adjustment). This Adjustment allows the Administrator to adjust the Purchased Power Adder twice annually, limited to  $\pm\$0.0062$  per kilowatthour per year as necessary, at his/her discretion, under a formula-type rate, with notification to the Federal Energy Regulatory Commission, to regulate the account at a level that will recover purchased power costs.

The Administrator has followed Title 10, Part 903 Subpart A, of the Code of Federal Regulations, "Procedures for Public Participation in Power and

Transmission Rate Adjustments and Extensions” in connection with the proposed rate schedule. On August 8, 2011, Southwestern published notice in the **Federal Register**, (76 FR 48159), of a 60-day comment period, together with a combined Public Information and Comment Forum, to provide an opportunity for customers and other interested members of the public to review and comment on the proposed rate increase for the Integrated System. The forum was canceled because Southwestern did not receive any requests that a forum be held. Written comments were accepted through October 7, 2011. No comments were received.

Information regarding this rate proposal, including studies and other supporting material, is available for public review and comment in the offices of Southwestern Power Administration, Williams Center Tower I, One West Third Street, Tulsa, Oklahoma 74103. Following review of Southwestern’s proposal within the Department of Energy, I approved, Rate Order No. SWPA–63, on an interim basis, which increases the existing Integrated System annual revenue requirement to \$186,761,225 per year for the period January 1, 2012 through September 30, 2015.

Dated: January 9, 2012.

**Daniel Poneman,**  
*Deputy Secretary.*

**United States of America**

**Department of Energy**

**Deputy Secretary of Energy**

**In the matter of: Southwestern Power Administration; Rate Order; Integrated System Rates; No. SWPA–63**

**Order Confirming, Approving and Placing Increased Power Rate Schedules in Effect on an Interim Basis**

Pursuant to Sections 302(a) and 301(b) of the Department of Energy Organization Act, Public Law 95–91, the functions of the Secretary of the Interior and the Federal Power Commission under Section 5 of the Flood Control Act of 1944, 16 U.S.C. 825s, relating to the Southwestern Power Administration (Southwestern) were transferred to and vested in the Secretary of Energy. By Delegation Order No. 00–037.00, the Secretary of Energy delegated to the Administrator of Southwestern the authority to develop power and transmission rates, delegated to the Deputy Secretary of the Department of Energy the authority to confirm, approve, and place in effect such rates on an interim basis and delegated to the Federal Energy Regulatory Commission

(FERC) the authority to confirm and approve on a final basis or to disapprove rates developed by the Administrator under the delegation. The Deputy Secretary issued this interim rate order pursuant to that delegation.

#### **Background**

FERC confirmation and approval of the following Integrated System (System) rate schedules was provided in FERC Docket No. EF10–4–000 issued on October 4, 2010, (133 FERC ¶ 62,005) effective for the period January 1, 2010, through September 30, 2013:

Rate Schedule P–09, Wholesale Rates for Hydro Peaking Power;

Rate Schedule NFTS–09, Wholesale Rates for Non-Federal Transmission/ Interconnection Facilities Service;

Rate Schedule EE–09, Wholesale Rate for Excess Energy.

Southwestern prepared a 2011 Current Power Repayment Study (PRS) which indicated that the existing rates would not satisfy present financial criteria regarding repayment of investment within a 50-year period due to increased investments, replacements and operations and maintenance expenses in the U.S. Army Corps of Engineers (Corps) hydroelectric generating facilities and Southwestern’s transmission facilities. The Revised PRS indicated the need for a 5.4 percent revenue increase. These preliminary results which presented the basis for the proposed revenue increase were provided to the customers for their review prior to the formal process.

The final 2011 Revised PRS indicates that an increase in annual revenues of \$9,569,425 (5.4 percent) is necessary beginning January 1, 2012, to accomplish repayment in the required number of years. Accordingly, Southwestern has prepared proposed rate schedules based on the additional revenue requirement and the 2011 Rate Design Study which allocates the revenue requirement to the various System rate schedules to ensure repayment.

Title 10, Part 903, Subpart A of the Code of Federal Regulations, “Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions,” has been followed in connection with the proposed rate adjustments. More specifically, opportunities for public review and comment on proposed System power rates during a 60-day period were announced by notice published in the **Federal Register**, August 8, 2011, (76 FR 48159). The consultation and comment period was shortened from the 90 days provided for in the regulations by the Administrator

in accordance with Sec. 903.14 of 10 CFR part 903, because Southwestern held a pre-issuance consultation with customers. A Public Information and Comment Forum scheduled for August 30, 2011, in Tulsa, Oklahoma, was canceled because Southwestern did not receive any requests that a forum be held. No request for information or copies of the proposed Power Repayment and Rate Design Studies were received from any customers or interested parties during the formal period of public participation. Written comments were due by October 7, 2011.

No comments were received during the public participation process on Southwestern’s preliminary results. Following the conclusion of the comment period on October 7, 2011, the 2011 Power Repayment and Rate Design Studies were finalized. The Administrator made the decision to submit the rate proposal for interim approval and implementation.

#### **Discussion**

##### *General*

The existing rate schedules as developed in the 2009 Integrated System PRS were the basis for the revenue determination in the System Current PRS. The Current PRS indicates that existing rates are insufficient to produce the annual revenues necessary to accomplish repayment of the capital investment as required by Section 5 of the Flood Control Act of 1944 and Department of Energy (DOE) Order No. RA 6120.2.

The Revised PRS indicates it is necessary to increase annual revenues by \$9,569,425 or 5.4 percent, which satisfies the cost recovery criteria outlined in DOE Order No. RA 6120.2 and Section 5 of the Flood Control Act of 1944.

In Southwestern’s 2011 Rate Design proposal, rates were designed to recover the additional revenue requirements. The monthly demand charge for the sale of Federal hydroelectric power has increased. The base energy and supplemental energy charges also reflect an increase over the current rate. In addition, transmission charges for non-Federal, firm service have increased. Those customers taking transformation service will see no change in that rate component. The increases to the transmission charges are due to including projected additions and replacements to Southwestern’s aging transmission facilities since the last rate change and a transmission specific cost related to participation in the Southwest Power Pool Regional Transmission Organization.

Consistent with FERC's Order No. 888, Southwestern will continue charging for the six ancillary services under Rate Schedule P-11 and Rate Schedule NPTS-11, and offering non-Federal transmission service under Rate Schedule NPTS-11. Southwestern's rate design has separated the six ancillary services for all transmission service. Two ancillary services, Scheduling, System Control and Dispatch Service together with Reactive and Voltage Support Service, are required for every transmission transaction. These charges are also a part of the capacity rate for Federal power. This is consistent with Southwestern's long-standing practice of charging for the sale and delivery of Federal power in its Federal demand charge. The four remaining ancillary services will be made available to any transmission user within Southwestern's balancing area, including Federal power customers. The rate schedules for Peaking Power and Non-Federal Transmission Service reflect these charges. Network transmission service is provided to those who have contracted for the service, but only for non-Federal deliveries. The rate for and application of this service are identified in the Non-Federal Transmission/Interconnection Facilities Service Rate Schedule, NPTS-11.

With respect to the Purchased Power Adder (Adder), Southwestern proposed, as in all previous proposals beginning with the 1983 implementation of the purchased power rate component, that the Adder is set equal to the current average long-term purchased power revenue requirement. As shown in the Rate Design Study, the amount is determined by dividing the estimated total average direct purchased power costs by Southwestern's total annual contractual 1200-hour peaking energy commitments to the customers (exclusive of contract support arrangements). In Southwestern's rate proposal, the resulting Adder decreases from the current \$0.0067 per kWh of peaking energy to \$0.0062 per kWh of peaking energy. The total revenue created through application of this Adder should enable Southwestern to cover its average annual purchased power costs.

#### Comments and Responses

Southwestern received no comments or questions during the public participation period.

#### Availability of Information

Information regarding this rate proposal, including studies, comments and other supporting material, is

available for public review and comment in the offices of Southwestern Power Administration, One West Third Street, Tulsa, OK 74103.

#### Administration's Certification

The June 2011 Revised PRS indicates that the increased power rates will repay all costs of the Integrated System including amortization of the power investment consistent with the provisions of Department of Energy Order No. RA 6120.2. In accordance with Delegation Order No. 00-037.00 (December 6, 2001), and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the proposed System rates are consistent with applicable law and the lowest possible rates consistent with sound business principles.

