

DRAFT
Residential Exchange Template
[Residential Purchase & Sale Agreement Template (RPSA)]
July 13, 1995

Color Coding:

White Pages:	Body
Green Pages:	Exhibits

Notes:

- This Template includes some proposed adjustments to the principles developed September 1994 - March 1995 in the Lloyd Center. BPA believes that the adjustments are consistent with the overall intent of the Lloyd Center principles and are necessary to ensure that BPA can implement the RPSA in the current, dramatically changed, power market. BPA provided an earlier draft for informal review to participants of the Lloyd Center negotiations that included versions both with and without adjustments to the principles.
- In May BPA sent a statutory in-lieu notice to all customers. If customers choose to remain with their existing RPSA, BPA anticipates the negotiation of a contract that allows BPA to exercise its statutory right to provide in-lieu power when current contracts expire on June 30, 2001. That contract would likely have significantly fewer restrictions on the amounts, approach, notice and commitment term for in-lieu power.

RESIDENTIAL PURCHASE AND SALE AGREEMENT

executed by the

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

acting by and through the

BONNEVILLE POWER ADMINISTRATION

and

CUSTOMER NAME

Index to Sections

Section		Page
1.	Term of Agreement	2
2.	Purchase by BPA	2
3.	Purchase by the Utility	3
4.	In-Lieu Purchase by BPA	3
5.	Arbitration	6
6.	In-Lieu Terms and Conditions	7
7.	Provisions Relating to Delivery	10
8.	Accounting, Review, and Budgeting	10
9.	Payment	10
10.	Passthrough of Benefits	10
11.	Termination of Agreement	11
12.	Payment Reduction Account	11
13.	Interpretation of this Agreement	11
14.	Relating Only to Residential Purchase and Sale Agreements	12
15.	Exhibits	13
Exhibit A	(Applicable Rate Schedule(s), Adjustments, and General Rate Schedule Provisions)	13
Exhibit B	(Residential Load Definition)	13
Exhibit C	(Load Factor Specification)	13
Exhibit D	(New Large Single Loads)	13
Exhibit E	(In-Lieu PF Power Delivery)	13
Exhibit F	(Deemed ASC Amount(s) and Price(s))	13
Exhibit G	(Engineering and Operations)	13
Exhibit H	(Average System Cost Methodology)	13

This RESIDENTIAL PURCHASE AND SALE AGREEMENT (Agreement), executed _____, 19____, by the UNITED STATES OF AMERICA (Government), Department of Energy, acting by and through the BONNEVILLE POWER ADMINISTRATION (BPA), and CUSTOMER NAME (Utility), a corporation, municipality, public body of the State of State.

WITNESSETH:

WHEREAS the 96th Congress of the United States of America at the Second Session enacted the Pacific Northwest Electric Power Planning and Conservation Act, Public Law 96-501, as amended (Northwest Power Act); and

WHEREAS the Northwest Power Act, among other matters, provides that a Pacific Northwest electric utility may sell electric power to BPA at the average system cost (ASC) of that utility's resources and that BPA shall sell in return an equivalent amount of electric power for resale to that utility's residential and farm users within the Pacific Northwest; and

WHEREAS BPA is authorized pursuant to law to dispose of electric power and energy generated at various hydroelectric projects in the Pacific Northwest or acquired from other resources, to construct and operate transmission facilities, to provide transmission and other services, and to enter into related agreements to carry out such authority;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. **TERM OF AGREEMENT**

(a) **Effective Date**

If utilities representing at least 75 percent of current qualifying exchange load execute this Agreement prior to August 1, 1996, this Agreement shall be effective at midnight on September 30, 1996 (Effective Date), and shall terminate at midnight on September 30, 2016, unless terminated pursuant to section 11. A Utility that has been bought out of an existing Residential Purchase and Sale Agreement shall be ineligible for residential exchange benefits under this Agreement until the date specified in the buyout agreement. Upon termination all liabilities incurred under this Agreement shall continue until satisfied.

(b) **Termination of Other Agreements**

The following agreement is terminated on the Effective Date of this Agreement: Contract No. #####. All liabilities are preserved until satisfied.

2. **PURCHASE BY BPA**

Subject to the provisions of section 4, the Utility shall sell and BPA shall purchase each month an amount of electric power equal to the Utility's residential load, as

defined in Exhibit B. The amount of power to be sold by the Utility under this section shall be determined pursuant to Exhibit B and sold at the Utility's ASC as determined by BPA for each Utility Jurisdiction using the then-current Average System Cost Methodology, Exhibit H. The Utility may only sell power for residential load that is associated with its retail service areas in the Pacific Northwest as defined in Section 3(14) of the Northwest Power Act, 16 U.S.C. 839a(14).

3. PURCHASE BY THE UTILITY

(a) Requirements for all Agreement Participants

BPA shall sell and the Utility shall purchase each month an amount of electric power equal to the Utility's residential load for the month. The amount of energy purchased shall be as defined in Exhibit B, and the purchase price shall be at BPA's then-effective applicable rate or rates for exchanging utilities established pursuant to Section 7(b) of the Northwest Power Act, 16 U.S.C. 839e(b), Exhibit A. For billing purposes, the Utility's load factor shall be determined pursuant to Exhibit C.

(b) Requirements for Public Body and Cooperative Participants

For each public body and cooperative Utility participating in the residential exchange program, any new acquisition(s) of power, including replacement or renewal of previous power purchases or acquisitions, from a source other than BPA that does not begin providing power to them before October 1, 1995, shall result in a pro rata reduction of such Utility's eligible residential exchange load based on the ratio of the new acquisition(s) to the Utility's total firm resources. Such acquisitions and reductions shall be effective on the effective date of the initial delivery of power from the non-BPA resource(s).

4. IN-LIEU PURCHASE BY BPA

(a) BPA's Right to Provide In-Lieu Power

In lieu of purchasing all or a portion of electric power sold by the Utility at its ASC, BPA may acquire an equivalent amount of electric power from other sources (in-lieu power) if the cost of such power is less than the cost of purchasing the Utility's ASC power. BPA may provide in-lieu power to the Utility if the average cost of the in-lieu package is less than the Utility's average forecasted ASC for the term of the in-lieu period, regardless of whether the in-lieu package cost is greater than the Utility's forecasted ASC for any particular year or years in the in-lieu period. The cost of purchasing the Utility's ASC power shall be based on BPA's forecast of the Utility's ASC for the in-lieu term.

(b) In-Lieu Notice

BPA shall notify a Utility of its election to acquire in-lieu power and include the following information for the minimum term that BPA could provide the

in-lieu power (7 years for investor-owned utilities and 5 years for public agency utilities): the source or sources of power (in-lieu package) in the amount specified in the in-lieu notice, the expected cost of the source(s) of power in the in-lieu package, and the availability of each such source of power. The notice will identify the costs for the minimum term for the in-lieu power.

(1) **Expected Cost of In-Lieu Power**

The expected cost of each source of power in the in-lieu package shall consist of the cost of the power and, if applicable: the cost of transmission and losses to integrate the power into the BPA system; the costs of shaping the resource to the shape of the Utility's exchange load; the cost of additional operating reserves if such reserves are necessary; and cost escalators where not already incorporated into the cost of the power. Part or all of the cost of load shaping to a Utility shape may be contained in the resource BPA purchases or may be the BPA rate for the applicable load shaping.

