

eSubscription link on the Web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov, or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Comment Date: 5:00 p.m. Eastern time on October 19, 2017.

Dated: September 19, 2017.

Kimberly D. Bose,
Secretary.

[FR Doc. 2017-20478 Filed 9-25-17; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Southwestern Power Administration

Integrated System Rate Schedules

AGENCY: Southwestern Power Administration, DOE.

ACTION: Notice of extension.

SUMMARY: The Deputy Secretary has approved and placed into effect on an interim basis Rate Order No. SWPA-72 which extends the existing rate schedules for the Integrated System:

Rate Schedule P-13, Wholesale Rates for Hydro Peaking Power

Rate Schedule NFTS-13A, Wholesale Rates for Non-Federal Transmission Service

Rate Schedule EE-13, Wholesale Rates for Excess Energy

This is an interim rate action effective October 1, 2017, extending for a period of two years through September 30, 2019.

DATES: The effective period for the rate schedules specified in Rate Order No. SWPA-72 is October 1, 2017, through September 30, 2019.

FOR FURTHER INFORMATION CONTACT: Mr. Marshall Boyken, Senior Vice President, Chief Operating Office, Office of Corporate Operations, Southwestern Power Administration, U.S. Department of Energy, One West Third Street, Tulsa, Oklahoma 74103, (918) 595-6646, marshall.boyken@swpa.gov or facsimile transmission (918) 595-6646.

SUPPLEMENTARY INFORMATION: Pursuant to Delegation Order Nos. 00-037.00B, effective November 19, 2016, and 00-001.00F, effective November 17, 2014, and pursuant to the implementation authorities in 10 CFR 903.22(h) and 903.23(a)(3), Rate Order No. SWPA-72 is approved and placed into effect on an interim basis for the period October 1, 2017, through September 30, 2019, for the following rate schedules:

Rate Schedule P-13, Wholesale Rates for Hydro Peaking Power

Rate Schedule NFTS-13A, Wholesale Rates for Non-Federal Transmission Service

Rate Schedule EE-13, Wholesale Rates for Excess Energy

These current rate schedules for the Integrated System were confirmed and approved on a final basis by the Federal Energy Regulatory Commission (FERC) on January 9, 2014, for the period October 1, 2013, through September 30, 2017. Since initial FERC approval, a new section within rate schedule NFTS-13 was added to change from a stated rate to a revenue-requirement based methodology to better align with practices utilized by the Southwest Power Pool, Inc. Regional Transmission Organization. The revised rate schedule NFTS-13 was designated NFTS-13A and was subsequently approved on a final basis by FERC on March 9, 2017 in Docket No. EF14-1-001 (158 FERC ¶ 62,182) effective through September 30, 2017.

The Administrator, Southwestern, completed an annual review of the continuing adequacy of the existing hydroelectric rate schedules for the Integrated System. This review, as presented in the 2017 Power Repayment Studies (PRSs), indicated the need for a revenue adjustment of 0.7 percent to continue to satisfy cost recovery criteria. Because the 0.7 percent revenue adjustment was within Southwestern's established ± 2 percent rate adjustment threshold, the Administrator deferred the revenue adjustment and now adopts the two-year extension of the Integrated System rate schedules.

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" for the proposed extension to the rate schedules. The public was advised by notice published in the **Federal Register** (82 FR 27062), June 13, 2017, of the proposed extension of the rate schedules and of the opportunity to provide written comments for a period of 30 days ending July 13, 2017. No comments were received.

Information regarding the extension of these rate schedules, including the rate schedules and other supporting material, is available for public review in the offices of Southwestern Power Administration, Williams Tower I, One West Third Street, Tulsa, Oklahoma 74103. I have reviewed the Southwestern proposal and I approve Rate Order No. SWPA-72.

Dated: September 13, 2017.

Dan Brouillette,
Deputy Secretary.

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

DEPUTY SECRETARY

In the matter of: Southwestern Power Administration Integrated System Rates

Rate Order No. SWPA-72

ORDER APPROVING EXTENSION OF RATE SCHEDULES 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. 00-037.00B, the Secretary of Energy delegated to the Administrator, Southwestern, the authority to develop power and transmission rates, delegated to the Deputy Secretary 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. Pursuant to that delegated authority, the Deputy Secretary has issued this interim rate order.

