



March 29, 2016

## Loss Collection Business Practices

Losses will be assessed for all real-time and pre-scheduled transactions on PRPA transmission facilities at the Real Power Loss factor listed in PRPA's OATT when PRPA incurs loss responsibility for these transactions.

Financial repayment is the accepted method for settlement of losses.

PRPA will include a Losses line item in its monthly billing to the Transmission Customer for transmission service. The Loss Percentage Rate will be applied to the total energy scheduled for a billing period.

The financial repayment will be invoiced based on the following formula:

Loss Charges = (Real Power Loss factor) (Scheduled MWH) [(16/24) (Palo Verde Index ON-Peak Firm daily average for the month \* 90%) + (8/24) (Palo Verde Index OFF-Peak Firm daily average for the month \* 90%)]

### Example:

Transmission Customer XYZ

PRPA's Real Power Loss factor: 2.1%

Losses for the month of February, 2016

XYZ scheduled 10,000 MWH of energy on their Transmission Reservation with PRPA

Palo Verde ON-Peak Firm daily average for the month: \$26.28

Palo Verde OFF-Peak Firm daily average for the month: \$21.47

Loss Charges = (2.1%) (10,000 MWH) [(16/24) (\$26.28 \* 90%) + (8/24) (\$ 21.47 \* 90%)]

Loss Charges = \$4,664.10