UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
ADMINISTRATOR, SOUTHWESTERN POWER ADMINISTRATION

In the matter of:

Southwestern Power Administration	**)**	**Rate Order**
Integrated System Rate Schedules	**)**	**No. SWPA-87**

ORDER CONFIRMING, APPROVING, AND PLACING INCREASED POWER RATE SCHEDULES IN EFFECT ON AN INTERIM BASIS
(4/23/2025)

Pursuant to Sections 301(b) and 302(a) of the Department of Energy Organization Act, 42 U.S.C. 7151(b) and 7152(a), 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. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Southwestern's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to the Federal Energy Regulatory Commission (FERC). By Delegation Order No. S1-DEL-S3-2024, effective August 30, 2024, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By Redelegation Order No. S3-DEL-SWPA1-2023, effective April 10, 2023, the Under Secretary for Infrastructure redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Southwestern Administrator.

BACKGROUND

On September 30, 2013, in Rate Order No. SWPA-66, the Deputy Secretary of Energy

placed into effect Southwestern's Integrated System rate schedules (P-13, NFTS-13, and EE-13) on an interim basis for the period October 1, 2013, to September 30, 2017. FERC confirmed and approved Southwestern's interim Integrated System rates on a final basis on January 9, 2014, for a period ending September 30, 2017.

Southwestern re-designated Integrated System rate schedule "NFTS-13" as "NFTS-13A" with no revenue adjustment to better align Southwestern's rate schedule with standard practices utilized by the Southwest Power Pool, Inc. In Rate Order No. SWPA-71, the Deputy Secretary of Energy placed into effect Southwestern's rate schedule NFTS-13A on an interim basis beginning January 1, 2017. FERC confirmed and approved NFTS-13A on a final basis on March 9, 2017.

On September 13, 2017, in Rate Order No. SWPA-72, the Deputy Secretary of Energy extended all of Southwestern's Integrated System rate schedules (P-13, NTFS-13A, and EE-13) for two years, for the period of October 1, 2017, through September 30, 2019.

Southwestern re-designated Integrated System rate schedule "P-13" as "P-13A" with no revenue adjustment to incorporate a new section regarding requirements for the peaking energy schedule submission time. In Rate Order No. SWPA-73, the Assistant Secretary for Electricity placed into effect Southwestern's rate schedule for P-13A on an interim basis beginning July 1, 2019. FERC confirmed and approved P-13A on a final basis on August 29, 2019.

On September 22, 2019, in Rate Order No. SWPA-74, the Assistant Secretary for Electricity extended all of Southwestern's Integrated System rate schedules (P-13A, NFTS-13A, and EE-13) for two years, for the period of October 1, 2019, through September 30, 2021.

On August 30, 2021, in Rate Order No. SWPA-77, the Administrator, Southwestern, extended all of Southwestern's Integrated System rate schedules (P-13A, NFTS-13A, and EE-

13) for two years, for the period of October 1, 2021, through September 30, 2023.

Southwestern re-designated Integrated System rate schedule "P-13A" as "P-13B" with no revenue adjustment to update the peaking energy schedule submission time requirements. In Rate Order No. SWPA-80, the Administrator, Southwestern, placed into effect Southwestern's rate schedule for P-13B on an interim basis beginning July 15, 2023. FERC confirmed and approved P-13B on a final basis on February 2, 2024.

On September 25, 2023, in Rate Order No. SWPA-81, the Administrator, Southwestern, temporarily extended all of Southwestern's Integrated System rate schedules (P-13B, NFTS-13A, and EE-13) for one year, for the period of October 1, 2023, through September 30, 2024.

On September 13, 2024, in Rate Order No. SWPA-85, the Administrator, Southwestern, temporarily extended all of Southwestern's Integrated System rate schedules (P-13B, NFTS-13A, and EE-13) for one year, for the period of October 1, 2024, through September 30, 2025.