BACKGROUND

The following rate schedules for the Integrated System were confirmed and approved on a final basis by FERC on January 9, 2014, for the period October 1, 2013, through September 30, 2017.

Rate Schedule P-13, Wholesale Rates for Hydro Peaking Power
Rate Schedule NFTS-13A, Wholesale Rates for Non-Federal Transmission Service
Rate Schedule EE-13, Wholesale Rate for Excess Energy

Since initial FERC approval, a new section within rate schedule NFTS-13 was added to change from a stated rate to a revenue-requirement based methodology to better align with practices utilized by the Southwest Power Pool, Inc. Regional Transmission Organization. The revised rate schedule NFTS-13 was designated NFTS-13A and was subsequently approved on a final basis by FERC on March 9, 2017 in Docket No. EF14-1-001 (158 FERC ¶ 62,182) effective through September 30, 2017.

Southwestern followed Title 10 Part 903 of the Code of Federal Regulations, "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions" (Part 903) for the proposed extension of the rate schedules. An opportunity for customers and other interested members of the public to review and comment on the proposed extension of the rate schedules was announced by notice published in the **Federal Register** on June 13, 2017, (82 FR 27062), with written comments due by July 13, 2017. No comments were received.

DISCUSSION

The existing Integrated System rate schedules are based on the 2013 Power Repayment Studies (PRSs). PRSs have been completed on the Integrated System each year since approval of the existing rate schedules. The estimated revised annual revenue identified by the PRSs since the 2013 PRSs have indicated the need for minimal rate increases. Since the revenue changes reflected by the PRSs were within the plus-or-minus two percent rate adjustment threshold established by the Administrator on June 23, 1987, these rate adjustments were deferred in the best interest of the government.

The 2017 PRSs indicated the need for an annual revenue increase of 0.7 percent. As has been the case since the existing rate schedules were approved, the 2017 rate adjustment fell within Southwestern's plus-or-minus two percent rate adjustment threshold and was deferred by the Administrator with no rate filing necessary. However, the existing rate schedules are set to expire on September 30, 2017. Consequently, Southwestern proposes to extend the existing rate schedules for a two-year period ending September 30, 2019, on an interim basis under the implementation authorities noted in 10 CFR 903.22(h) and 903.23(a)(3).

COMMENTS AND RESPONSES

Southwestern received no comments regarding the extension of the Integrated System rate schedules.

AVAILABILITY OF INFORMATION

Information regarding the extension of the rate schedules is available for public review in the offices of Southwestern Power Administration, Williams Tower I, One West Third Street, Tulsa, Oklahoma 74103.

ADMINISTRATION'S CERTIFICATION

The 2013 Integrated System PRSs indicated that the current rate schedules 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. The 2017 Integrated System PRSs indicate the need for an annual revenue increase of 0.7 percent. However, the 2017 rate adjustment falls within Southwestern's established plus-or-minus two percent rate adjustment threshold and was deferred. Southwestern's 2018 PRSs will determine the appropriate level of revenues needed for the next rate period. In accordance with Delegation Order Nos. 00-037.00B (November 19, 2016), and 00-001.00F, effective November 17, 2014, and Section 5 of the Flood Control Act of 1944, the Administrator has determined that the existing Integrated System rate schedules are the lowest possible rates consistent with sound business principles, and their extension is consistent with applicable law.

ENVIRONMENT

The Southwestern NEPA Compliance Officer determined that this class of actions is categorically excluded from the requirements of preparing either an Environmental Impact Statement or an

Environmental Assessment. No additional evaluation of the environmental impact of the extension of the existing rate schedules was conducted since no change in anticipated revenues has been made to the currently-approved Integrated System rate schedules.

