**Step 1**

**Determine Capacity Charge:**

\[
\text{Current LOPP Hydroelectric Facility Nameplate Capacity (kW)}^* \times \frac{\text{Lessee's Capacity Benefit}}{\text{Current Total Reclamation Wide Nameplate Capacity (kW)}} = \text{Capacity Charge}
\]

**Step 2**

**Determine Energy Charge:**

\[
\text{Power's Share of Reclamation Expensed, Multipurpose Operation and Maintenance Costs Allocated to Power}^* \times \frac{\text{Reclamation 40 Year Average Net Power Generation (kWh)}}{\text{Generic LOPP Hydroelectric Facility Projected Annual Gross Generation (kWh)}} = \text{Energy Charge}
\]

**Step 4**

**Determine Mill Rate:**

\[
\text{Target for Total Charge} = \frac{\text{Generic LOPP Hydroelectric Facility Projected Annual Gross Generation (kWh)}}{\text{LOPP Mill Rate}^{**}}
\]

**Step 3**

**Determine Target for Necessary Annual Lease Payment:**

\[
\text{Capacity Charge} + \text{Energy Charge} = \text{Target for Total Charge}
\]
Notes:

^Any capacity number can be used since the calculation is proportional to the overall Reclamation number. For this analysis a 1 MW plant is used.

*Collected from each region and combined to calculate a Reclamation total cost.

**Reclamation capacity factor over the last 40 years (1970-2010) is approximately 38%. For this analysis the 40 year capacity factor will be used to forecast a generic LOPP annual generation figure.

^^Mill rate must capture AT LEAST the "Target for Total Charge". Round the LOPP Mill Rate to next largest .5 Mill/kWh charge. If $0.0023 set to 2.5 mills, if $0.0027 set to 3 Mills, etc.
Discounted Lease of Power Privilege Rate Methodology

Step 1
Determine Percentage Capacity Charge in Standard LOPP Rate:

\[
\frac{\text{Capacity Charge}}{\text{Capacity Charge} + \text{Energy Charge}} = \text{Percentage Capacity Charge in Standard LOPP Rate}
\]

Step 2
Determine Discounted Charge:

\[
\text{Percentage Capacity Charge in Standard LOPP Rate} \times \text{Standard LOPP Rate} = \text{Discounted LOPP Rate} \uparrow
\]

Notes:

\(^\uparrow\text{Round the Discounted LOPP Mill Rate to next largest 0.5 Mill/kWh charge. If } $0.0023 \text{ set to 2.5 mills, if } $0.0027 \text{ set to 3 mills, etc.} \)