DISCUSSION

Southwestern's current Integrated System rate schedules (P-13B, NFTS-13A, and EE-13) are based on its 2013 Power Repayment Study (PRS). Each subsequent annual PRS from 2014 through 2022 indicated a need for a revenue adjustment within a plus or minus two percent range of the revenue estimate based on the current rate schedules. It is Southwestern's practice for the Administrator to defer, on a case-by-case basis, revenue adjustments for the Integrated System within plus or minus two percent from the revenue estimate based on the current rate schedules. Therefore, the Administrator deferred revenue adjustments annually for the Integrated System annually through 2022. Southwestern prepared a 2023 Current PRS which indicated that the existing power rate would not satisfy present financial criteria regarding repayment of investment within a 50-year period due to increased operations and maintenance expenses,

increased cost of replacements in the hydroelectric generating and transmission facilities, and an increased need for purchased power and wheeling. The 2023 Revised PRS indicates the need for an increase in annual revenues of $44,230,649, or 22.8 percent, to accomplish repayment in the required number of years. Accordingly, Southwestern has prepared a Rate Design Study (RDS) and new proposed rate schedules (P-23, NFS-23, and EE-23) based on the additional revenue requirement to ensure repayment.

Southwestern conducted the rate adjustment proceeding in accordance with title 10, part 903, subpart A of the Code of Federal Regulations (10 CFR part 903), "Procedures for Public Participation in Power and Transmission Rate Adjustments and Extensions." Opportunities for public review and comment during a 90-day period on the proposed Integrated System power rate schedules were announced by a *Federal Register* notice published on November 12, 2024 (89 FR 88997), with written comments due February 10, 2025. A combined public information and comment forum was held virtually on December 18, 2024. Southwestern published the *Federal Register* notice, the proposed rate schedule, and the draft 2023 PRS on its website as well as a transcript of the public forum and responses to outstanding questions from the public forum for customers and interested parties to review and comment upon during the public comment period.

Following the conclusion of the comment period on February 10, 2025, Southwestern finalized the Power Repayment Studies and Rate Schedules P-23, NFS-23, and EE-23 to recover the increased revenue requirement of $44,230,649 which is the lowest possible rate needed to satisfy the repayment criteria set forth within the provisions of U.S. Department of Energy (DOE) Order No. RA 6120.2. This rate represents an annual increase of 22.8 percent. The Administrator made the decision to approve the rate proposal for implementation.

Southwestern will continue to perform its Power Repayment Studies annually, and if the 2025 results should indicate the need for additional revenues, another rate adjustment proceeding will be conducted to implement the updated revenue requirements.

COMMENTS AND RESPONSES

Southwestern did not receive any written comments during the 90-day public review and comment period. Southwestern did receive oral comments from Ms. Nicki Fuller of Southwestern Power Resources Association, Mr. James Striedel of GDS Associates, representing the Texas customers of Southwestern, Ms. Amanda Kenly of Associated Electric Cooperative, Inc., and Mr. David Yeager of the City of Duncan, Oklahoma, during Southwestern's December 18, 2024, public information and comment forum which are summarized below. The comments are also included verbatim as part of the transcript of the public comment forum which will be submitted to FERC along with other applicable documents for final confirmation and approval of Rate Schedules P-23, NFS-23, and EE-23.

Ms. Fuller asked Southwestern to explain differences between the 2022 and 2023 PRSs. Southwestern explained that the purchased power need increased due to long term generating unit outages and the associated cost increased due to increasing replacement capacity costs; the Corps' operations and maintenance costs increased due to implementation of a new method to estimate costs which better reflects actual operation and maintenance costs experienced; service charges increased due to a new Midcontinent Independent System Operator (MISO) transmission expense; and investment costs increased to reflect actual costs increases experienced for recent investments. In addition to the information provided during the forum Southwestern provided more information on the investment cost increases and project additions on its website after the forum.

Mr. Striedel asked some general questions regarding the Integrated System rate. Southwestern clarified that there are 22 hydroelectric projects and Southwestern's transmission system included in the Integrated System, and 19 of those hydroelectric projects are operated as an interconnected system while the remaining three hydroelectric projects are isolated operationally but integrated financially. Mr. Striedel asked why the operationally isolated projects pay for transmission costs when they are not connected via transmission lines to the interconnected system projects. Southwestern explained that there are transmission costs associated with project investment as well as project investment associated with transmission which means that some of the transmission service costs does directly benefit isolated projects. Additionally, the diversification of the Integrated System portfolio provides rate stability, particularly to operationally isolated hydroelectric projects.