(A) **Transmission Costs**

Transmission costs will be based on applicable transmission rates and applicable losses to deliver the portion of the in-lieu package that is from non-Federal power to the Federal Transmission System. No transmission costs or losses will be applied to Federal power included in the in-lieu package.

(B) **Shaping to the Utility's Exchange Load**

Part or all of the cost of shaping the in-lieu power delivery to the shape of the Utility's exchange load may be contained in the resource BPA purchases or may be developed using published BPA rates for similar services.

(C) **Operating Reserves**

BPA will determine the effect that the acquisition of the in-lieu package would have on the level of BPA's operating reserves. If BPA's determination shows that the package changes BPA's need for operating reserves, BPA will include the costs at the rate it would charge the Utility to provide operating reserves of the determined amount for a non-Federal resource in BPA's control area.

(D) **Variable Cost Escalators**

BPA's determination of the expected cost of the in-lieu power may include such cost escalators and variability as are customarily accepted by Pacific Northwest utilities for the types of power acquired for the time periods specified in the in-lieu notice. Such escalators and variability may be

developed from but are not limited to information from Data Resources Inc. or Wharton indices, BPA forecasts, or Northwest Power Planning Council forecasts.

(c) **Source and Availability of Resource Package**

The in-lieu package shall provide firm power service and may include BPA's nonfirm energy and spot market purchases as outlined below. The in-lieu package will be considered firm if the power from the in-lieu package would reasonably be expected to be available at all times during the in-lieu period, except for uncontrollable forces or as otherwise provided in this Agreement. The identified sources of power, other than BPA's nonfirm energy and spot market purchases, must be of types customarily relied upon by Pacific Northwest utilities to meet utility firm loads. Such sources include but are not limited to thermal resources (e.g., coal, nuclear, oil and gas), system purchases, firm power purchases, renewable resources, cogeneration resources, fuel cells, conservation resources, and surplus firm Federal power. Such sources must also be of types reasonably expected to be available to BPA at the time of the in-lieu notice.

(1) **Federal Power Availability**

Federal system firm power not used to serve regional firm loads shall be considered available to BPA whenever a then-current BPA planning document (including but not limited to the BPA Whitebook or its successor) at the time of the notice shows the availability of such power. The amount of Federal firm power available for in-lieu transactions in any year will be limited by the amount of Federal firm power (including any amount reserved for in-lieu transactions) in that year.

(2) **Non-Federal Resource Availability**

BPA may demonstrate the availability of non-Federal resources by means including but not limited to referencing current market transactions, industry forecasts of future power prices, responses to requests for proposals by BPA and others, or a written offer to BPA of power from a utility, resource developer, or other marketing entity.

(3) **Nonfirm and Spot Market Availability and Cost**

A reasonable percentage of the in-lieu package may be a combination of BPA nonfirm energy or spot market purchases. Nonfirm energy shall be considered available for inclusion in the in-lieu resource package when current BPA planning documents (including the Whitebook or successor) show that, based on existing or expected operations, nonfirm energy would be available.

To calculate the projected cost of nonfirm energy BPA will use the average sale price of BPA's nonfirm energy for that month during the previous 3 years. If no sales were made in a particular month in that

period, BPA may use its average annual nonfirm sale price during the previous 3 years. The monthly cost of nonfirm energy in subsequent years for the in-lieu package will escalate annually at 1 percent. The cost of spot market purchases and option capacity will be estimated based on then-current market transactions and offers, and/or industry forecasts of spot prices.

(d) **Shaping of the In-Lieu Power**

The package of in-lieu power must be shaped to the Utility's system load. The shape of the power in the in-lieu notice shall be based on data used by the Utility to establish its current rates. Absent such data, BPA will base the shape of in-lieu power on the shape shown in the Utility's exchange load invoices from the most recent consecutive 60 months of data available to BPA at the time of the notice. If BPA does not have, or is not provided by the Utility, adequate diurnal load shape data, BPA will determine the diurnal load shape of the in-lieu power based on the average diurnal load shape of its preference customer class. Adequately documented load shape data shall include, but not be limited to, data that are verifiable through published sources. The load shape established for each notice will continue for the duration of that in-lieu transaction.

5. **ARBITRATION**

(a) **Arbitration Issues**

The Utility shall have the right to require third-party binding arbitration regarding whether BPA's determination of the total cost of the in-lieu package is reasonable.

(b) **Arbitration Process and Timelines**

BPA must receive notification from the Utility within 30 calendar days of the Utility's receipt of BPA's notice that it plans to arbitrate the in-lieu notice. The arbitration must commence within 60 calendar days after the Utility's receipt of the in-lieu notice and must conclude not later than 90 calendar days after the arbitration begins, including a final written decision by the arbitrator. In the event the arbitrator's final written decision is not issued within the required time, BPA's notice shall become effective by its terms on the date specified in the notice. BPA and the Utility will equally share the costs of the arbitration process. These costs do not include the parties' respective costs of presenting their cases.

(c) **Opportunity to Cure Deficiencies**

The arbitrator shall afford BPA a reasonable opportunity to cure in-lieu notice deficiencies.

(d) **Arbitration Findings**

The arbitrator shall decide whether BPA's determination of the total cost of the in-lieu package is reasonable.

(e) **Right to Withdraw Notice Based on Arbitration**

BPA may elect to withdraw its in-lieu notice as a result of the arbitrator's determination. If BPA withdraws its in-lieu notice, BPA shall not issue another in-lieu notice to that Utility for that Jurisdiction for a period of 6 months from the date of the arbitrator's determination. If a new in-lieu notice is given within 24 months of the date of such withdrawal, the Utility may elect and BPA shall agree to use the same arbitrator, when available, for any arbitration regarding the new in-lieu notice.

6. IN-LIEU TERMS AND CONDITIONS

(a) **Provisions That Apply to Investor-Owned Utilities Only**

(1) **In-Lieu Notice**

BPA may commence the first in-lieu transaction for any Utility Jurisdiction October 1, 1997. The in-lieu notice for such a transaction must be provided by October 1, 1996. Subsequent in-lieu notices must be given 31 months before commencement of the applicable in-lieu transaction.

(2) **Amount of In-Lieu**

Each in-lieu notice may be in an amount up to 20 percent of the Utility's total eligible load in the applicable Jurisdiction. However, upon receipt of a notice for an in-lieu transaction commencing prior to October 1, 2001, the Utility may require BPA to reduce the intended transaction to no less than 100 aMW. Contracts that are effective after October 1, 1996, will not be subject to these limitations.

(3) **Frequency of Notices**

In-lieu notices may be issued for in-lieu transactions commencing not earlier than 24 months after the commencement of the prior in-lieu transaction. Upon giving notices for in-lieu transactions commencing in 4 consecutive 24-month periods of 20 percent of the Utility's total residential load in the Jurisdiction, BPA may, concurrent with the fourth notice, give an in-lieu notice in the amount of the Utility's total remaining eligible load commencing in the fifth consecutive 24-month period. Up to 31 months prior to the termination of any in-lieu transaction terminated by actions of the Utility, BPA may include all or a part of the amount being terminated in a new in-lieu notice. This amount is not subject to the 20 percent limitation of section 6(a)(2).

(4) **Termination of an In-Lieu Transaction**

BPA may terminate each in-lieu transaction on 7 years' notice, but notice may not be given prior to the day before commencement of the in-lieu transaction that is being terminated. Any termination must be effective on the annual anniversary date of the commencement of the applicable in-lieu transaction.