ADMINISTRATIVE PROCEDURES

The Administrative Procedure Act (5 U.S.C. 553(d)) prescribes that the required publication or service of a substantive rule shall be made not less than 30 days before its effective date, except (1) a substantive rule that grants or recognizes an exemption or relieves a restriction; (2) interpretative rules and statements of policy; or (3) as otherwise provided by the agency for good cause found and published with the rule. The Department of Energy finds good cause to waive the 30-day delay in effective date of this action as unnecessary for the following reasons: (1) this is an extension of rates previously approved by FERC, pursuant to 10 CFR 903.23(a); (2) there are no substantive changes as the existing rate schedules and anticipated revenues remain the same; and (3) the Administrator provided notice and opportunity for public comment more than 30 days prior to the effective date of the rate extension and received no comments.

ORDER

In view of the foregoing and pursuant to the authority delegated to me by the Secretary of Energy, I hereby extend on an interim basis, for the period of two years, effective October 1, 2017, through September 30, 2019, the current rate schedules for the Integrated System:

Rate Schedule P-13, Wholesale Rates for Hydro Peaking Power
Rate Schedule NFTS-13A, Wholesale Rates for Non-Federal Transmission Service
Rate Schedule EE-13, Wholesale Rates for Excess Energy

Dated: September 17, 2017

Dan Brouillette,
 Deputy Secretary.

UNITED STATES DEPARTMENT OF ENERGY

SOUTHWESTERN POWER ADMINISTRATION

RATE SCHEDULE P-13¹

**

WHOLESALE RATES FOR HYDRO PEAKING POWER

Effective:

During the period October 1, 2013, through September 30, 2019**, in accordance with Federal Energy Regulatory Commission order issued January 9, 2014, Docket No. EF14-1-000.

Available:

In the marketing area of Southwestern Power Administration (Southwestern), described

¹ Supersedes Rate Schedule P-11.

** Extended through September 30, 2019 by approval of Rate Order No. SWPA-72 by the Deputy Secretary of Energy.

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

1.2. 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:

1.2.1. 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.

1.2.2. 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.

1.2.3. 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.

1.2.4. 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.

1.2.5. 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.

1.2.6. 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.

1.3. Customer

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

1.4. 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.

1.5. Federal Power and Energy

The power and energy provided from the System of Southwestern.

1.6. 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.

1.7. Peaking Billing Demand

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

1.8. 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.

1.9. 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.

1.10. Power Sales Contract

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

1.11. 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.

1.12. 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. 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, riot, civil disturbance, labor

disturbance, sabotage, war, act of war, terrorist acts, 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.

2.2. Hydro Peaking Power Rates, Terms, and Conditions

2.2.1. Monthly Capacity Charge for Hydro Peaking Power

\$4.50 per kilowatt of Peaking Billing Demand.

2.2.2. 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.

2.2.3. 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:

2.2.3.1. 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;

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

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

2.2.3.4. 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.

2.2.4. 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.

2.3. Peaking Energy and Supplemental Peaking Energy Rates, Terms, and Conditions

2.3.1. Peaking Energy Charge

\$0.0094 per kilowatthour of Peaking Energy delivered plus the Purchased Power Adder as defined in Section 2.2.3 of this Rate Schedule.

2.3.2. Supplemental Energy Charge

\$0.0094 per kilowatthour of Supplemental Peaking Energy delivered.

2.3.3. Purchased Power Adder

A purchased power adder of \$0.0059 per kilowatthour of Peaking Energy delivered, as adjusted by the Administrator, Southwestern, in accordance with the procedure within this Rate Schedule.

2.3.3.1. 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 kilowatt-hours of Peaking Energy per kilowatt of Peaking Contract Demand during a contract year (hereinafter "Contract Support Arrangements").

2.3.3.2. Procedure for Determining Net Purchased Power Adder Adjustment

Not more than twice annually, the Purchased Power Adder of \$0.0059 (5.9 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 ±\$0.0059 (5.9 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 \$0.0059 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 (\$13,273,800 per year) of Southwestern's System Direct Purchases used as the basis for the Purchased Power Adder of \$0.0059 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 \$0.0059 per kilowatthour Purchased Power Adder.

2.4. Transformation Service Rates, Terms, and Conditions

2.4.1. Monthly Capacity Charge for Transformation Service

\$0.46 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.