Ms. Kenly asked Southwestern to confirm that the annual cost for MISO transmission is perpetuated through the end of the 50-year PRS. Southwestern confirmed this in the affirmative. Ms. Kenly asked for additional information on the water assumptions in the 2023 PRS. Southwestern explained that inflow data from 1928 to 2022 is used to inform annual generation amounts in the resource analysis, and the average year for generation is used in the PRS as well as the associated RDS. Ms. Kenly then asked if the resource analysis included any assumed capacity uprates, retirements, or capacity reductions. Southwestern stated that long term outages within the first five years of the study are included in the analysis, but capacity uprates, capacity derates, and retirements are not included in the resource analysis unless they have already been realized. Southwestern provided detailed information on outage and capacity derates on its website after the forum. Finally, Ms. Kenly asked for an overview of the proposed rate structure. Southwestern provided a high-level overview of the 2023 RDS.

Mr. Yeager asked if there was a list of project replacements (a subtotal of project investment) included in the PRS or RDS. Southwestern responded that there is information on project replacements in Appendix J of the PRS.

AVAILABILITY OF INFORMATION

Information regarding the rate adjustment proceeding, including the Final 2023 PRS and Rate Proposal, for Rate Schedules P-23, NFS-23, and EE-23 is available for public review in the offices of Southwestern Power Administration, 6655 S Lewis Ave, Tulsa, Oklahoma 74136. Rate Schedules P-23, NFS-23, and EE-23 are available on Southwestern's website at *www.energy.gov/swpa/rates-and-repayment*.

CERTIFICATION OF RATES

I have certified that the provisional rates under Rate Schedules P-23, NFS-23, and EE-23 are the lowest possible rates consistent with sound business principles. The rates were developed following administrative policies and applicable laws.

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

Southwestern has determined that this action fits within the following categorical exclusions listed in appendix B to subpart D of 10 CFR 1021.410: B4.3 (Electric power marketing rate changes). Categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment. A copy of the categorical exclusion determination is available on Southwestern's website at

https://www.energy.gov/swpa/southwestern-power-administration.

Determination Under Executive Order 12866

Southwestern has an exemption from centralized regulatory review under Executive Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Submission to the Federal Energy Regulatory Commission

Rate Schedules P-23, NFS-23, and EE-23 herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to the FERC for confirmation and final approval.

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 June 1, 2025, the Integrated System Rate Schedule P-23, *Wholesale Rates for Hydro Peaking Power*; Rate Schedule NFS-23, *Wholesale Rates for Non-Federal Service*; and Rate Schedule EE-23, *Wholesale Rates for Excess Energy*. The rate schedules shall remain in effect on an interim basis through September 30, 2027, or until the FERC confirms and approves the rates on a final basis, or until they are superseded by a subsequent rate.

Signing Authority

This document of the Department of Energy was signed on 4/23/2025, by Michael S. Wech, Administrator for Southwestern Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained

by DOE. For administrative purposes only, and in compliance with requirements of the Office of the Federal Register, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of DOE. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Springfield, Missouri, on 4/23/2025.

MICHAEL WECH

Digitally signed by MICHAEL WECH
Date: 2025.04.23 13:22:05 -05'00'

Michael S. Wech
Administrator
Southwestern Power Administration
U. S. Department of Energy

UNITED STATES DEPARTMENT OF ENERGY
SOUTHWESTERN POWER ADMINISTRATION

RATE SCHEDULE P-23

WHOLESALE RATES FOR HYDRO PEAKING POWER

Effective:

During the period June 1, 2025, through September 30, 2027, in accordance with interim approval from Rate Order No. SWPA-87 issued by the Administrator on April 23, 2025, 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 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 generation and 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. Peaking Energy Schedule Submission Time

The time by which Southwestern requires the Customer to submit Peaking Energy schedules to Southwestern as provided for in this Rate Schedule and 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.

2.1. Hydro Peaking Power Rates, Terms, and Conditions

2.1.1. Monthly Capacity Charge for Hydro Peaking Power

$5.30 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

2.1.3.4. 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.

2.1.4. 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.

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

2.2.1. Peaking Energy Charge

$0.0128 per kilowatt-hour of Peaking Energy delivered plus the Purchased Power & Wheeling Adder as defined in Section 2.2.3 of this Rate Schedule.

2.2.2. Supplemental Energy Charge

$0.0128 per kilowatt-hour of Supplemental Peaking Energy delivered.