(5) **Terms for the In-Lieu Transaction**

The Utility's purchase of power under Northwest Power Act Section 7(b) (7(b) power) in an in-lieu transaction will be afforded comparable terms, conditions and price that apply to both full and partial requirements purchasers subject to the provisions of this Agreement and subject to sections 7(b)(2) and 7(b)(3) of the Northwest Power Act and other applicable rules and provisions of law; **except** that to reduce the amount of power it takes from BPA, the Utility must provide notice to BPA at least 2 years and 8 months before the beginning of the rate period when the reduction would become effective. The price for 7(b) power shall be the then-effective Priority Firm Power Exchange Rate.

(b) **Provisions That Apply to Public Agency Utilities Only**

(1) **In-Lieu Notice**

BPA may commence the first in-lieu transaction for any Utility Jurisdiction October 1, 1997. In-lieu notices must be given at least 8 months before the in-lieu transaction begins.

(2) **Amount of In-Lieu**

Each in-lieu notice may be in an amount up to 100 percent of the Utility's total eligible load in the applicable Jurisdiction.

(3) **Frequency of Notices**

Following the initial in-lieu notice, any future in-lieu transaction must begin at least 24 months after any previous in-lieu transaction.

(4) **Termination of an In-Lieu Transaction**

BPA may terminate each in-lieu transaction on 5 years' notice, but notice may not be given prior to the day before the commencement of the in-lieu transaction that is being terminated. Any termination must be effective on the annual anniversary date of the commencement of the applicable in-lieu transaction.

(5) **Terms for the In-Lieu Transaction**

The Utility's purchase of 7(b) power in an in-lieu transaction will be afforded comparable terms, conditions and price to those afforded all

BPA's other 7(b) power customers. The price for 7(b) power shall be the Priority Firm Power Exchange Rate.

(c) **Provisions That Apply to All Agreement Participants**

(1) **Election to Receive Power or Reduce ASC**

The Utility's election to receive power or reduce ASC continues until BPA or the Utility exercises its rights to terminate the particular in-lieu power transaction. Upon receipt of a notice for an in-lieu purchase, the Utility shall elect, within the later to occur of 120 calendar days after the in-lieu notice date or 60 calendar days after the date of final determination by the arbitrator, any combination of the following:

(A) **Receiving In-Lieu PF Power**

To reduce the amount of ASC power sold to BPA up to the amount of the in-lieu package. To the extent the Utility elects to have BPA deliver in-lieu PF power and the Utility reduces the amount of ASC power sold to BPA, BPA would not be bound to deliver power comprised of any part of the in-lieu package. BPA would instead be allowed to manage its overall power supply risks.

(B) **Reducing ASC to the Cost of the Resource Package**

To reduce the cost of its ASC power down to the expected total cost of the in-lieu package for the amount of the in-lieu package not covered by section 6(c)(1)(A). To the extent the Utility elects to reduce the cost of its ASC power down to the cost of the in-lieu package, the cost of the specific in-lieu transaction will be as determined by BPA in the in-lieu notice or, if applicable, as determined by the arbitrator. BPA shall under no circumstances be required to purchase all, or any part of, the in-lieu package. The Utility may terminate its election to reduce the cost of its ASC power down to the cost of the intended in-lieu purchase on 7 years' notice but may not give notice before the in-lieu transaction begins.

(2) **Reduction and Restoration of In-Lieu PF Power Purchases**

If the Utility chooses to receive in-lieu PF power in accordance with section 6(c)(1)(A), and at any time elects to reduce the amount of in-lieu PF power it receives from BPA, it cannot restore those reductions of power until it provides a 7-year notice of a 3-year commitment to the increased amount of in-lieu PF power it will purchase from BPA. The Utility must specify monthly amounts of demand, and applicable diurnal energy amounts for each month of the 3-year commitment period. The Utility must provide the notice through the regular nomination process prior to each rate period.

7. PROVISIONS RELATING TO DELIVERY

The Utility shall submit to BPA monthly an accounting invoice with supporting documentation for the Utility's residential load billed during the billing period selected by the Utility. Such documentation shall include the kilowatthours of energy which the Utility billed to its residential load in each Jurisdiction. Although subject to adjustment this accounting invoice shall be deemed to be the receipt for the purchase and sale of power under this Agreement. Delivery provisions for in-lieu power transactions are contained in Exhibit E.

8. ACCOUNTING, REVIEW, AND BUDGETING

The Utility shall keep up-to-date records and documents for 7 years showing all transactions and other arrangements made pertaining to the terms of this Agreement. These records and documents shall contain:

- (a) information supporting the Utility's ASC as determined using Exhibit H,
- (b) demonstration that BPA has been invoiced only for the properly qualified residential portion of the Utility's total load, and
- (c) evidence of the prompt distribution of the benefits to appropriate residential ratepayers.

At BPA's expense, BPA or its designee may, from time to time, review or inspect the Utility's records, accounts, and related documents pertaining to this Agreement. The Utility shall fully cooperate in good faith with any such reviews or inspections.

9. PAYMENT

Within 30 days after receipt of the invoice referred to in section 5 above, BPA shall verify the invoice, compute the amount due the Utility from the sale under section 2 and the amount due BPA from the sale under section 3, and either pay or increase the payment reduction account of the Utility, as appropriate. This does not preclude BPA from reviewing relevant data and making appropriate adjustments after payment or billing.

10. PASSTHROUGH OF BENEFITS

Benefits received under the program shall not be included by the Utility as a part of cost of service considerations in establishing cost allocations or retail rate structure. All benefits shall be maintained as restricted funds, unavailable for the operational or working capital needs of the Utility. Benefits may be pooled with other moneys of the Utility only for short-term investment purposes and may be invested only under the same terms and conditions under which the Utility invests other short-term unencumbered funds. Passthrough of the benefits, including any earned interest, shall be accomplished as a credit against the charges for electric service of the Utility's qualifying residential customers. The benefits will be passed through at a rate intended to insure that the accumulated balance of the restricted funds account is never greater than three times the average monthly benefits being received. The

exception to this is that utilities with less than 50 average megawatts of load may choose to pass through benefits in a lump sum at least once a year.

11. TERMINATION OF AGREEMENT

The Utility may elect to terminate this Agreement within 30 days of confirmation and approval by the Federal Energy Regulatory Commission of new BPA rates (on an interim or final basis) in which the supplemental rate charge provided for in Section 7(b)(3) of the Northwest Power Act is applied and the Priority Firm Power Exchange Rate charged the Utility exceeds the Utility's ASC. Any such termination shall continue through what would otherwise be the full term of the Agreement. This Agreement also may be terminated pursuant to congressional legislative action. All rights and benefits under this Agreement are subject to reduction or elimination in the event of legislative amendment or repeal of the residential exchange program.