#### Environment

The environmental impact of the proposed System rates was evaluated in consideration of DOE's guidelines for implementing the procedural provisions of the National Environmental Policy Act and was determined to fall within the class of actions that are categorically excluded from the requirements of preparing either an Environmental Impact Statement or an Environmental Assessment.

#### Order

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I hereby confirm, approve and place in effect on an interim basis, effective January 1, 2012, the following Southwestern Integrated System Rate Schedules which shall remain in effect on an interim basis through September 30, 2015, or until the FERC confirms and approves the rates on a final basis.

Dated: January 9, 2012.

Daniel Poneman,

*Deputy Secretary.*

#### United States Department of Energy Southwestern Power Administration Rate Schedule P-11<sup>1</sup>

#### Wholesale Rates for Hydro Peaking Power

##### *Effective:*

During the period January 1, 2012, through September 30, 2015, in accordance with interim approval from Rate Order No. SWPA-63 issued by the Deputy Secretary of Energy on January 9, 2012, and pursuant to final approval by the Federal Energy Regulatory Commission.

<sup>1</sup> Supersedes Rate Schedule P-09.

<sup>1</sup> Supersedes Rate Schedule P-09.

##### *Available:*

In the marketing area of Southwestern Power Administration (Southwestern), described generally as the States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas.

##### *Applicable:*

To wholesale Customers which have contractual rights from Southwestern to purchase Hydro Peaking Power and associated energy (Peaking Energy and Supplemental Peaking Energy).

##### *Character and Conditions of Service:*

Three-phase, alternating current, delivered at approximately 60 Hertz, at the nominal voltage(s), at the point(s) of delivery, and in such quantities as are specified by contract.

#### 1. Definitions of Terms

##### 1.1. Ancillary Services

The services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the System of Southwestern in accordance with good utility practice, which include the following:

1.1.1. Scheduling, System Control, and Dispatch Service is provided by Southwestern as Balancing Authority Area operator and is in regard to interchange and load-match scheduling and related system control and dispatch functions.

1.1.2. Reactive Supply and Voltage Control from Generation Sources Service is provided at transmission facilities in the System of Southwestern to produce or absorb reactive power and to maintain transmission voltages within specific limits.

1.1.3. Regulation and Frequency Response Service is the continuous balancing of generation and interchange resources accomplished by raising or lowering the output of on-line generation as necessary to follow the moment-by-moment changes in load and to maintain frequency within a Balancing Authority Area.

1.1.4. Spinning Operating Reserve Service maintains generating units on-line, but loaded at less than maximum output, which may be used to service load immediately when disturbance conditions are experienced due to a sudden loss of generation or load.

1.1.5. Supplemental Operating Reserve Service provides an additional amount of operating reserve sufficient to reduce Area Control Error to zero within 10 minutes following loss of generating capacity which would result from the most severe single contingency.

1.1.6. Energy Imbalance Service corrects for differences over a period of time between schedules and actual

hourly deliveries of energy to a load. Energy delivered or received within the authorized bandwidth for this service is accounted for as an inadvertent flow and is returned to the providing party by the receiving party in accordance with standard utility practice or a contractual arrangement between the parties.

#### 1.2. Customer

The entity which is utilizing and/or purchasing Federal Power and Federal Energy and services from Southwestern pursuant to this Rate Schedule.

#### 1.3. Demand Period

The period of time used to determine maximum integrated rates of delivery for the purpose of power accounting which is the 60-minute period that begins with the change of hour.

#### 1.4. Federal Power and Energy

The power and energy provided from the System of Southwestern.

#### 1.5. Hydro Peaking Power

The Federal Power that Southwestern sells and makes available to the Customers through their respective Power Sales Contracts in accordance with this Rate Schedule.

#### 1.6. Peaking Billing Demand

The quantity equal to the Peaking Contract Demand for any month unless otherwise provided by the Customer's Power Sales Contract.

#### 1.7. Peaking Contract Demand

The maximum rate in kilowatts at which Southwestern is obligated to deliver Federal Energy associated with Hydro Peaking Power as set forth in the Customer's Power Sales Contract.

#### 1.8. Peaking Energy

The Federal Energy associated with Hydro Peaking Power that Southwestern sells and makes available to the Customer in accordance with the terms and conditions of the Customer's Power Sales Contract.

#### 1.9. Power Sales Contract

The Customer's contract with Southwestern for the sale of Federal Power and Federal Energy.

#### 1.10. Supplemental Peaking Energy

The Federal Energy associated with Hydro Peaking Power that Southwestern sells and makes available to the Customer if determined by Southwestern to be available and that is in addition to the quantity of Peaking Energy purchased by the Customer in accordance with the terms and

conditions of the Customer's Power Sales Contract.

#### 1.11. System of Southwestern

The transmission and related facilities owned by Southwestern, and/or the generation, transmission, and related facilities owned by others, the capacity of which, by contract, is available to and utilized by Southwestern to satisfy its contractual obligations to the Customer.

#### 1.12. Uncontrollable Force

Any force which is not within the control of the party affected, including, but not limited to failure of water supply, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, Congressional act, or restraint by court of general jurisdiction, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid.

#### 2. Wholesale Rates, Terms, and Conditions for Hydro Peaking Power, Peaking Energy, Supplemental Peaking Energy, and Associated Services

Unless otherwise specified, this Section 2 is applicable to all sales under the Customer's Power Sales Contract.

##### 2.1. Hydro Peaking Power Rates, Terms, and Conditions

###### 2.1.1. Monthly Capacity Charge for Hydro Peaking Power

\$4.29 per kilowatt of Peaking Billing Demand.

###### 2.1.2. Services Associated With Capacity Charge for Hydro Peaking Power

The capacity charge for Hydro Peaking Power includes such transmission services as are necessary to integrate Southwestern's resources in order to reliably deliver Hydro Peaking Power and associated energy to the Customer. This capacity charge also includes two Ancillary Services charges: Scheduling, System Control, and Dispatch Service; and Reactive Supply and Voltage Control from Generation Sources Service.

###### 2.1.3. Secondary Transmission Service under Capacity Associated With Hydro Peaking Power

Customers may utilize the transmission capacity associated with Peaking Contract Demand for the transmission of non-Federal energy, on a non-firm, as-available basis, at no additional charge for such transmission service or associated Ancillary Services, under the following terms and conditions:

2.1.3.1. The sum of the capacity, for any hour, which is used for Peaking Energy, Supplemental Peaking Energy, and Secondary Transmission Service, may not exceed the Peaking Contract Demand;

2.1.3.2. The non-Federal energy transmitted under such secondary service is delivered to the Customer's point of delivery for Hydro Peaking Power;

2.1.3.3. The Customer commits to provide Real Power Losses associated with such deliveries of non-Federal energy; and

2.1.4. Sufficient transfer capability exists between the point of receipt into the System of Southwestern of such non-Federal energy and the Customer's point of delivery for Hydro Peaking Power for the time period that such secondary transmission service is requested.

2.1.5. Adjustment for Reduction in Service. If, during any month, the Peaking Contract Demand associated with a Power Sales Contract in which Southwestern has the obligation to provide 1,200 kilowatt-hours of Peaking Energy per kilowatt of Peaking Contract Demand is reduced by Southwestern for a period or periods of not less than two consecutive hours by reason of an outage caused by either an Uncontrollable Force or by the installation, maintenance, replacement or malfunction of generation, transmission and/or related facilities on the System of Southwestern, or insufficient pool levels, the Customer's capacity charges for such month will be reduced for each such reduction in service by an amount computed under the formula:

$$R = (C \times K \times H) \div S$$

with the factors defined as follows:

R = The dollar amount of reduction in the monthly total capacity charges for a particular reduction of not less than two consecutive hours during any month, except that the total amount of any such reduction shall not exceed the product of the Customer's capacity charges associated with Hydro Peaking Power times the Peaking Billing Demand.

C = The Customer's capacity charges associated with Hydro Peaking Power for the Peaking Billing Demand for such month.

K = The reduction in kilowatts in Peaking Billing Demand for a particular event.

H = The number of hours duration of such particular reduction.

S = The number of hours that Peaking Energy is scheduled during such month, but not less than 60 hours times the Peaking Contract Demand.