2.2.3. Purchased Power & Wheeling Adder

A purchased power and wheeling adder of $0.0087 per kilowatt-hour 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 & Wheeling Adder

The Purchased Power & Wheeling Adder shall apply to sales of Peaking Energy. The Purchased Power & Wheeling 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").

2.2.3.2. Procedure for Determining Net Purchased Power & Wheeling Adder Adjustment

Not more than twice annually, the Purchased Power & Wheeling Adder of $0.0087 (8.7 mills) per kilowatt-hour of Peaking Energy, as noted in this Rate Schedule, may be adjusted by the Administrator, Southwestern, by an amount up to a total of ±$0.0087 (8.7 mills) per kilowatt-hour per year, as calculated by the following formula:

$$ADJ = (PURCH - EST + DIF) \div SALES$$

with the factors defined as follows:

ADJ = The dollar per kilowatt-hour amount of the total adjustment, plus or minus, to be applied to the net Purchased Power & Wheeling Adder, rounded to the nearest $0.0001 per kilowatt-hour, provided that the total ADJ to be applied in any year shall not vary from the then-effective ADJ by more than $0.0087 per kilowatt-hour;

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 net dollar cost ($19,571,000 per year) of Southwestern's System Direct Purchases used as the basis for the Purchased Power & Wheeling Adder of $0.0087 per kilowatt-hour 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 & Wheeling 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 $0.0087 per kilowatt-hour Purchased Power & Wheeling Adder.

2.3. Transformation Service Rates, Terms, and Conditions

2.3.1. Monthly Capacity Charge for Transformation Service

$0.86 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 $0.0208 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 $0.0208 per kilowatt of Peaking Billing Demand.

Daily rate of $0.00095 per kilowatt for non-Federal generation inside Southwestern’s Balancing Authority Area.

2.4.1.3. Supplemental Operating Reserve Service

Monthly rate of $0.0208 per kilowatt of Peaking Billing Demand.

Daily rate of $0.00095 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 is available only for deliveries of power and energy to load 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. 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. Energy Imbalance Service is available only for deliveries of power and energy to load 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 for deliveries of power and energy to load within Southwestern's Balancing Authority Area, 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.

2.4.5. 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 storage, based on Southwestern's studies, 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.

2.4.5.1. 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 NFS-23, 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 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 Exports[1] during the previous calendar year, and

(3) The Customer's highest rate of Scheduled Imports[1] 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.

[1] 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.

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	The greater of: $0.15 -or- (Applicable Day-Ahead (DA) Locational Marginal Price (LMP) (per megawatt-hour)) ÷ 1000.
January, February, June, July, August, September	The greater of: $0.30 -or-

	(Applicable DA LMP (per megawatt-hour)) ÷ 1000.

For each hour of overrun, the Applicable DA LMP is defined as follows:

For Customers that schedule their Federal Power into the SPP Integrated Marketplace:
Applicable DA LMP = DA LMP at the SPP SPA Location.

For Customers that schedule their Federal Power into the MISO Energy and Operating Reserve Market:
Applicable DA LMP = DA LMP at the MISO SPA Location.

For Customers that do not schedule their Federal Power into either the SPP Integrated Marketplace or the MISO Energy and Operating Reserve Market:
Applicable DA LMP = The greater of:
DA LMP at the SPP SPA Location
-or-
DA LMP at the MISO SPA Location.

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

The Customer shall be assessed a penalty charge for each kilowatt-hour of overrun in the overrun period (month or contract year), at a per kilowatt-hour rate determined as the greater of:

$0.1276

-or-

The Applicable DA LMP Average.

The Applicable DA LMP Average is defined as follows:

Applicable DA LMP Average	=	Average (1st highest Applicable DA LMP, …, Nth highest Applicable DA LMP).
N	=	(Total kilowatt-hours of overrun) ÷ (Customer Peaking Contract Demand (kilowatts)) *rounded up to the nearest whole number*.
Applicable DA LMP	=	(Applicable DA LMP for each Overrun Period Hour Interval (per megawatt-hour)) ÷ 1000.
Overrun Period Hour Interval	=	An hour interval in which the Customer scheduled and received Peaking Energy during the overrun period.