12. PAYMENT REDUCTION ACCOUNT

Whenever BPA's cost of buying ASC power from the Utility is less than the Utility's cost of buying an equivalent amount of power from BPA at BPA's Priority Firm Exchange Rate, the difference will be tracked by BPA in a payment reduction account which will accrue interest monthly at the higher of the Department of Treasury's current value of funds rate or BPA's cost of borrowing rate. If there is a balance in the account and the cost of buying ASC power from the Utility is greater than the Utility's cost of buying an equivalent amount of power from BPA at BPA's Priority Firm Exchange Rate, BPA will make no cash payments but will apply the amount that would have been paid in order to reduce the account balance. Once there is no longer a payment reduction account balance, the Utility Jurisdiction will resume full participation in the exchange and will receive exchange payments from BPA. Payment reduction balances upon termination or at the end of this Agreement's term will carry over to the next contract and interest will continue to accrue. The account balance will only be a cash obligation of the Utility if the Utility terminates or fails to renew this Agreement.

13. INTERPRETATION OF THIS AGREEMENT

(a) Governing Law and Headings

This Agreement shall be interpreted, governed and construed under Federal law. Headings are for convenient reference only and shall not affect the interpretation of this Agreement.

(b) Entire Agreement

The terms and provisions contained in this Agreement including the exhibits and all referenced documents constitute the entire agreement between the parties and supersede all previous communications, representations, or agreements, either oral or written, between the parties with respect to the subject matter of this Agreement.

(c) **Dispute Resolution**

All disputes arising under this Agreement are subject to resolution through arbitration which is binding to the maximum extent permissible under the law existing at the time that the dispute is resolved. No party shall be bound on any issue if the other party is not likewise bound. In lieu of, or prior to, submitting to binding arbitration, the parties may agree to an alternative form of dispute resolution such as mediation or nonbinding arbitration.

(d) **Agreement Revisions**

(1) **Amendments and Exhibit Revisions**

Any amendment or exhibit revision shall be in writing and by mutual agreement, unless otherwise expressly stated.

(2) **Waivers**

The parties may agree to waive any provision of this Agreement to address temporary problems or unforeseen circumstances. Any waiver shall be in writing and shall clearly specify the period of time for which the waiver is in effect. The consent of the other party to a waiver shall not be unreasonably withheld. No party shall claim that the granting of a waiver sets a binding precedent for future waivers, even if similar waivers are granted throughout the term of this Agreement.

(e) **Contract Assignment**

Neither party shall assign this Agreement without the prior written consent of the other. Consent to an assignment shall not be unreasonably withheld.

14. RELATING ONLY TO RESIDENTIAL PURCHASE AND SALE AGREEMENTS

The Utility agrees to comply with the following statutes, executive orders, and regulations to the extent applicable:

- (a) the Rehabilitation Act of 1973, Public Law 93-112, as amended, and 41 CFR 60-741 (affirmative action for handicapped workers);
- (b) the Vietnam Era Veterans Readjustment Assistance Act of 1974, Public Law 92-540, as amended, and 41 CFR 60-250 (affirmative action for disabled veterans and veterans of the Vietnam era);
- (c) Executive Order No. 11625 and 41 CFR 1-1.1310-2(a) (utilization of minority business enterprises);
- (d) the Small Business Act, as amended; and
- (e) Certification of Nonsegregated Facilities, 41 CFR 1-12.803-10.

15. EXHIBITS

Exhibit B (Residential Load Definition), Exhibit C (Load Factor Specification), Exhibit D (New Large Single Loads), Exhibit E (In-Lieu PF Power Delivery), Exhibit F (Deemed ASC Amount(s) and Price(s)), and Exhibit G (Engineering and Operations), are hereby incorporated as part of this Agreement.

Exhibit A (Applicable Rate Schedule(s), Adjustments, and General Rate Schedule Provisions), and Exhibit H (Average System Cost Methodology), are attached for ease of reference and are not incorporated as part of this Agreement.

Exhibit B shall be revised to incorporate additional qualifying tariff schedules, subject to BPA's determination that the loads served under all schedules are qualified under the Northwest Power Act. Each time BPA has a new rate adjustment date, the Utility shall submit a revised Exhibit C, prepared in the same

manner as Exhibit C attached hereto, to BPA within 20 working days of such date. The revised Exhibit C, after review and approval by BPA, shall become effective on the date of BPA approval.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in several counterparts.

UNITED STATES OF AMERICA
Department of Energy
Bonneville Power Administration

By _____
Customer Account Executive

Name _____
(Print/Type)

Date _____

CUSTOMER NAME

By _____

Name _____
(Print/Type)

Title _____

Date _____

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

Customer Name
Effective on the Effective Date

**APPLICABLE RATE SCHEDULE(S), ADJUSTMENTS,
AND GENERAL RATE SCHEDULE PROVISIONS**

1. PURPOSE OF THIS EXHIBIT

The purpose of this exhibit is to provide the rate information required to calculate the Customer's power bill.

2. PROVISIONS

3. BASIC PROVISIONS

[Attach the applicable rate schedule and associated provisions.]

4. EXHIBIT REVISIONS

This exhibit shall be updated unilaterally by BPA whenever the applicable rate schedule(s) are revised.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

RESIDENTIAL LOAD DEFINITION

1. The Utility's qualifying residential load means the sum of the loads within the Pacific Northwest eligible for the exchange under the tariff schedules described below adjusted for distribution losses as determined pursuant to Exhibit H, as the same may be amended, supplemented, or superseded. If BPA determines that any such action changes the Utility's general tariffs or service schedules in a manner which would allow loads other than residential loads, as defined in the Northwest Power Act, to be included under these tariff schedules, or that the original general tariffs or service schedules include loads other than residential loads, BPA shall exclude such nonresidential loads from the residential purchase and sale transaction hereunder. Loads determined to be ineligible by BPA will be retroactively excluded for a period of up to three (3) years from the date the Utility is notified of BPA's final determination. BPA will recover, with interest, any and all payments made to the Utility for the ineligible load for the same period. Loads inadvertently excluded by the Utility from its qualifying residential and small farm load may be included for a period of up to three (3) years from the date the Utility notifies BPA after BPA makes a final determination of eligible load. The Utility will receive any and all payments due for that load, including interest, for the same period.

Such tariff schedules as presently effective include:

- (a) all schedules listed below, the following designated percentages, or _____ kilowatthours of the load supplied by the Utility under:
- (1) *[schedule, percentage, or power sales agreement]*;
 - (2) *[schedule, percentage, or power sales agreement]*; and
 - (3) *[schedule, percentage, or power sales agreement]*.
- (b) a portion of the load as determined pursuant to section 2 of this exhibit, supplied by the Utility under *the Northwest Power Act, section* _____.

2. Any farm's monthly irrigation and pumping load qualifying hereunder for each billing period shall not exceed the amount of the energy determined by the following formula:

$$400 \times 0.746 \times \text{days in billing period} \times 24$$

provided, however, that this amount shall not exceed that farm's measured energy for the same billing period.

Customer Name
Effective on the Effective Date

where:

400 is equal to the horsepower limit defined in the Northwest Power Act,

0.746 is the factor for converting horsepower to kilowatts,

days in billing period is determined in accordance with prudent and normal utility business practices, and

24 is the number of hours in a day.

3. When more than one farm is supplied from a common pumping installation, the irrigation and pumping load of the installation shall be allocated among the farms using the installation, based on the method (e.g., water shares, acreage) that the farms use to allocate the power costs among themselves. These allocated loads shall then be combined with any other irrigation and pumping loads attributed to the farms under section 2 of this exhibit. In no instance shall any farm's total qualifying irrigation loads for any billing month exceed 222,000 kilowatthours.
4. For purposes of this Agreement, a farm is defined as a parcel or parcels of land owned or leased by one or more persons (person includes partnerships, corporations, or any legal entity capable of owning farm land) that is used primarily for agriculture. Agriculture is defined to include the raising and incidental primary processing of crops, pasturage, or livestock. Incidental primary processing means those activities necessarily undertaken to prepare agricultural products for safe and efficient storage or shipment. All electrical loads ordinarily associated with agriculture as defined above shall be considered as usual farm use.