Such reduction in charges shall fulfill Southwestern's obligation to deliver

Hydro Peaking Power and Peaking Energy.

## 2.2. Peaking Energy and Supplemental Peaking Energy Rates, Terms, and Conditions

### 2.2.1. Peaking Energy Charge

\$0.0091 per kilowatthour of Peaking Energy delivered plus the Purchased Power Adder as defined in Section 2.2.3 of this Rate Schedule.

### 2.2.2. Supplemental Energy Charge

\$0.0091 per kilowatthour of Supplemental Peaking Energy delivered.

### 2.2.3. Purchased Power Adder

A purchased power adder of \$0.0062 per kilowatthour of Peaking Energy delivered, as adjusted by the Administrator, Southwestern, in accordance with the procedure within this Rate Schedule.

#### 2.2.3.1. Applicability of Purchased Power Adder

The Purchased Power Adder shall apply to sales of Peaking Energy. The Purchased Power Adder shall not apply to sales of Supplemental Peaking Energy or sales to any Customer which, by contract, has assumed the obligation to supply energy to fulfill the minimum of 1,200 kilowatthours of Peaking Energy per kilowatt of Peaking Contract Demand during a contract year (hereinafter "Contract Support Arrangements").

#### 2.2.3.2. Procedure for Determining Net Purchased Power Adder Adjustment

Not more than twice annually, the Purchased Power Adder of \$0.0062 (6.2 mills) per kilowatthour of Peaking Energy, as noted in this Rate Schedule, may be adjusted by the Administrator, Southwestern, by an amount up to a total of  $\pm$ \$0.0062 (6.2 mills) per kilowatthour per year, as calculated by the following formula:

$ADJ = (PURCH - EST + DIF) \div SALES$   
with the factors defined as follows:

**ADJ** = The dollar per kilowatthour amount of the total adjustment, plus or minus, to be applied to the net Purchased Power Adder, rounded to the nearest \$0.0001 per kilowatthour, provided that the total ADJ to be applied in any year shall not vary from the then-effective ADJ by more than \$0.0062 per kilowatthour;

**PURCH** = The actual total dollar cost of Southwestern's System Direct Purchases as accounted for in the financial records of the Southwestern Federal Power System for the period;

**EST** = The estimated total dollar cost (\$13,838,800 per year) of Southwestern's System Direct Purchases used as the basis for the Purchased Power Adder of \$0.0062 per kilowatthour of Peaking

Energy;  
**DIF** = The accumulated remainder of the difference in the actual and estimated total dollar cost of Southwestern's System Direct Purchases since the effective date of the currently approved Purchased Power Adder set forth in this Rate Schedule, which remainder is not projected for recovery through the ADJ in any previous periods;

**SALES** = The annual Total Peaking Energy sales projected to be delivered (2,241,300,000 KWh per year) from the System of Southwestern, which total was used as the basis for the \$0.0062 per kilowatthour Purchased Power Adder.

## 2.3. Transformation Service Rates, Terms, and Conditions

### 2.3.1. Monthly Capacity Charge for Transformation Service

\$0.42 per kilowatt will be assessed for capacity used to deliver energy at any point of delivery at which Southwestern provides transformation service for deliveries at voltages of 69 kilovolts or less from higher voltage facilities.

### 2.3.2. Applicability of Capacity Charge for Transformation Service

Unless otherwise specified by contract, for any particular month, a charge for transformation service will be assessed on the greater of (1) that month's highest metered demand, or (2) the highest metered demand recorded during the previous 11 months, at any point of delivery. For the purpose of this Rate Schedule, the highest metered demand will be based on all deliveries, of both Federal and non-Federal energy, from the System of Southwestern, at such point during such month.

## 2.4. Ancillary Services Rates, Terms, and Conditions

### 2.4.1. Capacity Charges for Ancillary Services

#### 2.4.1.1. Regulation and Frequency Response Service

Monthly rate of \$0.09 per kilowatt of Peaking Billing Demand plus the Regulation Purchased Adder as defined in Section 2.4.5 of this Rate Schedule.

#### 2.4.1.2. Spinning Operating Reserve Service

Monthly rate of \$0.0112 per kilowatt of Peaking Billing Demand.

Daily rate of \$0.00051 per kilowatt for non-Federal generation inside Southwestern's Balancing Authority Area.

#### 2.4.1.3. Supplemental Operating Reserve Service

Monthly rate of \$0.0112 per kilowatt of Peaking Billing Demand.

Daily rate of \$0.00051 per kilowatt for non-Federal generation inside

Southwestern's Balancing Authority Area.

#### 2.4.1.4. Energy Imbalance Service

\$0.0 per kilowatt for all reservation periods.

### 2.4.2. Availability of Ancillary Services

Regulation and Frequency Response Service and Energy Imbalance Service are available only for deliveries of power and energy to load within Southwestern's Balancing Authority Area. Spinning Operating Reserve Service and Supplemental Operating Reserve Service are available only for deliveries of non-Federal power and energy generated by resources located within Southwestern's Balancing Authority Area and for deliveries of all Hydro Peaking Power and associated energy from and within Southwestern's Balancing Authority Area. Where available, such Ancillary Services must be taken from Southwestern; unless, arrangements are made in accordance with Section 2.4.4 of this Rate Schedule.

### 2.4.3. Applicability of Charges for Ancillary Services

For any month, the charges for Ancillary Services for deliveries of Hydro Peaking Power shall be based on the Peaking Billing Demand.

The daily charge for Spinning Operating Reserve Service and Supplemental Operating Reserve Service for non-Federal generation inside Southwestern's Balancing Authority Area shall be applied to the greater of Southwestern's previous day's estimate of the peak, or the actual peak, in kilowatts, of the internal non-Federal generation.

### 2.4.4. Provision of Ancillary Services by Others

Customers for which Ancillary Services are made available as specified above, must inform Southwestern by written notice of the Ancillary Services which they do not intend to take and purchase from Southwestern, and of their election to provide all or part of such Ancillary Services from their own resources or from a third party.

Subject to Southwestern's approval of the ability of such resources or third parties to meet Southwestern's technical and operational requirements for provision of such Ancillary Services, the Customer may change the Ancillary Services which it takes from Southwestern and/or from other sources at the beginning of any month upon the greater of 60 days notice or upon completion of any necessary equipment modifications necessary to accommodate such change; *Provided*,

That, if the Customer chooses not to take Regulation and Frequency Response Service, which includes the associated Regulation Purchased Adder, the Customer must pursue these services from a different host Balancing Authority; thereby moving all metered loads and resources from Southwestern's Balancing Authority Area to the Balancing Authority Area of the new host Balancing Authority. Until such time as that meter reconfiguration is accomplished, the Customer will be charged for the Regulation and Frequency Response Service and applicable Adder then in effect. The Customer must notify Southwestern by July 1 of this choice, to be effective January 1 of the subsequent calendar year; *Provided*, That, such Customers shall be assessed for all costs incurred by Southwestern for the Regulation Purchased Adder for the calendar year in which they give notice. Such assessment will be paid in twelve equal monthly payments during the subsequent calendar year.

2.4.5. Regulation Purchased Adder

At Southwestern's sole discretion, Southwestern may make a determination that additional regulation purchases are necessary in order to meet Southwestern's Balancing Authority Area requirements. Such regulation purchases shall be provided for through the Regulation Purchased Adder, which shall be estimated annually before May 1. Southwestern will provide written notice to the Customer of the estimated Regulation Purchased Adder charge to be recovered during the time period of January 1 through December 31 of the next calendar year; *Provided*, That, should Southwestern incur additional regulation costs beyond the initial estimate, such costs will be recovered in the Regulation Purchased Adder for the calendar year following when such costs were incurred.

2.4.5.1. Applicability of Regulation Purchased Adder

The costs for regulation purchases shall be recovered by Customers located within Southwestern's Balancing Authority Area on a non-coincident peak ratio share basis, divided into twelve equal monthly payments, in accordance with the formula in Section 2.4.5.2. If the Regulation Purchased Adder is determined and applied under Southwestern's Rate Schedule NPTS-11, then it shall not be applied here.

2.4.5.2. Procedure for Determining Regulation Purchased Adder

Unless otherwise specified by contract, the Regulation Purchased

Adder for an individual Customer shall be based on the following formula rate, calculated to include all costs incurred by Southwestern for regulation purchases from the previous calendar year.