For each Overrun Period Hour Interval, the Applicable DA LMP is defined as follows:

For Customers that schedule their Federal Power into the SPP Integrated Marketplace:

Applicable DA LMP = DA LMP at the SPP SPA Location.

For Customers that schedule their Federal Power into the MISO Energy and Operating Reserve Market:

Applicable DA LMP = DA LMP at the MISO SPA Location.

For Customers that do not schedule their Federal Power into either the SPP Integrated Marketplace or the MISO Energy and Operating Reserve Market:

Applicable DA LMP = The greater of:

DA LMP at the SPP SPA Location

-or-

DA LMP at the MISO SPA Location.

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:

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

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:

$$C = D \times (0.95 - LPF) \times \$0.15$$

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 megawatt-hour basis as follows:

$$ML = 0.04 \times NFE$$

with the factors defined as follows:

ML = The total monthly loss energy, rounded to the nearest megawatt-hour, 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) megawatt-hours and the Customer shall be obliged to purchase such energy at the following rates:

Months Associated With Charge	Rate per Kilowatt-hour

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 megawatt-hour equal to Southwestern's rate per megawatt-hour 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) megawatt-hours.

4.2. Peaking Energy Schedule Submission Time

Southwestern's Peaking Energy Schedule Submission Time is on or before 8:30 a.m. Central Prevailing Time (CPT), as adjusted by the Administrator, Southwestern, in accordance with Section 4.2.2 in this Rate Schedule, of the day preceding the day for the delivery of Peaking Energy. The Peaking Energy Schedule Submission Time supersedes the Peaking Energy schedule submission time provided in the Customer's Power Sales Contract, pursuant to Section 4.2.1 of this Rate Schedule. Reductions to Peaking Energy schedules may be made in accordance with Section 4.2.3 of this Rate Schedule.

4.2.1. Applicability of Peaking Energy Schedule Submission Time

The Peaking Energy Schedule Submission Time shall apply to the scheduling of Peaking Energy. The Peaking Energy Schedule Submission Time shall not apply to the scheduling of Supplemental Peaking Energy or to Contract Support Arrangements.

4.2.2. Procedure for Adjusting the Peaking Energy Schedule Submission Time

Not more than once annually, the Peaking Energy Schedule Submission Time of 8:30 a.m. CPT, as noted in Section 4.2 of this Rate Schedule, may be adjusted by the Administrator, Southwestern, to a time no earlier than 8:00 a.m. CPT and no later than 9:00 a.m. CPT.

4.2.2.1. Determination of Need to Adjust the Peaking Energy Schedule Submission Time

The Administrator, Southwestern, will make a determination on the need to adjust the Peaking Energy Schedule Submission Time based on Southwestern's studies involving financial analysis, regional energy market conditions, and/or operational considerations.

4.2.2.2. Notification of Peaking Energy Schedule Submission Time Adjustment

The Administrator, Southwestern, will notify customers of the determination to adjust the Peaking Energy Schedule Submission Time in writing no later than 30 calendar days prior to the effective date of the Peaking Energy Schedule Submission Time adjustment.

UNITED STATES DEPARTMENT OF ENERGY
SOUTHWESTERN POWER ADMINISTRATION

RATE SCHEDULE NFS-23

WHOLESALE RATES FOR NON-FEDERAL SERVICE

Effective:
During the period June 1, 2025, through September 30, 2027, in accordance with interim approval from Rate Order No. SWPA-87 issued by the Administrator on April 23, 2025, and pursuant to final approval by the Federal Energy Regulatory Commission.

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 generation and 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, 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

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

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

Service Increment	Capacity Charge
Monthly	$1.15 per kilowatt
Weekly	$0.288 per kilowatt
Daily	$0.0523 per kilowatt

2.1.2. 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.

2.1.3. 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 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. Capacity Charge for Non-Firm Point-to-Point Transmission Service

Service Increment	Capacity Charge
Monthly	$0.92 per kilowatt
Weekly	$0.230 per kilowatt
Daily	$0.0418 per kilowatt
Hourly	$0.00261 per kilowatt

2.2.2. 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

$10,869,400.

2.3.2. Monthly Revenue Requirement for Network Integration Transmission Service

$905,800.

2.3.3. Net Capacity Available for Network Integration Transmission Service

787,800 kilowatts.