2.4.2. 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.

2.5. Ancillary Services Rates, Terms, and Conditions

2.5.1. Capacity Charges for Ancillary Services

2.5.1.1. Regulation and Frequency Response Service

Monthly rate of \$0.07 per kilowatt of Peaking Billing Demand plus the Regulation Purchased Adder as defined in Section 2.4.5 of this Rate Schedule.

2.5.1.2. Spinning Operating Reserve Service

Monthly rate of \$0.0146 per kilowatt of Peaking Billing Demand.

Daily rate of \$0.00066 per kilowatt for non-Federal generation inside Southwestern's Balancing Authority Area.

2.5.1.3. Supplemental Operating Reserve Service

Monthly rate of \$0.0146 per kilowatt of Peaking Billing Demand.

Daily rate of \$0.00066 per kilowatt for non-Federal generation inside Southwestern's Balancing Authority Area.

2.5.1.4. Energy Imbalance Service

\$0.0 per kilowatt for all reservation periods.

2.5.2. 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.

2.5.3. 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.

2.5.4. 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 the subsequent calendar year.

2.5.5. Regulation Purchased Adder

Southwestern has determined the amount of energy used from storage to provide Regulation and Frequency Response Service in order to meet Southwestern's Balancing Authority Area requirements. The replacement value of such energy used shall be recovered through the Regulation Purchased Adder. The Regulation Purchased Adder during the time period of January 1 through December 31 of the current calendar year is based on the average annual use of energy from storage¹ for Regulation and Frequency Response Service and Southwestern's estimated purchased power price for the corresponding year from the most currently approved Power Repayment Studies.

The Regulation Purchased Adder will be phased in over a period of four (4) years as follows:

Year	Regulation Purchased Adder for the Incremental Replacement Value of Energy Used from Storage
2014	¼ of the average annual use of energy from storage × 2014 Purchased Power price.
2015	½ of the average annual use of energy from storage × 2015 Purchased Power price.
2016	¾ of the average annual use of energy from storage × 2016 Purchased Power price.
2017 and thereafter	The total average annual use of energy from storage × the applicable Purchased Power price.

¹ The average annual use of energy from storage for Regulation and Frequency Response Service is based on Southwestern studies.

2.5.5.1. Applicability of Regulation Purchased Adder

The replacement value of the estimated annual use of energy from storage for Regulation and Frequency Response Service 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 NFTS-13, then it shall not be applied here.

2.5.5.2. 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 the replacement value of the estimated annual use of energy from storage by Southwestern for Regulation and Frequency Response Service.

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

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

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 Exports² during the previous calendar year, and
- (3) The Customer's highest rate of Scheduled Imports² during the previous calendar year.

L_{Total} = The sum of all $L_{Customer}$ factors for all Customers that were inside Southwestern's Balancing Authority Area at the beginning of the previous calendar year in MW.

RP_{Total} = The "net" cost in dollars and cents based on Southwestern's estimated purchased power price for the corresponding year from the most currently approved Power Repayment Studies multiplied by the average annual use of energy from storage, as provided for in the table in Section 2.4.5, to support Southwestern's ability to regulate within its Balancing Authority Area. The "net" cost in dollars and cents shall be adjusted by subtracting the product of the quantity of such average annual use of energy from storage in MWh and Southwestern's highest rate in dollars per MWh for Supplemental Peaking Energy during the previous calendar year.

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.

2.5.6. 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

3.2. Capacity Overrun Penalty

3.2.1. 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

3.2.2. 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.

3.3. Energy Overrun Penalty

3.3.1. Penalty Charge for Energy Overrun

\$0.1034 per kilowatthour for each kilowatthour of overrun.

3.3.2. 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.

3.4. Power Factor Penalty

3.4.1. 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.

3.4.2. 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.

3.4.3. 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

² 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.

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).

3.4.4. 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

4.2. 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:

4.2.1. 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.

4.2.2. 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.