Contiguous parcels of land under single ownership or leasehold shall be considered to be one farm. Noncontiguous parcels of land under single ownership or leasehold shall be considered as one farm unit unless demonstrated otherwise by the owner or lessee of the parcels as determined by BPA.

Parcels of land may not be subdivided into a larger number of parcels in order to attempt to increase the number of farms. Ownership or leasehold interests in farms may not be changed in order to attempt to increase the number of farms, for example, by leases to family members or establishment of partnerships, corporations or similar devices. Acquisition of a parcel which was previously a separate farm becomes part of the single farm that acquired the parcel. In order for a noncontiguous parcel to constitute a separate farm, the farm must not share any equipment or labor with any other parcel and must maintain separate financial statements and accounting records. A number of additional factors shall be used to

Customer Name
Effective on the Effective Date

determine whether noncontiguous parcels constitute one or more farms. These factors include but are not limited to:

- use
 - ownership
 - control
 - operating practices
 - distance between parcels
5. Unused irrigation allocations may not be reallocated to other farms or to another billing period.
 6. The operator of a farm may be required to certify to the Utility all irrigation accounts, including horsepower rating, with the Utility for that farm, including all irrigation accounts commonly shared.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

Customer Name
Effective on the Effective Date

LOAD FACTOR SPECIFICATION

Using data from the 60 months prior to the last BPA rate filing, the monthly load factor of the Utility shall be averaged over each seasonal period in BPA's demand charge according to the formula below. The seasonal period is all months of the year that have the same demand charge in Exhibit A.

$$\text{Load Factor} = \frac{E}{D} \times \frac{N}{H} \text{ for each month}$$

where,

- E = the sum of the monthly energy loads in the seasonal periods the Utility filed with the Federal Energy Regulatory Commission (FERC) or other appropriate body for the previous 5 years.
- D = the sum of the monthly peak demands in the seasonal periods the Utility filed with FERC or other appropriate body for the previous 5 years.
- N = the number of months in the seasonal period.
- H = the sum of hours in the month for all months in the seasonal period.

If the Utility acts as an agent for another utility (Principal Utility) the load factor for the portion of the purchase equal to the residential load of the Principal Utility shall be determined based on the Principal Utility's own load data.

If BPA commences billing the majority of its public agency customers on a basis other than monthly noncoincidental demand, the Utility's load factor shall be computed from the 60-month historic data using a basis comparable to the billing criteria applied to the majority of public agencies.

The historic data used for load factor computation shall not be adjusted for normal temperature or streamflow. The Utility shall provide, at BPA's request, the necessary information regarding the incidence and timing of such sales.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

NEW LARGE SINGLE LOADS

1. PURPOSE OF THIS EXHIBIT

The purpose of this exhibit is to enable BPA to record "Contracted For, or Committed To" (CF/CT) determinations, facility determinations, and New Large Single Load (NLSL) determinations.

2. BASIC EXHIBIT PROVISIONS

The Utility shall serve any NLSL with the Utility's own resources. If, and to the extent that, the NLSL's power requirements exceed the Utility's resource capability, BPA will provide in-lieu power to the NLSL at the New Resource Firm Power Rate, or its successor. Power shall be provided to the NLSL in a manner consistent with the provisions of BPA's New Large Single Load Determinations Manual, as applicable.

(a) NLSL Determinations

- (1) Under the Northwest Power Act, BPA has the unilateral right to make NLSL determinations and a right under the Average System Cost Methodology to make NLSL-related adjustments.
- (2) BPA will consider a consumer's load (or portion thereof) to be a NLSL if the energy consumption of the load has increased by 10 average megawatts or more over the most recent 12 months. A NLSL may be associated with a new facility, an existing facility, or expansion of an existing facility. Any load that is considered CF/CT as of September 1, 1979, is exempt from potential NLSL status.
- (3) The Utility is required to notify BPA promptly of any load growth on its system that might trigger a NLSL determination.

(b) "Contracted for, or Committed to" Determinations

- (1) Under Section 3(13)(A) of the Northwest Power Act, BPA has the responsibility to make CF/CT determinations.
- (2) The CF/CT determination process is as follows:
 - (A) The Utility shall make a request to BPA for a CF/CT determination;
 - (B) BPA will work with the Utility to identify all contractual, or electric power service arrangements in place as of September 1, 1979. Such arrangements are exemplified by a contract for

Customer Name
Effective on the Effective Date

service effective prior to September 1, 1979, or a demonstrable "paper trail" that shows a clear commitment for BPA to serve the Utility's load with an agreed-upon amount of power;

- (C) BPA will inform the Utility of its CF/CT determination by letter; and
 - (D) If the CF/CT request is granted, the parties will note the CF/CT determination in section 2(b) of this exhibit.
- (3) As a result of the CF/CT determination, BPA will provide power to that load for the life of the facility at the rate applicable to the rest (non-NLSL) of the Utility's load.

(c) **Facility Determinations**

- (1) BPA will work with the Utility to make a reasonable facility determination prior to the time the Utility begins initial service to a new large industrial load, or prior to the expansion of service to an existing large industrial consumer.
- (2) BPA, the Utility, and its consumer will cooperate in the exchange of information to determine the general features of the operation including:
 - (A) the size of the load,
 - (B) type of process,
 - (C) schedule for development,
 - (D) location, and
 - (E) electrical service requirements including meters and a contract for power service.
- (3) The following is the list of criteria that BPA will use in making a facility determination:
 - (A) whether the load is operated by a single consumer;
 - (B) whether the load is in a single location;

Customer Name
Effective on the Effective Date

- (C) whether the load services a manufacturing process which produces a single product;
 - (D) whether separable portions of the load are independent; and
 - (E) whether the load is contracted for, served, or billed as a single load under the Utility's customary billing and service policy and other relevant factors.
- (4) When electrical service plans for a potential NLSL are complete, the Utility shall submit a formal request for a facility determination.
 - (5) BPA will review the submittal, request any additional information, and then make its determination.

3. RPSA RAMIFICATION OF A LOAD BECOMING AN NLSL

Once a load of the Utility becomes an NLSL the costs of resources used to serve that NLSL may not be used in its ASC computation.

4. EXHIBIT REVISIONS

The parties shall revise this New Large Single Loads Exhibit when:

- (a) BPA determines, upon Utility request, that a potential load was a CF/CT load before September 1, 1979 (a CF/CT determination);
- (b) BPA determines, upon Utility request, that a particular load would constitute one or more facilities (facility determination) for the purpose of evaluating NLSL status; or
- (c) BPA determines that a new load meets, or might meet, the definition of a NLSL as defined in Section 3(13) of the Northwest Power Act. The Utility shall notify BPA as soon as it has been contacted by any such consumer or potential consumer seeking service in its regional service area.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

IN-LIEU PF POWER DELIVERY

This exhibit applies when the Utility elects to receive in-lieu PF power from BPA. Within this Exhibit E, the Utility is referred to as "Customer."