RPA = The Regulation Purchased Adder for an individual Customer per month, which is as follows:

$$[(L_{Customer} \div L_{Total}) \times RP_{Total}] \div 12$$

with the factors defined as follows:

$L_{Customer}$  = The sum in MW of the following three factors:

- (1) The Customer's highest metered load plus generation used to serve the Customer's load that is accounted for through a reduction in the Customer's metered load (referred to as "generation behind the meter") during the previous calendar year, and
- (2) The Customer's highest rate of Scheduled Exports\* during the previous calendar year, and
- (3) The Customer's highest rate of Scheduled Imports\* during the previous calendar year.

$L_{Total}$  = The sum of all  $L_{Customer}$  factors for all Customers inside Southwestern's Balancing Authority Area in MW.

$RP_{Total}$  = The cost in dollars and cents of all capacity and "net energy" purchases made by Southwestern during the previous calendar year to support Southwestern's ability to regulate within its Balancing Authority Area. The cost in dollars and cents associated with "net energy" purchases shall be adjusted by subtracting the product of the quantity of such energy purchased in MWh and Southwestern's highest rate in dollars per MWh for Supplemental Peaking Energy during the previous calendar year.

\* Scheduled Exports and Scheduled Imports are transactions, such as sales and purchases respectively, which are in addition to a Customer's metered load that contribute to Southwestern's Balancing Authority Area need for regulation. The Scheduled Exports and Scheduled Imports for calendar year 2011 shall not factor into the Customers' Regulation Purchased Adders for calendar year 2012.

For Customers that have aggregated their load, resources, and scheduling into a single node by contract within Southwestern's Balancing Authority Area, the individual Customer's respective Regulation Purchased Adder shall be that Customer's ratio share of the Regulation Purchased Adder established for the node. Such ratio share shall be determined for the Customer on a non-coincident basis and shall be calculated for the Customer from their highest metered load plus generation behind the meter.

2.4.6. Energy Imbalance Service Limitations

Energy Imbalance Service primarily applies to deliveries of power and energy which are required to satisfy a Customer's load. As Hydro Peaking Power and associated energy are limited by contract, the Energy Imbalance Service bandwidth specified for Non-Federal Transmission Service does not apply to deliveries of Hydro Peaking Power, and therefore Energy Imbalance Service is not charged on such deliveries. Customers who consume a capacity of Hydro Peaking Power greater than their Peaking Contract Demand may be subject to a Capacity Overrun Penalty.

3. Hydro Peaking Power Penalties, Terms, and Conditions

3.1. Capacity Overrun Penalty

3.1.1. Penalty Charge for Capacity Overrun

For each hour during which Hydro Peaking Power was provided at a rate greater than that to which the Customer is entitled, the Customer will be charged a Capacity Overrun Penalty at the following rates:

Months associated with charge	Rate per kilowatt
March, April, May, October, November, December .....	\$0.15
January, February, June, July, August, September .....	0.30

3.1.2. Applicability of Capacity Overrun Penalty

Customers which have loads within Southwestern's Balancing Authority Area are obligated by contract to provide resources, over and above the Hydro Peaking Power and associated energy purchased from Southwestern, sufficient to meet their loads. A Capacity Overrun Penalty shall be applied only when the formulas provided in Customers' respective Power Sales Contracts indicate an overrun on Hydro Peaking Power, and investigation determines that all resources, both firm and non-firm, which were available at the time of the apparent overrun were insufficient to meet the Customer's load.

3.2. Energy Overrun Penalty

3.2.1. Penalty Charge for Energy Overrun

\$0.1001 per kilowatthour for each kilowatthour of overrun.

3.2.2. Applicability of Energy Overrun Penalty

By contract, the Customer is subject to limitations on the maximum amounts of Peaking Energy which may be scheduled under the Customer's Power Sales Contract. When the Customer schedules an amount in excess of such maximum amounts, such Customer is subject to the Energy Overrun Penalty.

3.3. Power Factor Penalty

3.3.1. Requirements Related to Power Factor

Any Customer served from facilities owned by or available by contract to Southwestern will be required to maintain a power factor of not less than 95 percent and will be subject to the following provisions.

3.3.2. Determination of Power Factor

The power factor will be determined for all Demand Periods and shall be calculated under the formula:

$$PF = \frac{kWh}{\sqrt{kWh^2 + rkVAh^2}}$$

with the factors defined as follows:

PF = The power factor for any Demand Period of the month.

kWh = The total quantity of energy which is delivered during such Demand Period to the point of delivery or interconnection in accordance with Section 3.3.4.

rkVAh = The total quantity of reactive kilovolt-ampere-hours (kVARs) delivered during such Demand Period to the point of delivery or interconnection in accordance with Section 3.3.4.

3.3.3. Penalty Charge for Power Factor

The Customer shall be assessed a penalty for all Demand Periods of a month where the power factor is less than 95 percent lagging. For any Demand Period during a particular month such penalty shall be in accordance with the following formula:

$$C = D \times (0.95 - LPF) \times \$0.10$$

with the factors defined as follows:

C = The charge in dollars to be assessed for any particular Demand Period of such month that the determination of power factor "PF" is calculated to be less than 95 percent lagging.

D = The Customer's demand in kilowatts at the point of delivery for such Demand Period in which a low power factor was calculated.

LPF = The lagging power factor, if any, determined by the formula "PF" for such Demand Period.

If C is negative, then C = zero (0).

3.3.4. Applicability of Power Factor Penalty

The Power Factor Penalty is applicable to radial interconnections with the System of Southwestern. The total Power Factor Penalty for any

month shall be the sum of all charges "C" for all Demand Periods of such month. No penalty is assessed for leading power factor. Southwestern, in its sole judgment and at its sole option, may determine whether power factor calculations should be applied to (i) a single physical point of delivery, (ii) a combination of physical points of delivery where a Customer has a single, electrically integrated load, (iii) or interconnections. The general criteria for such decision shall be that, given the configuration of the Customer's and Southwestern's systems, Southwestern will determine, in its sole judgment and at its sole option, whether the power factor calculation more accurately assesses the detrimental impact on Southwestern's system when the above formula is calculated for a single physical point of delivery, a combination of physical points of delivery, or for an interconnection as specified by an Interconnection Agreement.

Southwestern, at its sole option, may reduce or waive Power Factor Penalties when, in Southwestern's sole judgment, low power factor conditions were not detrimental to the System of Southwestern due to particular loading and voltage conditions at the time the power factor dropped below 95 percent lagging.

4. Hydro Peaking Power Miscellaneous Rates, Terms, and Conditions

4.1. Real Power Losses

Customers are required to self-provide all Real Power Losses for non-Federal energy transmitted by Southwestern on behalf of such Customers under the provisions detailed below.

Real Power Losses are computed as four (4) percent of the total amount of non-Federal energy transmitted by Southwestern. The Customer's monthly Real Power Losses are computed each month on a megawatthour basis as follows:

$$ML = 0.04 \times NFE$$

with the factors defined as follows:

ML = The total monthly loss energy, rounded to the nearest megawatthour, to be scheduled by a Customer for receipt by Southwestern for Real Power Losses associated with non-Federal energy transmitted on behalf of such Customer; and

NFE = The amount of non-Federal energy that was transmitted by Southwestern on behalf of a Customer during a particular month.

The Customer must schedule or cause to be scheduled to Southwestern, Real Power Losses for which it is responsible subject to the following conditions:

4.1.1. The Customer shall schedule and deliver Real Power Losses back to Southwestern during the second month after they were incurred by Southwestern in the transmission of the Customer's non-Federal power and energy over the System of Southwestern unless such Customer has accounted for Real Power Losses as part of a metering arrangement with Southwestern.

4.1.2. On or before the twentieth day of each month, Southwestern shall determine the amount of non-Federal loss energy it provided on behalf of the Customer during the previous month and provide a written schedule to the Customer setting forth hour-by-hour the quantities of non-Federal energy to be delivered to Southwestern as losses during the next month.