4.2.3. 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

4.2.4. 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-13¹ **

WHOLESALE RATES FOR NON-FEDERAL TRANSMISSION/INTERCONNECTION FACILITIES SERVICE

Effective

During the period January 1, 2017, through September 30, 2019 **, in accordance with

Federal Energy Regulatory Commission order issued March 9, 2017, Docket No. EF14-1-001.

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).

** Extended through September 30, 2019 by approval of Rate Order No. SWPA-72 by the Deputy Secretary of Energy.

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

1.2. 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:

1.2.1. 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 Supersedes Rate Schedule NFTS-13.

1.2.2. 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.

1.2.3. 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.

1.2.4. 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.

1.2.5. 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.

1.2.6. 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.

1.3. Customer

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

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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.

1.8. 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.

1.9. 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.

1.10. 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.

1.11. 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.

1.12. 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.

1.13. 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:

1.13.1. Firm Transmission Service Agreement

provides for reserved transmission capacity on a firm basis, for a particular point-to-point delivery path.

1.13.2. 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.

1.13.3. 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.

1.13.4. Non-Firm Transmission Service Agreement

provides for the Customer to request transmission service on a non-firm basis.

1.14. 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.

1.15. 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.

1.16. Transmission Service Transaction

A Service Request that has been approved by SPP.

1.17. 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, riot, civil disturbance, labor disturbance, sabotage, war, act of war, terrorist acts, 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****2.2. Firm Point-to-Point Transmission Service Rates, Terms, and Conditions****2.2.1. Monthly Capacity Charge for Firm Point-to-Point Transmission Service**

\$1.48 per kilowatt of transmission capacity reserved in increments of one month of service or invoiced in accordance with a longer term agreement.

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

\$0.370 per kilowatt of transmission capacity reserved in increments of one week of service.

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

\$0.0673 per kilowatt of transmission capacity reserved in increments of one day of service.

2.2.4. 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.

2.2.5. 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.

2.3. Non-Firm Point-to-Point Transmission Service Rates, Terms, and Conditions**2.3.1. 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.

2.3.2. 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.

2.3.3. 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.

2.3.4. 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.

2.3.5. 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.

2.4. Network Integration Transmission Service Rates, Terms, and Conditions**2.4.1. Annual Revenue Requirement for Network Integration Transmission Service**

\$15,533,800.

2.4.2. Monthly Revenue Requirement for Network Integration Transmission Service

\$1,294,483.

2.4.3. Net Capacity Available for Network Integration Transmission Service

872,000 kilowatts.

2.4.4. Monthly Capacity Charge for Network Integration Transmission Service

\$1.48 per kilowatt of Network Load (charge derived from $\$1,294,483 \div 872,000$ kilowatts).

2.4.5. 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.

2.4.6. Procedure for Determining SPP Open Access Transmission Tariff Network Integration Transmission Service Annual Revenue Requirement

The SPP Open Access Transmission Tariff Network Integration Transmission Service Annual Revenue Requirement shall be based on the following formula which shall be calculated when a Customer transitions from a Service Agreement to an agreement for Network Integration Transmission Service under the SPP Open Access Transmission Tariff.

SPP NITS ARR = Southwestern's SPP Network Integration Transmission Service Annual Revenue Requirement, which is as follows:

$(\text{SPP NITS Capacity} / \text{Southwestern NITS Capacity}) \times \text{Southwestern NITS ARR}$

with the factors defined as follows:

SPP NITS Capacity = The capacity on the System of Southwestern utilized for SPP Network Integration Transmission Service which shall be based on the

currently approved Power Repayment Studies.

Southwestern NITS Capacity = Net Capacity Available for Network Integration Transmission Service on the System of Southwestern as specified in Section 2.3.3.

Southwestern NITS ARR = Southwestern's Annual Revenue Requirement for Network Integration Transmission Service as specified in Section 2.3.1.

2.5. Interconnection Facilities Service Rates, Terms, and Conditions**2.5.1. Monthly Capacity Charge for Interconnection Facilities Service**

\$1.48 per kilowatt.

2.5.2. 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.

2.6. Transformation Service Rates, Terms, and Conditions**2.6.1. Monthly Capacity Charge for Transformation Service**

\$0.46 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.

