



**Department of Energy**  
Southwestern Power Administration  
One West Third Street  
Tulsa, Oklahoma 74103-3519

October 10, 2007

To Customers and Interested Parties:

This is to inform you that Southwestern Power Administration (Southwestern) has completed its annual review of the Real Power Losses rate, as provided for in the Rate Schedules P-06 and NFTS-06.


Those customers who transmit non-Federal power across Southwestern's transmission lines and have not elected to self-provide energy losses pay Southwestern for such energy losses. This energy loss rate is based on Southwestern's cost to replace the energy for these losses during the previous fiscal year. The formula in the rate schedules used to determine the annual Real Power Losses rate indicates that a decrease is needed in the losses rate from the existing 54.8 mills per kilowatthour (kWh) to 51.5 mills per kWh. This new loss rate will be effective for the calendar year beginning January 1, 2008, and applied to the non-Federal energy transmitted over Southwestern's system.

Under our current rate schedules, customers do have the option to self-provide rather than pay Southwestern for their energy losses for the upcoming year. However, in order to exercise the option to self-provide, customers must execute a Service Agreement, or equivalent, with Southwestern before December 1, 2007. If no agreement to self-provide is executed before December 1, 2007, Southwestern will charge for energy losses at the revised rate of 51.5 mills per kWh beginning January 1, 2008.

In the future, Southwestern plans to modify its rate schedule provisions for real power losses to require all customers to self-provide losses associated with their respective non-Federal transactions. Southwestern will draft changes to the P-06 and NFTS-06 rate schedules during FY 2008 to reflect the modified loss payback provisions. All customers will have the opportunity to provide comments on the proposed changes to these rate schedules. The new provision requiring customers to self-provide losses will become effective immediately upon interim approval by the Deputy Secretary of Energy.

If you have any questions or need additional information, please contact Stephanie Bradley (918) 595-6676, [stephanie.bradley@swpa.gov](mailto:stephanie.bradley@swpa.gov), Cathy Stillson (918) 595-6643, [cathy.stillson@swpa.gov](mailto:cathy.stillson@swpa.gov) or George Robbins (918) 595-6680, [george.robbins@swpa.gov](mailto:george.robbins@swpa.gov).

Sincerely,

  
James K. McDonald  
Assistant Administrator  
Office of Corporate Operations