4.1.3. Real Power Losses not delivered to Southwestern by the Customer, according to the schedule provided, during the month in which such losses are due shall be billed by Southwestern to the Customer to adjust the end-of-month loss energy balance to zero (0) megawatthours and the Customer shall be obliged to purchase such energy at the following rates:

Months associated with charge	Rate per kilowatthour
March, April, May, October, November, December .....	\$0.15
January, February, June, July, August, September .....	0.30

4.1.4. Real Power Losses delivered to Southwestern by the Customer in excess of the losses due during the month shall be purchased by Southwestern from the Customer at a rate per megawatthour equal to Southwestern's rate per megawatthour for Supplemental Peaking Energy, as set forth in Southwestern's then-effective Rate Schedule for Hydro Peaking Power to adjust such hourly end-of-month loss energy balance to zero (0) megawatthours.

**United States Department of Energy  
Southwestern Power Administration  
Rate Schedule NFTS-11<sup>1</sup>**

**Wholesale Rates for Non-Federal  
Transmission/Interconnection Facilities  
Service**

*Effective:* During the period January 1, 2012, through September 30, 2015, in accordance with interim approval from Rate Order No. SWPA-63 issued by the Deputy Secretary of Energy on January 9, 2012, and pursuant to final approval by the Federal Energy Regulatory Commission.

<sup>1</sup> Supersedes Rate Schedule NFTS-09.

*Available:* In the region of the System of Southwestern.

*Applicable:* To Customers which have executed Service Agreements with Southwestern for the transmission of non-Federal power and energy over the System of Southwestern or for its use for interconnections. Southwestern will provide services over those portions of the System of Southwestern in which the Administrator, Southwestern, in his or her sole judgment, has determined that uncommitted transmission and transformation capacities in the System of Southwestern are and will be available in excess of the capacities required to market Federal power and energy pursuant to Section 5 of the Flood Control Act of 1944 (58 Stat. 887,890; 16 U.S.C. 825s).

*Character and Conditions of Service:* Three-phase, alternating current, delivered at approximately 60 Hertz, at the nominal voltage(s), at the point(s) specified by Service Agreement or Transmission Service Transaction.

## 1. Definitions of Terms

### 1.1. Ancillary Services

The services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the System of Southwestern in accordance with good utility practice, which include the following:

1.1.1. Scheduling, System Control, and Dispatch Service is provided by Southwestern as Balancing Authority Area operator and is in regard to interchange and load-match scheduling and related system control and dispatch functions.

1.1.2. Reactive Supply and Voltage Control from Generation Sources Service is provided at transmission facilities in the System of Southwestern to produce or absorb reactive power and to maintain transmission voltages within specific limits.

1.1.3. Regulation and Frequency Response Service is the continuous balancing of generation and interchange resources accomplished by raising or lowering the output of on-line generation as necessary to follow the moment-by-moment changes in load and to maintain frequency within a Balancing Authority Area.

1.1.4. Spinning Operating Reserve Service maintains generating units on-line, but loaded at less than maximum output, which may be used to service load immediately when disturbance conditions are experienced due to a sudden loss of generation or load.

1.1.5. Supplemental Operating Reserve Service provides an additional

amount of operating reserve sufficient to reduce Area Control Error to zero within 10 minutes following loss of generating capacity which would result from the most severe single contingency.

1.1.6. Energy Imbalance Service corrects for differences over a period of time between schedules and actual hourly deliveries of energy to a load. Energy delivered or received within the authorized bandwidth for this service is accounted for as an inadvertent flow and is returned to the providing party by the receiving party in accordance with standard utility practice or a contractual arrangement between the parties.

### 1.2. Customer

The entity which is utilizing and/or purchasing services from Southwestern pursuant to this Rate Schedule.

### 1.3. Demand Period

The period of time used to determine maximum integrated rates of delivery for the purpose of power accounting which is the 60-minute period that begins with the change of hour.

### 1.4. Firm Point-to-Point Transmission Service

Transmission service reserved on a firm basis between specific points of receipt and delivery pursuant to either a Firm Transmission Service Agreement or to a Transmission Service Transaction.

### 1.5. Interconnection Facilities Service

A service that provides for the use of the System of Southwestern to deliver energy and/or provide system support at an interconnection.

### 1.6. Network Integration Transmission Service

Transmission service provided under Part III of Southwestern's Open Access Transmission Service Tariff which provides the Customer with firm transmission service for the delivery of capacity and energy from the Customer's resources to the Customer's load.

### 1.7. Non-Firm Point-to-Point Transmission Service

Transmission service reserved on a non-firm basis between specific points of receipt and delivery pursuant to a Transmission Service Transaction.

### 1.8. Point of Delivery

Either a single physical point to which electric power and energy are delivered from the System of Southwestern, or a specified set of delivery points which together form a single, electrically integrated load.

### 1.9. Secondary Transmission Service

Service that is associated with Firm Point-to-Point Transmission Service and Network Integration Transmission Service. For Firm Point-to-Point Transmission Service, it consists of transmission service provided on an as-available, non-firm basis, scheduled within the limits of a particular capacity reservation for transmission service, and scheduled from points of receipt, or to points of delivery, other than those designated in a Long-Term Firm Transmission Service Agreement or a Transmission Service Transaction for Firm Point-to-Point Transmission Service. For Network Integration Transmission Service, Secondary Transmission Service consists of transmission service provided on an as-available, non-firm basis, from resources other than the network resources designated in a Network Transmission Service Agreement, to meet the Customer's network load. The charges for Secondary Transmission Service, other than Ancillary Services, are included in the applicable capacity charges for Firm Point-to-Point Transmission Service and Network Integration Transmission Service.

### 1.10. Service Agreement

A contract executed between a Customer and Southwestern for the transmission of non-Federal power and energy over the System of Southwestern or for interconnections which include the following:

1.10.1. Firm Transmission Service Agreement provides for reserved transmission capacity on a firm basis, for a particular point-to-point delivery path.

1.10.2. Interconnection Agreement provides for the use of the System of Southwestern and recognizes the exchange of mutual benefits for such use or provides for application of a charge for Interconnection Facilities Service.

1.10.3. Network Transmission Service Agreement provides for the Customer to request firm transmission service for the delivery of capacity and energy from the Customer's network resources to the Customer's network load, for a period of one year or more.

1.10.4. Non-Firm Transmission Service Agreement provides for the Customer to request transmission service on a non-firm basis.

### 1.11. Service Request

The request made under a Transmission Service Agreement through the Southwest Power Pool, Inc. (hereinafter "SPP") Open Access Same-



Time Information System (hereinafter "OASIS") for reservation of transmission capacity over a particular point-to-point delivery path for a particular period. The Customer must submit hourly schedules for actual service in addition to the Service Request.

#### 1.12. System of Southwestern

The transmission and related facilities owned by Southwestern, and/or the generation, transmission, and related facilities owned by others, the capacity of which, by contract, is available to and utilized by Southwestern to satisfy its contractual obligations to the Customer.

#### 1.13. Transmission Service Transaction

A Service Request that has been approved by SPP.

#### 1.14. Uncontrollable Force

Any force which is not within the control of the party affected, including, but not limited to failure of water supply, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, Congressional act, or restraint by court of general jurisdiction, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid.

## 2. Wholesale Rates, Terms, and Conditions for Firm Point-to-Point Transmission Service, Non-Firm Point-to-Point Transmission Service, Network Integration Transmission Service, and Interconnection Facilities Service

### 2.1. Firm Point-to-Point Transmission Service Rates, Terms, and Conditions

#### 2.1.1. Monthly Capacity Charge for Firm Point-to-Point Transmission Service

\$1.28 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a longer term agreement.

#### 2.1.2. Weekly Capacity Charge for Firm Point-to-Point Transmission Service

\$0.320 per kilowatt of transmission capacity reserved in increments of one week of service.

#### 2.1.3. Daily Capacity Charge for Firm Point-to-Point Transmission Service

\$0.0582 per kilowatt of transmission capacity reserved in increments of one day of service.

#### 2.1.4. Services Associated With Capacity Charge for Firm Point-to-Point Transmission Service

The capacity charge for Firm Point-to-Point Transmission Service includes

Secondary Transmission Service, but does not include charges for Ancillary Services associated with actual schedules.

#### 2.1.5. Applicability of Capacity Charge for Firm Point-to-Point Transmission Service

Capacity charges for Firm Point-to-Point Transmission Service are applied to quantities reserved by contract under a Firm Transmission Service Agreement or in accordance with a Transmission Service Transaction.