2.6.2. 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.

2.7. Ancillary Services Rates, Terms, and Conditions

2.7.1. Capacity Charges for Ancillary Services

2.7.1.1. 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.

2.7.1.2. 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.

2.7.1.3. Regulation and Frequency Response Service

Monthly rate of \$0.07 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 \$0.018 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 \$0.0032 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 \$0.00020 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.

2.7.1.4. Spinning Operating Reserve Service

Monthly rate of \$0.0146 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 \$0.00365 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily rate of \$0.00066 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly rate of \$0.00004 per kilowatt of transmission energy delivered as non-firm transmission service.

2.7.1.5. Supplemental Operating Reserve Service

Monthly rate of \$0.0146 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 \$0.00365 per kilowatt of transmission capacity reserved in increments of one week of service.

Daily rate of \$0.00066 per kilowatt of transmission capacity reserved in increments of one day of service.

Hourly rate of \$0.00004 per kilowatt of transmission energy delivered as non-firm transmission service.

2.7.1.6. Energy Imbalance Service

\$0.0 per kilowatt for all reservation periods.

2.7.2. 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.

2.7.3. 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.

2.7.4. 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 the subsequent calendar year.

2.7.5. Regulation Purchased Adder

Southwestern has determined the amount of energy used from storage to provide Regulation and Frequency Response Service in order to meet Southwestern's Balancing Authority Area requirements. The replacement value of such energy used shall be recovered through the Regulation Purchased Adder. The Regulation Purchased Adder during the time period of January 1 through December 31 of the current calendar year is based on the average annual use of energy from storage¹ for Regulation and Frequency Response Service and

¹ The average annual use of energy from storage for Regulation and Frequency Response Service is based on Southwestern studies.

Southwestern's estimated purchased power price for the corresponding year from the

most currently approved Power Repayment Studies.

The Regulation Purchased Adder will be phased in over a period of four (4) years as follows:

Year	Regulation Purchased Adder for the Incremental Replacement Value of Energy Used from Storage
2014	1/4 of the average annual use of energy from storage × 2014 Purchased Power price.
2015	1/2 of the average annual use of energy from storage × 2015 Purchased Power price.
2016	3/4 of the average annual use of energy from storage × 2016 Purchased Power price.
2017 and thereafter	The total average annual use of energy from storage × the applicable Purchased Power price.

2.7.5.1. Applicability of Regulation Purchased Adder

The replacement value of the estimated annual use of energy from storage for Regulation and Frequency Response Service 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-13, then it shall not be applied here.

2.7.5.2. 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 the replacement value of the estimated annual use of energy from storage by Southwestern for Regulation and Frequency Response Service.

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 Exports² during the previous calendar year, and
 - (3) The Customer's highest rate of Scheduled Imports² during the previous calendar

year.
 L_{Total} = The sum of all $L_{Customer}$ factors for all Customers that were inside Southwestern's Balancing Authority Area at the beginning of the previous calendar year in MW.

RP_{Total} = The "net" cost in dollars and cents based on Southwestern's estimated purchased power price for the corresponding year from the most currently approved Power Repayment Studies multiplied by the average annual use of energy from storage, as provided for in the table in Section 2.6.5, to support Southwestern's ability to regulate within its Balancing Authority Area. The "net" cost in dollars and cents shall be adjusted by subtracting the product of the quantity of such average annual use of energy from storage in MWh and Southwestern's highest rate in dollars per MWh for Supplemental Peaking Energy during the previous calendar year.

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.

2.7.6. Energy Imbalance Service Limitations

Energy Imbalance Service is authorized for use only within a bandwidth of ± 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

² 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.

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

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

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

4.2. 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:

$$ML = 0.04 \times NFE$$

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:

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:

4.2.1. 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.

4.2.2. 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.

4.2.3. 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

4.2.4. 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-13¹**

WHOLESALE RATES FOR EXCESS ENERGY

Effective:

During the period October 1, 2013, through September 30, 2019 **, in accordance with Federal Energy Regulatory Commission order issued January 9, 2014, Docket No. EF14-1-000.