Table of Contents

Section	Page
1. BPA's Service to the Customer	1
2. Customer Rights	2
3. Customer Responsibilities	3
4. Statutory Provisions Regarding the BPA-Customer Relationship	3
5. Delivery	3
6. Billing, Payment, and Rates	4
7. Interpretation, Dispute Resolution, and Administration	4
Item 1 In-Lieu PF Power Delivery Selections	
Item 2 Power Scheduling	
Item 3 Points of Delivery	
Item 4 Insufficiency and Allocations	
Item 5 Special Provisions	

1. BPA'S SERVICE TO THE CUSTOMER

(a) Products and Services

BPA agrees to provide in-lieu PF power (capacity and energy) that BPA offers and the Customer chooses to have BPA deliver. The customer may also purchase BPA load shaping products for the percentage of its load served by in-lieu PF power.

(b) Transmission Services

(1) Transmission Arrangement for In-Lieu PF Power

BPA agrees to provide transmission as required to deliver in-lieu PF power to the Customer at its regional Points of Delivery as established in this Agreement.

(2) Comparable Service

BPA agrees to offer the Customer, under a separate agreement providing for wheeling of non-Federal power, transmission and ancillary services on a basis that is comparable to BPA's own use of its system for delivering Federal power in the Pacific Northwest. BPA will provide comparable service except to the extent that (A) and (B) apply, as provided in the National Energy Policy Act of 1992:

Customer Name
Effective on the Effective Date

- (A) whenever providing such service would cause BPA to be unable either to comply with applicable regulatory requirements or meet its statutory obligations; and
- (B) whenever providing such service would force BPA to spill water, without compensation, that it would otherwise have used to generate nonfirm energy.

BPA's commitment will be implemented in a rulemaking process pursuant to Section 212(i)(2)(A) of the Federal Power Act. BPA will develop terms and conditions related to transmission and ancillary transmission services prior to, or concurrently with, development of its transmission rates in BPA's established ratemaking process. The resulting BPA transmission terms, conditions, and rates will be used as the basis for assessing comparability.

2. CUSTOMER RIGHTS

(a) **Product Choices**

BPA shall record the Customer's in-lieu PF power Subscriptions (amounts of requested service) in section 2(b) of the In-Lieu Delivery Selections in Item 1 of this Exhibit. BPA will automatically provide the ancillary services needed to ensure that the requested products can be provided in a manner that meets BPA standards for reliability and power quality. The Customer shall purchase and pay for such products and services in accordance with the payment provisions in section 6 of this Exhibit. To obligate BPA to provide in-lieu PF power, the Customer must submit its in-lieu PF power choices to BPA by the Commitment Date.

(b) **Transmission Service**

The Customer will receive "point-to-point" transmission service for deliveries of in-lieu PF power unless they have executed another agreement with BPA providing transmission service under BPA's network tariff. If the customer has executed such an agreement the delivery of in-lieu PF power would be considered a network resource.

(c) **Right to Revise Subscriptions**

Within 30 days of publication of BPA's Initial Rate Proposal in the Federal Register, the Customer may revise any previously-submitted product selections and Subscriptions for forthcoming Purchase Periods. However, this right is limited to product choices that the Customer is making for future Purchase Periods; no changes can be made to any previously-selected product with a Purchase Period that continues into the forthcoming Resource Commitment Period.

Customer Name
Effective on the Effective Date

- (d) **Right to Restore In-Lieu Service**
The Customer shall have the right to restore in-lieu PF power purchases on 7 years' notice to BPA.
- (e) **Arbitration of Contract Disputes**
Both the Customer and BPA have a right to arbitrate disputes as set forth this Agreement.

3. CUSTOMER RESPONSIBILITIES

The Customer shall schedule hourly amounts of in-lieu PF power consistent with the provisions of this Exhibit's Item 2, Power Scheduling.

4. STATUTORY PROVISIONS REGARDING THE BPA-CUSTOMER RELATIONSHIP

- (a) **Limitation on Resale**
The Customer shall not resell in-lieu PF power except to its eligible residential load as defined in Exhibit B.
- (b) **Limitation on In-Lieu Amount**
The Customer's right to purchase in-lieu PF power is limited to the amount shown in the In-Lieu Delivery Selections, Item 1.
- (c) **Insufficiency and Allocations**
If and when BPA makes a determination, consistent with Section 5(b) of the Northwest Power Act and other applicable statutes, that it will not have sufficient resources on a planning basis to serve its loads, then BPA may give its customers a notice that BPA may restrict service as provided in the formulas within Item 4, Insufficiency and Allocations. Such restriction shall take effect no earlier than 5 years after notice is given to the Customer.

5. DELIVERY

- (a) **Delivery of In-Lieu PF Power**
BPA shall deliver in-lieu PF power at the points of delivery specified in this Exhibit's Item 3, Points of Delivery; and

Customer Name
Effective on the Effective Date

- (b) **Engineering and Operations Provisions Related to Delivery**
See Exhibit G, Engineering and Operations, for contractual requirements related to metering, facilities, power quality, transfer service, and service interruptions.

6. BILLING, PAYMENT, AND RATES

(a) **Billing and Payment**

BPA shall bill the Customer, and the Customer shall pay, on a monthly basis for its purchases consistent with BPA's billing procedures, this In-Lieu PF Power Delivery Exhibit, and the applicable rate schedules shown in section 6 of the Agreement and Exhibit A. The Customer shall also pay on a monthly basis for those ancillary services (e.g., load regulation, Control Area reserves, reactive power) that the Customer may not select, but which BPA automatically provides. The Customer shall also pay BPA for costs BPA incurs to correct harmonics and other operational problems on the Federal system caused by the Customer's system or its consumers' facilities.

Late payments shall be subject to applicable late payment charges as described by BPA's billing procedures.

(b) **Unauthorized Deviation**

The Customer shall be subject to unauthorized deviation charges, as provided in the applicable rate schedule, BPA's Billing Policy, and the In-Lieu Delivery Selections in Item 1, whenever the Customer's actual purchase of in-lieu PF power is greater than its right to purchase in-lieu PF power.

7. INTERPRETATION, DISPUTE RESOLUTION, AND ADMINISTRATION

(a) **Incorporated Items, Policies, and Standards**

The In-Lieu PF Power Delivery Selections, Item 1; Power Scheduling, Item 2; Points of Delivery, Item 3; Insufficiency and Allocations, Item 4; and Special Provisions, Item 5 listed in this exhibit's Table of Contents are incorporated into this Exhibit. Any reference to BPA policy or BPA standards as provided in this In-Lieu PF Power Delivery Exhibit shall refer to the most recent version of the referenced document. Such policies and standards are incorporated by reference.

(b) **Notices and Information Exchange**

The parties shall exchange the information referred to in this In-Lieu PF Power Delivery Exhibit. No reasonable request for additional information shall be refused. A request to use a specific form or format, including electronic format, is considered a "reasonable" request.

(c) **Definitions**

(1) **Resource Commitment Period**

The "Resource Commitment Period" is a 2-year period beginning October 1 in every even numbered year. The Resource Commitment Period is designed to coincide with BPA's rate period.

(2) **Contractual Control Area**

A "Contractual Control Area" is the electrical (not necessarily geographical) area within which a utility which does not operate a Control Area has the responsibility to balance its generation, loads, and interchange schedules on an hourly basis. Such balancing shall take place hourly, rather than instantaneously as required for customers providing their own load regulation services. The Customer's Contractual Control Area includes all loads on the Customer's side of its points of delivery and all of the Customer's generation in BPA's Control Area.