A Customer, unless otherwise specified by contract, will be assessed capacity charges on the greatest of (1) the highest metered demand at any particular Point of Delivery during a particular month, rounded up to the nearest whole megawatt, or (2) the highest metered demand recorded at such Point of Delivery during any of the previous 11 months, rounded up to the nearest whole megawatt, or (3) the capacity reserved by contract; which amount shall be considered such Customer's reserved capacity. Secondary Transmission Service for such Customer shall be limited during any month to the most recent metered demand on which that Customer is billed or to the capacity reserved by contract, whichever is greater.

### 2.2. Non-Firm Point-to-Point Transmission Service Rates, Terms, and Conditions

#### 2.2.1. Monthly Capacity Charge for Non-Firm Point-to-Point Transmission Service

80 percent of the monthly capacity charge for Firm Point-to-Point Transmission Service reserved in increments of one month.

#### 2.2.2. Weekly Capacity Charge for Non-Firm Point-to-Point Transmission Service

80 percent of the monthly capacity charge divided by 4 for Firm Point-to-Point Transmission Service reserved in increments of one week.

#### 2.2.3. Daily Capacity Charge for Non-Firm Point-to-Point Transmission Service

80 percent of the monthly capacity charge divided by 22 for Firm Point-to-Point Transmission Service reserved in increments of one day.

#### 2.2.4. Hourly Capacity Charge for Non-Firm Point-to-Point Transmission Service

80 percent of the monthly capacity charge divided by 352 for Firm Point-to-Point Transmission Service reserved in increments of one hour.

#### 2.2.5. Applicability of Charges for Non-Firm Point-to-Point Transmission Service

Capacity charges for Non-Firm Point-to-Point Transmission Service are applied to quantities reserved under a Transmission Service Transaction, and do not include charges for Ancillary Services.

### 2.3. Network Integration Transmission Service Rates, Terms, and Conditions

#### 2.3.1. Annual Revenue Requirement for Network Integration Transmission Service

\$14,267,100.

#### 2.3.2. Monthly Revenue Requirement for Network Integration Transmission Service

\$1,188,925.

#### 2.3.3. Net Capacity Available for Network Integration Transmission Service

930,000 kilowatts.

#### 2.3.4. Monthly Capacity Charge for Network Integration Transmission Service

\$1.28 per kilowatt of Network Load (charge derived from  $\$1,188,925 \div 930,000$  kilowatts).

#### 2.3.5. Applicability of Charges for Network Integration Transmission Service

Network Integration Transmission Service is available only for deliveries of non-Federal power and energy, and is applied to the Customer utilizing such service exclusive of any deliveries of Federal power and energy. The capacity on which charges for any particular Customer utilizing this service is determined on the greatest of (1) the highest metered demand at any particular point of delivery during a particular month, rounded up to the nearest whole megawatt, or (2) the highest metered demand recorded at such point of delivery during any of the previous 11 months, rounded up to the nearest whole megawatt.

For a Customer taking Network Integration Transmission Service who is also taking delivery of Federal Power and Energy, the highest metered demand shall be determined by subtracting the energy scheduled for delivery of Federal Power and Energy for any hour from the metered demand for such hour.

Secondary Transmission Service for a Customer shall be limited during any month to the most recent highest metered demand on which such Customer is billed. Charges for

Ancillary Services shall also be assessed.

#### 2.4. Interconnection Facilities Service Rates, Terms, and Conditions

##### 2.4.1. Monthly Capacity Charge for Interconnection Facilities Service

\$1.28 per kilowatt.

##### 2.4.2. Applicability of Capacity Charge for Interconnection Facilities Service

Any Customer that requests an interconnection from Southwestern which, in Southwestern's sole judgment and at its sole option, does not provide commensurate benefits or compensation to Southwestern for the use of its facilities shall be assessed a capacity charge for Interconnection Facilities Service. For any month, charges for Interconnection Facilities Service shall be assessed on the greater of (1) that month's actual highest metered demand, or (2) the highest metered demand recorded during the previous eleven months, as metered at the interconnection. The use of Interconnection Facilities Service will be subject to power factor provisions as specified in this Rate Schedule. The interconnection customer shall also schedule and deliver Real Power Losses pursuant to the provisions of this Rate Schedule based on metered flow through the interconnection where Interconnection Facilities Services is assessed.

#### 2.5. Transformation Service Rates, Terms, and Conditions

##### 2.5.1. Monthly Capacity Charge for Transformation Service

\$0.42 per kilowatt will be assessed for capacity used to deliver energy at any point of delivery at which Southwestern provides transformation service for deliveries at voltages of 69 kilovolts or less from higher voltage facilities.

##### 2.5.2. Applicability of Capacity Charge for Transformation Service

Unless otherwise specified by contract, for any particular month, a charge for transformation service will be assessed on the greater of (1) that month's highest metered demand, or (2) the highest metered demand recorded during the previous 11 months, at any point of delivery. For the purpose of this Rate Schedule, the highest metered demand will be based on all deliveries, of both Federal and non-Federal energy, from the System of Southwestern, at such point during such month.

#### 2.6. Ancillary Services Rates, Terms, and Conditions

##### 2.6.1. Capacity Charges for Ancillary Services

###### 2.6.1.1. Scheduling, System Control, and Dispatch Service

Monthly rate of \$0.09 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Service Agreement or Network Transmission Service Agreement.

Weekly rate of \$0.023 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily rate of \$0.0041 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly rate of \$0.00026 per kilowatt of transmission energy delivered as non-firm transmission service.

###### 2.6.1.2. Reactive Supply and Voltage Control From Generation Sources Service

Monthly rate of \$0.04 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Service Agreement or Network Transmission Service Agreement.

Weekly rate of \$0.010 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily rate of \$0.0018 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly rate of \$0.00011 per kilowatt of transmission energy delivered as non-firm transmission service.

###### 2.6.1.3. Regulation and Frequency Response Service

Monthly rate of \$0.09 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Service Agreement or Network Transmission Service Agreement plus the Regulation Purchased Adder as defined in Section 2.6.5 of this Rate Schedule.

Weekly rate of \$0.023 per kilowatt of transmission capacity reserved in increments of one week of service plus the Regulation Purchased Adder as defined in Section 2.6.5 of this Rate Schedule.

Daily rate of \$0.0041 per kilowatt of transmission capacity reserved in increments of one day of service plus the Regulation Purchased Adder as defined in Section 2.6.5 of this Rate Schedule.

Hourly rate of \$0.00026 per kilowatt of transmission energy delivered as non-

firm transmission service plus the Regulation Purchased Adder as defined in Section 2.6.5 of this Rate Schedule.

###### 2.6.1.4. Spinning Operating Reserve Service

Monthly rate of \$0.0112 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Service Agreement or Network Transmission Service Agreement.

Weekly rate of \$0.0028 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily rate of \$0.00051 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly rate of \$0.00003 per kilowatt of transmission energy delivered as non-firm transmission service.

###### 2.6.1.5. Supplemental Operating Reserve Service

Monthly rate of \$0.0112 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a Long-Term Firm Transmission Service Agreement or Network Transmission Service Agreement.

Weekly rate of \$0.0028 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily rate of \$0.00051 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly rate of \$0.00003 per kilowatt of transmission energy delivered as non-firm transmission service.

###### 2.6.1.6. Energy Imbalance Service

\$0.0 per kilowatt for all reservation periods.

#### 2.6.2. Availability of Ancillary Services

Scheduling, System Control, and Dispatch Service and Reactive Supply and Voltage Control from Generation Sources Service are available for all transmission services in and from the System of Southwestern and shall be provided by Southwestern. Regulation and Frequency Response Service and Energy Imbalance Service are available only for deliveries of power and energy to load within Southwestern's Balancing Authority Area, and shall be provided by Southwestern, unless, subject to Southwestern's approval, they are provided by others. Spinning Operating Reserve Service and Supplemental Operating Reserve Service are available only for deliveries of power and energy generated by resources located within Southwestern's Balancing Authority Area and shall be provided by Southwestern, unless, subject to

Southwestern's approval, they are provided by others.

### 2.6.3. Applicability of Charges for Ancillary Services

Charges for all Ancillary Services are applied to the transmission capacity reserved or network transmission service taken by the Customer in accordance with the rates listed above when such services are provided by Southwestern.

