

Western Area Power Administration – Desert Southwest Region
Supersedes Transmission Loss Collection Rev. 1

TRANSMISSION LOSS COLLECTION
Effective October 1, 2006

This document defines the process and guidelines by which Transmission Customers must return transmission losses to the Western Area Lower Colorado (WALC) Control Area.

WALC Transmission System Loss Percentages are as follows:

- Parker-Davis Project (PDP) - 3.0%
- Pacific Intertie (IN) - 3.0%
- Central Arizona Project (CAP) - 3.0%
- Colorado River Storage Project (CRSP) - 5.5%

TRANSMISSION LOSSES SERVICE: METHODOLOGY, CALCULATION AND SETTLEMENT

Transmission losses will be assessed against all real-time and prescheduled transactions on transmission facilities managed by the Western Area Power Administration or within WALC.

If than one Transmission System is used within WALC in a transaction, the loss rate applied will be the higher of the percentages unless the transaction uses the CRSP transmission system. If the transaction includes the CRSP transmission system and another system(s), the loss rate applied will be the CRSP loss rate and one other rate.

**A. Transmission Loss Methodology for Open Access Transmission Tariff (OATT)
Point-to-Point Customers**

1. Calculation, Settlement, and Pricing of the Loss Obligations for Customers Taking OATT Firm Point-to-Point Transmission Service:

For Transmission Customers taking OATT Point-to-Point Transmission Service, the loss obligation will be settled financially, unless otherwise determined by WALC. The pricing for Transmission Loss Services for all Point-to-Point Transmission Customers is posted on the WALC OASIS. Transmission losses are calculated using the average price recorded on the Dow Jones Palo Verde Index for the same time period.

- On-peak firm transmission losses will be calculated using the Dow Jones PV Index weighted average of the on-peak firm price.
- Off-peak firm transmission losses will be calculated using the Dow Jones PV Index weighted average of the off-peak firm price.
- On-peak non-firm transmission losses will be calculated using the Dow Jones PV Index weighted average of the on-peak non-firm price.

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- Off-peak non-firm transmission losses will be calculated using the Dow Jones Palo Verde Index weighted average of the off-peak non-firm price.
- On-peak Redirect transmission losses will be calculated using the Dow Jones Palo Verde Index weighted average of the on-peak non-firm price.
- Off-peak Redirect transmission losses will be calculated using the Dow Jones Palo Verde Index weighted average of the off-peak non-firm price.

B. Transmission Loss Methodology for OATT Network Integration Transmission Service (NITS) Customers

1. Calculation, Settlement, and Pricing of the Loss Obligations for Customers Taking OATT NITS:

For Transmission Customers taking OATT Network Integration Transmission Service, the loss obligation will be settled financially, unless otherwise determined by WALC. The pricing for Transmission Loss Services for all Network Integration Transmission Customers is posted on the WALC OASIS. Transmission losses are calculated using the average price recorded on the Dow Jones Palo Verde Index for the same time period.

- On-peak firm transmission losses will be calculated using the Dow Jones PV Index weighted average of the on-peak firm price.
- Off-peak firm transmission losses will be calculated using the Dow Jones PV Index weighted average of the off-peak firm price.

2. Calculation, Settlement, and Pricing of the Loss Obligations for Customers Taking OATT Secondary Service – Requests for Transmission made on the WALC OASIS:

For those Transmission Customers making reservations for Secondary Service using the WALC OASIS, the loss obligation will be settled financially, unless otherwise determined by WALC. The pricing for Transmission Loss Services for all Secondary Service is posted on the WALC OASIS.

C. Transmission Loss Methodology for Non-OATT Customers

Non-OATT Transmission Customers will be held responsible for losses as described in the Customer's Contracts.