(3) **Load Control Area**

"Load Control Area" or "Control Area" is the electrical (not necessarily geographical) area within which a controlling utility certified by the North American Electric Reliability Council (NERC) has the responsibility to adjust its generation on an instantaneous basis to match internal load and power flow across interchange boundaries to other Control Areas. A utility operating a Control Area is called a "controlling utility."

(4) **Purchase Period**

The "Purchase Period" is the period during which the Customer has agreed to purchase a particular amount of in-lieu PF power.

(5) **Subscription**

"Subscription" refers to the requested amounts of in-lieu PF power (expressed in terms of demand and diurnal energy quantities, as applicable) associated with the Customer's in-lieu PF power selections. The Customer's Subscription of in-lieu PF power is the amount of in-lieu PF power that BPA offers and the Customer elects to purchase from BPA.

(6) **Commitment Date**

The "Commitment Date" is the date on which the Customer must provide its Subscriptions to BPA for in-lieu PF power purchases. This date is February 14th of every other year, starting on February 14, 1998. If a Customer is exclusively purchasing power products that

Customer Name
Effective on the Effective Date

have Purchase Periods in excess of 2 years, the Customer may not need to submit new Subscriptions on every Commitment Date. However, the Customer may still be required to submit other information on the Commitment Date.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

Customer Name
Effective on the Effective Date

ITEM 1
IN-LIEU PF POWER DELIVERY SELECTIONS

1. PURPOSE OF ITEM 1

This item identifies the in-lieu PF power that the Customer purchases from BPA and provides the information needed to implement the sales arrangement. The Customer's selections are recorded in section 2(a). The in-lieu PF power Subscription process is described in section 2(b). The Customer's Subscription of in-lieu PF power is recorded in section 2(c), and other information regarding the product mix is provided in section 2(d).

2. BASIC PROVISIONS

[The information in this item will be tailored based on the in-lieu PF power choices of each Customer.]

(a) **Product Selections**

The notice requirements associated with in-lieu PF power purchases are described in section 2(b). In accordance with the Agreement the Customer may choose to take delivery of firm in-lieu PF power offered by BPA. In-lieu PF power deliveries will be based on the pages in the BPA product catalog for firm requirements power. If the Customer chooses they may attach the applicable pages from the BPA's then-current product catalog.

(b) **Process for Making Product Selections**

(1) **Initial Selections and Subscriptions**

On or before each Commitment Date, the Customer must select the amount of in-lieu PF power that it wants to purchase and state its Subscription (purchase quantity) of in-lieu PF power.

The Customer's Subscriptions are subject to the following provisions:

- (A) The Customer shall make its in-lieu PF power Subscriptions in monthly amounts for every month of the forthcoming Resource Commitment Period. The Customer may choose between submitting its Subscriptions for the remainder of the Purchase Period in monthly or annual amounts. Subscriptions for firm power shall be stated in terms of demand and diurnal energy quantities for each of BPA's diurnal billing periods. If the customer fails to submit a Subscription on the Commitment Date, the monthly power amounts from their previous year's Subscription will be carried forward as their Subscription for the next Resource Commitment Period.

Customer Name
 Effective on the Effective Date

- (B) The customer's current Subscription is shown in the in-lieu PF power Subscription Table below. BPA will update this table whenever the customer changes the amount of its in-lieu PF power subscription or whenever BPA gives notice that it is going to exercise its rights to terminate or limit an in-lieu transaction.

IN-LIEU PF POWER SUBSCRIPTION TABLES
DIURNAL PERIOD ONE

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
1997												
1998												
1999												
2000												
....												
2???												

DIURNAL PERIOD TWO

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
1997												
1998												
1999												
2000												
....												
2???												

PEAK POWER DEMAND

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (MW)												
1997												
1998												
1999												
2000												
....												
2???												

(2) **Changes to Subscriptions for Future Purchase Periods**

(A) **Decreases of In-Lieu PF Power Subscriptions**

By the Commitment Date, the Customer shall notify BPA if it intends to decrease the amount of in-lieu PF power that it will buy in the next Resource Commitment Period, subject only to the limitation that the Customer may not modify any previously-submitted Subscriptions for in-lieu PF power. BPA will update the following table when the Customer chooses to reduce its in-lieu PF power Subscription:

Customer Name
 Effective on the Effective Date

**REDUCTIONS OF IN-LIEU PF POWER DELIVERIES
 DIURNAL PERIOD ONE**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
1997												
1998												
1999												
2000												
....												
2???												

DIURNAL PERIOD TWO

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
1997												
1998												
1999												
2000												
....												
2???												

PEAK POWER DEMAND

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (MW)												
1997												
1998												
1999												
2000												
....												
2???												

(B) **Increases of In-Lieu PF Power Purchases -- 7 years' Notice to BPA**

On 7 years' written notice to BPA provided by a Commitment Date, the Customer may elect to restore in-lieu PF power purchases of diurnal energy and peak demand. Restoration of in-lieu PF power purchases may not exceed the amounts shown in the table in section 2(b)(2)(A). The notice shall specify annual amounts of restored service for energy for each year of a 3-year Purchase Period. These restored quantities of in-lieu PF power will be added to the Customer's in-lieu PF power deliveries in the Resource Commitment Period to which they apply. BPA will update the following table when it receives notice from the Customer of the restoration:

Customer Name
Effective on the Effective Date

**CUSTOMER RESTORATION OF IN-LIEU PF POWER DELIVERIES
DIURNAL PERIOD ONE**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
1997												
1998												
1999												
2000												
....												
2???												

DIURNAL PERIOD TWO

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
1997												
1998												
1999												
2000												
....												
2???												

PEAK POWER DEMAND

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (MW)												
1997												
1998												
1999												
2000												
....												
2???												

(c) **SUBSCRIPTIONS**

(1) **Monthly Subscriptions**

In-lieu PF power Subscriptions shall include monthly demand and energy data for each of BPA's diurnal energy periods.

(2) **Weekly Subscriptions**

At least 2 months prior to the calendar delivery month, the Customer must provide BPA with its weekly Subscriptions for in-lieu PF power. The Customer's weekly Subscriptions for in-lieu PF power must be based on monthly amounts. For transition weeks (weeks that include days from two different months), the Customer will identify the portion of in-lieu PF power associated with each monthly period (transition Subscription). The Customer will ensure that the sum of its weekly Subscriptions and transition Subscriptions for any month does not exceed its monthly Subscription.

Customer Name
Effective on the Effective Date

(3) **Daily Subscriptions**

The Customer will submit its daily Subscriptions for in-lieu PF power on the Wednesday prior to the Sunday-through-Saturday weekly delivery period. The sum of the Customer's daily Subscriptions for the week may not exceed the weekly Subscription, or if the week is a transition week, the Customer's daily Subscriptions for the remaining days of the current month must equal its transition Subscription for such period and the daily Subscriptions for the forthcoming month must equal the Customer's transition Subscription for the beginning of such subsequent month.

(4) **Hourly Subscriptions**

The Customer will establish its hourly Subscriptions at the time of preschedule. The sum of the Customer's hourly Subscriptions for the day may not exceed its daily Subscription.