2.3.4. Monthly Capacity Charge for Network Integration Transmission Service

$1.15 per kilowatt of Network Load (charge derived from $905,800 ÷ 787,800 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.

2.3.6. 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:
		(SPP NITS Capacity/Southwestern NITS Capacity) x 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.

2.4. Interconnection Facilities Service Rates, Terms, and Conditions

2.4.1. Monthly Capacity Charge for Interconnection Facilities Service

$1.15 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

$0.86 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

Ancillary service charges are per kilowatt of transmission capacity reserved in increments of service or invoiced in accordance with a Long-Term Firm Transmission Service Agreement or Network Transmission Service Agreement. One ancillary service, Reactive Supply and Voltage Control from Generation Sources Service, is invoiced for Interconnection Facilities Service per kilowatt of capacity.

2.6.1.1. Scheduling, System Control, and Dispatch Service

Service Increment	Capacity Charge
Monthly	$0.17 per kilowatt
Weekly	$0.043 per kilowatt
Daily	$0.0077 per kilowatt
Hourly	$0.00048 per kilowatt

2.6.1.2. Reactive Supply and Voltage Control from Generation Sources Service

Service Increment	Capacity Charge

Monthly	$0.10 per kilowatt
Weekly	$0.025 per kilowatt
Daily	$0.0045 per kilowatt
Hourly	$0.00028 per kilowatt

2.6.1.3. Regulation and Frequency Response Service

Service Increment	Capacity Charge
Monthly	$0.0208 per kilowatt[1]
Weekly	$0.0052 per kilowatt[1]
Daily	$0.00095 per kilowatt[1]
Hourly	$0.00006 per kilowatt[1]

[1] Plus the Regulation Purchased Adder as defined in Section 2.6.5 of this Rate Schedule.

2.6.1.4. Spinning Operating Reserve Service

Service Increment	Capacity Charge
Monthly	$0.0208 per kilowatt
Weekly	$0.0052 per kilowatt
Daily	$0.00095 per kilowatt
Hourly	$0.00006 per kilowatt

2.6.1.5. Supplemental Operating Reserve Service

Service Increment	Capacity Charge
Monthly	$0.0208 per kilowatt
Weekly	$0.0052 per kilowatt
Daily	$0.00095 per kilowatt
Hourly	$0.00006 per kilowatt

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. Reactive Supply and Voltage Control from Generation Sources Service is also provided for Interconnection Facilities Service.

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. Reactive Supply and Voltage Control from Generation Sources Service is applied to the Interconnection Facilities Service capacity.

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 the subsequent calendar year.

2.6.5. 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 storage for Regulation and Frequency Response Service, based on Southwestern’s studies, and Southwestern’s estimated purchased power price

for the corresponding year from the most currently approved Power Repayment Studies.

2.6.5.1. 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-23, 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 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 Exports[1] during the previous calendar year, and

(3) The Customer's highest rate of Scheduled Imports[1] 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.

[1] 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.

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 ± 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:

$$C = D \times (0.95 - LPF) \times \$0.15$$

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 megawatt-hour basis as follows:

$$ML = 0.04 \times NFE$$

with the factors defined as follows:

ML = The total monthly loss energy, rounded to the nearest megawatt-hour, 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) megawatt-hours and the Customer shall be obliged to purchase such energy at the following rates:

Months Associated With Charge	**Rate per Kilowatt-hour**
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 megawatt-hour equal to Southwestern's rate per megawatt-hour 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) megawatt-hours.

Rate Schedule EE-23
(Supersedes Rate Schedule EE-13)
Effective June 1, 2025

UNITED STATES DEPARTMENT OF ENERGY
SOUTHWESTERN POWER ADMINISTRATION

RATE SCHEDULE EE-23

WHOLESALE RATES FOR EXCESS ENERGY

Effective:

During the period June 1, 2025, through September 30, 2027, in accordance with interim approval from Rate Order No. SWPA-87 issued by the Administrator on April 23, 2025, 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, furnished at such times and in such amounts as Southwestern determines to be available.

Applicable:

To entities 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.

Formula Rate:

The charge for Excess Energy will be determined at the time of sale based on market rates, plus administrative costs. Transmission service for the delivery of Excess Energy shall be the sole responsibility of such customer purchasing Excess Energy.