The charges for Ancillary Services are considered to include Ancillary Services for any Secondary Transmission Service, except in cases where Ancillary Services identified in Sections 2.6.1.3 through 2.6.1.6 of this Rate Schedule are applicable to a Transmission Service Transaction of Secondary Transmission Service, but are not applicable to the transmission capacity reserved under which Secondary Transmission Service is provided. When charges for Ancillary Services are applicable to Secondary Transmission Service, the charge for the Ancillary Service shall be the hourly rate applied to all energy transmitted utilizing the Secondary Transmission Service.

### 2.6.4. Provision of Ancillary Services by Others

Customers for which Ancillary Services identified in Sections 2.6.1.3 through 2.6.1.6 of this Rate Schedule are made available as specified above must inform Southwestern by written notice of the Ancillary Services which they do *not* intend to take and purchase from Southwestern, and of their election to provide all or part of such Ancillary Services from their own resources or from a third party. Such notice requirements also apply to requests for Southwestern to provide Ancillary Services when such services are available as specified above.

Subject to Southwestern's approval of the ability of such resources or third parties to meet Southwestern's technical and operational requirements for provision of such Ancillary Services, the Customer may change the Ancillary Services which it takes from Southwestern and/or from other sources at the beginning of any month upon the greater of 60 days written notice or upon the completion of any necessary equipment modifications necessary to accommodate such change; *Provided*, That, if the Customer chooses not to take Regulation and Frequency Response Service, which includes the associated Regulation Purchased Adder, the Customer must pursue these services from a different host Balancing Authority; thereby moving all metered

loads and resources from Southwestern's Balancing Authority Area to the Balancing Authority Area of the new host Balancing Authority. Until such time as that meter reconfiguration is accomplished, the Customer will be charged for the Regulation and Frequency Response Service and applicable Adder then in effect. The Customer must notify Southwestern by July 1 of this choice, to be effective January 1 of the subsequent calendar year; *Provided*, That, such Customers shall be assessed for all costs incurred by Southwestern for the Regulation Purchased Adder for the calendar year in which they give notice. Such assessment will be paid in twelve equal monthly payments during the subsequent calendar year.

### 2.6.5. Regulation Purchased Adder

At Southwestern's sole discretion, Southwestern may make a determination that additional regulation purchases are necessary in order to meet Southwestern's Balancing Authority Area requirements. Such regulation purchases shall be provided for through the Regulation Purchased Adder, which shall be estimated annually before May 1. Southwestern will provide written notice to the Customer of the estimated Regulation Purchased Adder charge to be recovered during the time period of January 1 through December 31 of the next calendar year; *Provided*, That, should Southwestern incur additional regulation costs beyond the initial estimate, such costs will be recovered in the Regulation Purchased Adder for the calendar year following when such costs were incurred.

#### 2.6.5.1. Applicability of Regulation Purchased Adder

The costs for regulation purchases shall be recovered by Customers located within Southwestern's Balancing Authority Area on a non-coincident peak ratio share basis, divided into twelve equal monthly payments, in accordance with the formula in Section 2.6.5.2.

If the Regulation Purchased Adder is determined and applied under Southwestern's Rate Schedule P-11, then it shall not be applied here.

#### 2.6.5.2. Procedure for Determining Regulation Purchased Adder

Unless otherwise specified by contract, the Regulation Purchased Adder for an individual Customer shall be based on the following formula rate, calculated to include all costs incurred by Southwestern for regulation purchases from the previous calendar year.

RPA = The Regulation Purchased Adder for an individual Customer per month, which is as follows:

$$[(L_{\text{Customer}} \div L_{\text{Total}}) \times RP_{\text{Total}}] \div 12$$

with the factors defined as follows:

$L_{\text{Customer}}$  = The sum in MW of the following three factors:

- (1) The Customer's highest metered load plus generation used to serve the Customer's load that is accounted for through a reduction in the Customer's metered load (referred to as 'generation behind the meter') during the previous calendar year, and
- (2) The Customer's highest rate of Scheduled Exports\* during the previous calendar year, and
- (3) The Customer's highest rate of Scheduled Imports\* during the previous calendar year.

$L_{\text{Total}}$  = The sum of all  $L_{\text{Customer}}$  factors for all Customers inside Southwestern's Balancing Authority Area in MW.

$RP_{\text{Total}}$  = The cost in dollars and cents of all capacity and "net energy" purchases made by Southwestern during the previous calendar year to support Southwestern's ability to regulate within its Balancing Authority Area. The cost in dollars and cents associated with "net energy" purchases shall be adjusted by subtracting the product of the quantity of such energy purchased in MWh and Southwestern's highest rate in dollars per MWh for Supplemental Peaking Energy during the previous calendar year.

\*Scheduled Exports and Scheduled Imports are transactions, such as sales and purchases respectively, which are in addition to a Customer's metered load that contribute to Southwestern's Balancing Authority Area need for regulation. The Scheduled Exports and Scheduled Imports for calendar year 2011 shall not factor into the Customers' Regulation Purchased Adders for calendar year 2012.

For Customers that have aggregated their load, resources, and scheduling into a single node by contract within Southwestern's Balancing Authority Area, the individual Customer's respective Regulation Purchased Adder shall be that Customer's ratio share of the Regulation Purchased Adder established for the node. Such ratio share shall be determined for the Customer on a non-coincident basis and shall be calculated for the Customer from their highest metered load plus generation behind the meter.

### 2.6.6. Energy Imbalance Service Limitations

Energy Imbalance Service is authorized for use only within a bandwidth of  $\pm 1.5$  percent of the actual requirements of the load at a particular point of delivery, for any hour, compared to the resources scheduled to

meet such load during such hour. Deviations which are greater than ±1.5 percent, but which are less than ±2,000 kilowatts, are considered to be within the authorized bandwidth. Deviations outside the authorized bandwidth are subject to a Capacity Overrun Penalty.

Energy delivered or received within the authorized bandwidth for this service is accounted for as an inadvertent flow and will be netted against flows in the future. The inadvertent flow in any given hour will only be offset with the flows in the corresponding hour of a day in the same category. Unless otherwise specified by contract, the two categories of days are weekdays and weekend days/North American Electric Reliability Corporation holidays, and this process will result in a separate inadvertent accumulation for each hour of the two categories of days. The hourly accumulations in the current month will be added to the hourly inadvertent balances from the previous month, resulting in a month-end balance for each hour.

The Customer is required to adjust the scheduling of resources in such a way as to reduce the accumulation towards zero. It is recognized that the inadvertent hourly flows can be both negative and positive, and that offsetting flows should deter a significant accumulation of inadvertent. Unless otherwise specified by contract, in the event any hourly month-end balance exceeds 12 MWhs, the excess will be subject to Section 3.1 or Section 3.2 of this Rate Schedule, depending on the direction of the accumulation.

**3. Non-Federal Transmission/ Interconnection Facilities Service Penalties, Terms, and Conditions**

**3.1. Capacity Overrun Penalty**

**3.1.1. Penalty Charge for Capacity Overrun**

For each hour during which energy flows outside the authorized bandwidth, the Customer will be obliged to purchase such energy at the following rates:

Months associated with charge	Rate per kilowatt
March, April, May, October, November, December .....	\$0.15
January, February, June, July, August, September .....	0.30

**3.1.2. Applicability of Capacity Overrun Penalty**

Customers who receive deliveries within Southwestern’s Balancing Authority Area are obligated to provide

resources sufficient to meet their loads. Such obligation is not related to the amount of transmission capacity that such Customers may have reserved for transmission service to a particular load. In the event that a Customer underschedules its resources to serve its load, resulting in a difference between resources and actual metered load (adjusted for transformer losses as applicable) outside the authorized bandwidth for Energy Imbalance Service for any hour, then such Customer is subject to the Capacity Overrun Penalty.

**3.2. Unauthorized Use of Energy Imbalance Service by Overscheduling of Resources**

In the event that a Customer schedules greater resources than are needed to serve its load, such that energy flows at rates beyond the authorized bandwidth for the use of Energy Imbalance Service, Southwestern retains such energy at no cost to Southwestern and with no obligation to return such energy.

**3.3. Power Factor Penalty**

**3.3.1. Requirements Related to Power Factor**

Any Customer served from facilities owned by or available by contract to Southwestern will be required to maintain a power factor of not less than 95 percent and will be subject to the following provisions.

