



Department of Energy
Southwestern Power Administration
One West Third Street
Tulsa, Oklahoma 74103-3502

January 18, 2012

NOTICE

To Customers and Interested Parties:

This is to inform you that the Deputy Secretary of Energy has approved Southwestern Power Administration's (Southwestern) Rate Schedules P-11, NFTS-11, and EE-11 on an interim basis effective January 1, 2012, and has forwarded them to the Federal Energy Regulatory Commission for final approval. Notice of the Deputy Secretary's interim approval of Rate Order No. 63 was published in the *Federal Register* on January 18, 2012 (77 FR 2521).

The approved rate schedules provide for increases to the capacity and energy rates, the transmission rate and all associated ancillary services for the effective period ending September 30, 2015, to assure recovery of sufficient revenue needed to repay the Federal investment.

Furthermore, as provided for in the Rate Schedule P-11, Southwestern has completed its annual review of the Purchased Power Deferral Account (Account) balance and the Discretionary Purchased Power Adder Adjustment (Adder Adjustment).

As a result of our review of the Account, it was determined that a negative Adder Adjustment would be implemented. To maintain the Account balance, the Adder Adjustment will be reduced from zero mills per kWh to -0.001 mills per kWh of peaking energy. This is within the Administrator's discretionary authority to change the Adder Adjustment up to twice annually and limited to no more than ± 6.2 mills per kWh per year.

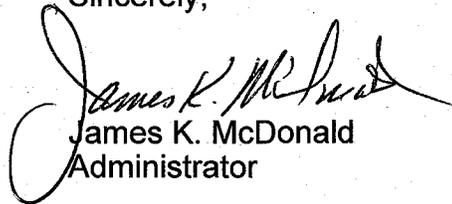
This revised Adder Adjustment will result in a change in the total rate per kWh of Peaking Energy for those of you with 1200 hour Peaking Energy contracts as follows:

Effective Date	Peaking Energy Mills/kWh	Purchased Power Adder Mills/kWh	Adder Adjustment Mills/kWh	Total Rate Mills/kWh
January 1, 2010 through December 31, 2011	+8.6	+6.7	0.0	+15.3
January 1, 2012 until superseded	+9.1	+6.2	-1.0	+14.3

The new Purchased Power Adder and Adder Adjustment rates will be effective with your power invoice for January 2012 service, and will remain in effect until superseded by a subsequent Adder Adjustment or until Rate Schedules are revised.

Copies of the new rate schedules are available for download from Southwestern's homepage at www.swpa.gov. If you have any questions regarding these changes or how they apply to you, please contact Stephanie Bradley at (918) 595-6676, stephanie.bradley@swpa.gov, or George Robbins at (918) 595-6680, george.robbins@swpa.gov.

Sincerely,



James K. McDonald
Administrator