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

\$0.0094 per kilowatthour of Excess Energy delivered.

[FR Doc. 2017-20034 Filed 9-25-17; 8:45 am]

BILLING CODE 6450-01-P

ENVIRONMENTAL PROTECTION AGENCY

[FRL-9968-18-OP]

EPA Smart Sectors Program Launch

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The U.S. Environmental Protection Agency (EPA) is announcing the Smart Sectors program in the Office of Policy. Based on the successful EPA Sector Strategies program, EPA's Smart Sectors program will re-examine how

EPA engages with industry in order to reduce unnecessary regulatory burden, create certainty and predictability, and improve the ability of both EPA and industry to conduct long-term regulatory planning while also protecting the environment and public health.

FOR FURTHER INFORMATION CONTACT:

Daisy Letendre, Senior Advisor for Policy and Strategic Communications, Office of Policy, Office of Administrator, Environmental Protection Agency, Mail Code: 1104A, 1200 Pennsylvania Ave. NW., Washington, DC 200460; telephone number: (202) 564-0410; email address: sectors@epa.gov.

SUPPLEMENTARY INFORMATION:

General Information

EPA has initially identified the following sectors to work with: Aerospace; agriculture; automotive; cement and concrete; chemical manufacturing; construction; electronics and technology; iron and steel; oil and gas; ports and shipping; and utilities and power generation. Sectors were selected based on each sector's potential to improve the environment and public health. EPA welcomes participation from other stakeholders.

The Smart Sectors program will designate staff-level points of contact who are highly knowledgeable about specific industries. These individuals will act as liaisons among industry trade associations and companies, EPA program and regional offices, state and local governments, and other stakeholder groups. The sector liaisons will focus their attention primarily on three main areas: Building relationships and improving customer service to sectors; developing additional expertise in each industry's operations and environmental performance; and informing the planning of future policies, regulations, and Agency processes.

EPA anticipates that participating industries will benefit from coordinated, cooperative, and constructive problem-solving with government. The Agency will invite participating industries to engage in active dialogue and offer their own innovative ideas to reduce environmental impacts. Because industry-wide environmental performance improvement is the goal, EPA will work with trade associations and others to find creative ways to document environmental progress and burden reductions.

Dated: September 14, 2017.

Samantha K. Dravis,

Associate Administrator for Policy.

[FR Doc. 2017-20310 Filed 9-25-17; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

[FRL-9968-08-OLEM]

Access to Confidential Business Information by Eastern Research Group (ERG)

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice of access to data and request for comments.

SUMMARY: EPA will authorize its contractor, Eastern Research Group (ERG) to access Confidential Business Information (CBI) which has been submitted to EPA under the authority of all sections of the Resource Conservation and Recovery Act (RCRA) of 1976, as amended. EPA has issued regulations that outline business confidentiality provisions for the Agency and require all EPA Offices that receive information designated by the submitter as CBI to abide by these provisions.

DATES: Access to confidential data submitted to EPA will occur no sooner than October 6, 2017.

FOR FURTHER INFORMATION CONTACT: LaShan Haynes, Document Control Officer, Office of Resource Conservation and Recovery, (5305P), U.S. Environmental Protection Agency, 1200 Pennsylvania Avenue NW., Washington, DC 20460, 703-605-0516.

SUPPLEMENTARY INFORMATION:

1. Access to Confidential Business Information

Under EPA Contract EP-W-10-055, entitled "Advancing SMM: Waste Facts and Figures and Related Tasks," the Eastern Research Group (ERG) will assist the Office of Resource Conservation and Recovery, Resource Conservation and Sustainability Division in collecting and analyzing municipal solid waste (MSW) information. The contract addresses MSW and other waste such as construction and demolition debris, however, the confidential business information (CBI) only relates to the MSW information collected and analyzed in the contract. The contract period is from August 2017-February 28, 2018. Some of the data collected from industry are claimed by industry to contain trade secrets or CBI. In

¹ Supersedes Rate Schedule EE-11.

** Extended through September 30, 2019 by approval of Rate Order No. SWPA-72 by the Deputy Secretary of Energy.