**3.3.2. Determination of Power Factor**

The power factor will be determined for all Demand Periods and shall be calculated under the formula:

$$PF = (kWh) \div \sqrt{(kWh^2 + rkVAh^2)}$$

with the factors defined as follows:

PF = The power factor for any Demand Period of the month.

kWh = The total quantity of energy which is delivered during such Demand Period to the point of delivery or interconnection in accordance with Section 3.3.4.

rkVAh = The total quantity of reactive kilovolt-ampere-hours (kVARs) delivered during such Demand Period to the point of delivery or interconnection in accordance with Section 3.3.4.

**3.3.3. Penalty Charge for Power Factor**

The Customer shall be assessed a penalty for all Demand Periods of a month where the power factor is less than 95 percent lagging. For any Demand Period during a particular month such penalty shall be in accordance with the following formula:

$$C = D \times (0.95 - LPF) \times \$0.10$$

with the factors defined as follows:

C = The charge in dollars to be assessed for any particular Demand Period of such

month that the determination of power factor “PF” is calculated to be less than 95 percent lagging.

D = The Customer’s demand in kilowatts at the point of delivery for such Demand Period in which a low power factor was calculated.

LPF = The lagging power factor, if any, determined by the formula “PF” for such Demand Period.

If C is negative, then C = zero (0).

**3.3.4. Applicability of Power Factor Penalty**

The Power Factor Penalty is applicable to radial interconnections with the System of Southwestern. The total Power Factor Penalty for any month shall be the sum of all charges “C” for all Demand Periods of such month. No penalty is assessed for leading power factor. Southwestern, in its sole judgment and at its sole option, may determine whether power factor calculations should be applied to (i) a single physical point of delivery, (ii) a combination of physical points of delivery where a Customer has a single, electrically integrated load, (iii) or interconnections. The general criteria for such decision shall be that, given the configuration of the Customer’s and Southwestern’s systems, Southwestern will determine, in its sole judgment and at its sole option, whether the power factor calculation more accurately assesses the detrimental impact on Southwestern’s system when the above formula is calculated for a single physical point of delivery, a combination of physical points of delivery, or for an interconnection as specified by an Interconnection Agreement.

Southwestern, at its sole option, may reduce or waive Power Factor Penalties when, in Southwestern’s sole judgment, low power factor conditions were not detrimental to the System of Southwestern due to particular loading and voltage conditions at the time the power factor dropped below 95 percent lagging.

**4. Non-Federal Transmission/ Interconnection Facilities Service Miscellaneous Rates, Terms, and Conditions**

**4.1. Real Power Losses**

Customers are required to self-provide all Real Power Losses for non-Federal energy transmitted by Southwestern on behalf of such Customers under the provisions detailed below.

Real Power Losses are computed as four (4) percent of the total amount of non-Federal energy transmitted by Southwestern. The Customer’s monthly Real Power Losses are computed each

month on a megawatthour basis as follows:

$$ML = 0.04 \times NFE$$

with the factors defined as follows:

ML = The total monthly loss energy, rounded to the nearest megawatthour, to be scheduled by a Customer for receipt by Southwestern for Real Power Losses associated with non-Federal energy transmitted on behalf of such Customer; and

NFE = The amount of non-Federal energy that was transmitted by Southwestern on behalf of a Customer during a particular month.

The Customer must schedule or cause to be scheduled to Southwestern, Real Power Losses for which it is responsible subject to the following conditions:

4.1.1. The Customer shall schedule and deliver Real Power Losses back to Southwestern during the second month after they were incurred by Southwestern in the transmission of the Customer's non-Federal power and energy over the System of Southwestern unless such Customer has accounted for Real Power Losses as part of a metering arrangement with Southwestern.

4.1.2. On or before the twentieth day of each month, Southwestern shall determine the amount of non-Federal loss energy it provided on behalf of the Customer during the previous month and provide a written schedule to the Customer setting forth hour-by-hour the quantities of non-Federal energy to be delivered to Southwestern as losses during the next month.

4.1.3. Real Power Losses not delivered to Southwestern by the Customer, according to the schedule provided, during the month in which such losses are due shall be billed by Southwestern to the Customer to adjust the end-of-month loss energy balance to zero (0) megawatthours and the Customer shall be obliged to purchase such energy at the following rates:

Months associated with charge	Rate per kilowatthour
March, April, May, October, November, December .....	\$0.15
January, February, June, July, August, September .....	0.30

4.1.4. Real Power Losses delivered to Southwestern by the Customer in excess of the losses due during the month shall be purchased by Southwestern from the Customer at a rate per megawatthour equal to Southwestern's rate per megawatthour for Supplemental Peaking Energy, as set forth in Southwestern's then-effective Rate Schedule for Hydro Peaking Power to adjust such hourly end-of-month loss

energy balance to zero (0) megawatthours.

**United States Department of Energy  
Southwestern Power Administration  
Rate Schedule EE-11<sup>1</sup>**

**Wholesale Rates for Excess Energy**

*Effective:* During the period January 1, 2012, through September 30, 2015, in accordance with interim approval from Rate Order No. SWPA-63 issued by the Deputy Secretary of Energy on January 9, 2012, and pursuant to final approval by the Federal Energy Regulatory Commission.

*Available:* In the marketing area of Southwestern Power Administration (Southwestern), described generally as the States of Arkansas, Kansas, Louisiana, Missouri, Oklahoma, and Texas.

*Applicable:* To electric utilities which, by contract, may purchase Excess Energy from Southwestern.

*Character and Conditions of Service:* Three-phase, alternating current, delivered at approximately 60 Hertz, at the nominal voltage(s) and at the point(s) of delivery specified by contract.

**1. Wholesale Rates, Terms, and Conditions for Excess Energy**

Excess Energy will be furnished at such times and in such amounts as Southwestern determines to be available.

**1.1. Transmission and Related Ancillary Services**

Transmission service for the delivery of Excess Energy shall be the sole responsibility of such customer purchasing Excess Energy.

**1.2. Excess Energy Charge**

\$0.0091 per kilowatthour of Excess Energy delivered.

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**BILLING CODE 6450-01-P**

**DEPARTMENT OF ENERGY**

**Western Area Power Administration**

**Boulder Canyon Project**

**AGENCY:** Western Area Power Administration, DOE.

**ACTION:** Notice of Proposed Base Charge and Rates.

**SUMMARY:** The Western Area Power Administration (Western), a power marketing administration within the Department of Energy (DOE), is

<sup>1</sup> Supersedes Rate Schedule EE-09.

proposing an adjustment to the Boulder Canyon Project (BCP) electric service base charge and rates. The current base charge and rates expire September 30, 2012, under Rate Schedule BCP-F8. The existing base charge is being adjusted to ensure it includes all annual costs including operation, maintenance, replacements, interest expense, and to repay investment obligations within the required period. The proposed base charge will provide sufficient revenue to cover all annual costs and to repay investment obligations within the allowable period. A detailed rate package that identifies the reasons for the base charge and rates adjustment will be available in March 2012. The proposed base charge and rates are scheduled to become effective October 1, 2012, and will remain in effect through September 30, 2013. This **Federal Register** notice initiates the formal process for the proposed base charge and rates.

**DATES:** The consultation and comment period will begin today and will end April 17, 2012. Western will present a detailed explanation of the proposed base charge and rates at a public information forum March 28, 2012, beginning at 10:30 a.m. Mountain Standard Time (MST), in Phoenix, Arizona. Western will accept oral and written comments at a public comment forum April 11, 2012, beginning at 10:30 a.m. MST, at the same location. Western will accept written comments any time during the consultation and comment period.

**ADDRESSES:** The public information forum and public comment forum will be held at the Desert Southwest Customer Service Regional Office, located at 615 South 43rd Avenue, Phoenix, Arizona, on the dates cited above. Written comments should be sent to Darrick Moe, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, email [moe@wapa.gov](mailto:moe@wapa.gov). Written comments may also be faxed to (602) 605-2490, attention: Jack Murray. Western will post information about the rate processes on its Web site at <http://www.wapa.gov/dsw/pwrmt/BCP/RateAdjust.htm>. Western will also post official comments received via letter, fax, and email to this Web site. Western must receive written comments by the end of the consultation and comment period to ensure they are considered in Western's decision process.

As access to Western facilities is controlled, any U.S. citizen wishing to attend any meeting held at Western