(5) **Default Subscriptions**

If the Customer does not submit a timely Subscription for any monthly, weekly, daily, or hourly period, BPA will establish a default Subscription for such period by dividing existing in-lieu PF power Subscriptions into equal amounts for the number of units in the period (weeks, days, hours) for which there is no Subscription. (For example, daily Subscriptions will be determined by dividing weekly Subscriptions by 7.)

(d) **Billing for the Selected Product Mix**

The Customer will be billed for its selected product mix as described in the following sections. The Customer's product choices and Subscriptions establish its Baseline Purchase Amount, as determined in subsection (1), below. This Baseline Purchase Amount is then compared to the Customer's measured energy for the corresponding period to identify any deviations. Any such deviations are then evaluated to determine if they are "unauthorized," i.e., do they exceed the "authorized" deviation amount?

(1) **Baseline Purchase Amounts**

(A) **Heavy Load Hour (HLH) Baseline Purchase Amount**

(i) **Hourly HLH Baseline Purchase Amount**

The Customer's hourly HLH Baseline Purchase Amount is the smaller of:

(I) the Customer's schedule for in-lieu PF power;

Customer Name
Effective on the Effective Date

(II) the Customer's monthly Demand Subscription for in-lieu PF power.

(ii) **Daily HLH Baseline Purchase Amount**
The Customer's daily HLH Baseline Purchase Amount is equal to the Customer's daily Subscription for HLH in-lieu PF power.

(iii) **Monthly HLH Baseline Purchase Amount**
The Customer's monthly HLH Baseline Purchase Amount is equal to the Customer's monthly Subscription for HLH in-lieu PF power.

(B) **Light Load Hour (LLH) Baseline Purchase Amount**

(i) **Hourly LLH Baseline Purchase Amount**
The Customer's LLH Baseline Purchase Amount is the larger of:

(I) the amount of in-lieu PF power scheduled by the Customer; or

(II) 50 percent of the Customer's average hourly amount of its daily Subscription for LLH in-lieu PF power.

(ii) **Daily LLH Baseline Purchase Amount**
The Customer's daily LLH Baseline Purchase Amount is equal to the Customer's LLH daily Subscription for in-lieu PF power.

(iii) **Monthly LLH Baseline Purchase Amount**
The Customer's monthly LLH Baseline Purchase Amount is equal to the Customer's LLH monthly Subscription for in-lieu PF power.

(2) **Deviations**

Deviation for a period is the Customer's measured energy for the period minus its Baseline Purchase Amount for the same period. Deviations may be either positive or negative. In addition, deviations are either "authorized" and treated as allowable changes to the Customer's Baseline Purchase Amount or "unauthorized" and subject to a penalty. (Negative unauthorized deviations are charged at the

Customer Name
Effective on the Effective Date

applicable rate for in-lieu PF power service; positive unauthorized deviations are charged at the rate for Unauthorized Increase.)

Any deviation for a period that exceeds the authorized deviation is unauthorized. Hourly deviation calculations are performed first, followed by daily, and then monthly calculations. The unauthorized deviations from the hourly calculations are carried forward for use in the daily deviation calculations to assure that unauthorized deviations are not charged twice. Similarly the unauthorized deviations from the hourly and daily calculations are carried forward to the monthly calculations. These calculations are performed separately for each diurnal period and there is no netting across diurnal periods.

(A) **Hourly Unauthorized Negative Deviations**

An hourly unauthorized negative deviation is the hourly measured energy minus the Customer's hourly Baseline Purchase Amount.

(B) **Daily Authorized Negative Deviations**

The Customer's daily Authorized Negative Deviation is the greater (less negative) of the quantities (i) and (ii) below:

(i) the Customer's daily measured energy minus the Customer's daily Baseline Purchase Amount minus the sum of the hourly unauthorized negative deviations; or

(ii) the quantity equal to -1 multiplied by the greater of:

(I) 5 percent of the Customer's daily Subscription of in-lieu PF power for that diurnal rate period; and

(II) 1 MW.

(C) **Daily Unauthorized Negative Deviations**

The Customer's daily unauthorized negative deviation is the daily measured energy minus the daily Baseline Purchase Amount minus the sum of the hourly unauthorized negative deviation amounts minus the daily authorized negative deviation calculated in (B), above.

(D) **Monthly Authorized Negative Deviations**

The Customer's monthly Authorized Negative Deviation is the greater (less negative) of the quantities (i) and (ii) below:

Customer Name
Effective on the Effective Date

- (i) the Customer's monthly measured energy minus the Customer monthly Baseline Purchase Amount minus the sum of the hourly and daily unauthorized negative deviations; or
- (ii) 1 percent of the Customer's monthly Subscription for in-lieu PF power for that diurnal rate period.

(E) **Monthly Unauthorized Negative Deviations**

The Customer's monthly unauthorized negative deviation is the monthly measured energy minus the monthly Baseline Purchase Amount minus the sum of the hourly and daily unauthorized negative deviation amounts minus the monthly authorized negative deviation calculated in (D), above.

(F) **Hourly Unauthorized Positive Deviations**

An hourly unauthorized positive deviation is the hourly measured energy minus the Customer's hourly Baseline Purchase Amount.

(G) **Daily Authorized Positive Deviations**

The Customer's daily Authorized Positive Deviation is the lesser of (i) and (ii) below:

- (i) the Customer's daily measured energy minus the Customer daily Baseline Purchase Amount minus the sum of the hourly unauthorized positive deviations; or
- (ii) the greater of:
 - (I) 1 percent of the Customer's daily Subscription of in-lieu PF power for that diurnal rate period; and
 - (II) 1 MW.

(H) **Daily Unauthorized Positive Deviations**

The Customer's daily unauthorized positive deviation is the daily measured energy minus the daily Baseline Purchase Amount minus the sum of the hourly unauthorized positive deviation amounts minus the daily authorized positive deviation calculated in (G), above.

Customer Name
Effective on the Effective Date

(I) **Monthly Authorized Positive Deviations**

The Customer's monthly Authorized Positive Deviation is the lesser of (i) and (ii) below:

- (i) the Customer's monthly measured energy minus the Customer monthly Baseline Purchase Amount minus the sum of the hourly and daily unauthorized positive deviations; or
- (ii) 1 percent of the Customer's monthly Subscription for in-lieu PF power for that diurnal rate period.

(J) **Monthly Unauthorized Positive Deviations**

The Customer's monthly unauthorized positive deviation is the monthly measured energy minus the monthly Baseline Purchase Amount minus the sum of the hourly and daily unauthorized positive deviation amounts minus the monthly authorized positive deviation calculated in (I), above.

(3) **Billing Energy**

- (A) The unauthorized positive deviations for each hour, day, and month are summed.
- (B) The unauthorized negative deviations for each hour, day, and month are summed.
- (C) The resulting positive and negative unauthorized deviation sums are used to determine energy billing amounts as follows:
 - (i) The adjusted positive unauthorized deviation amount is billed at the unauthorized increase rate.
 - (ii) The adjusted negative unauthorized deviation amount is reduced by the adjusted positive unauthorized deviation amount. This amount is carried forward to (iii), below.
 - (iii) The measured energy will be reduced by the amount of the adjusted positive unauthorized deviation from (i), above and increased by any net negative unauthorized deviation from (ii), above. The resulting adjusted measured energy will be billed at the applicable rate for in-lieu PF power service.

Customer Name
Effective on the Effective Date

(4) **Billing Demand**

(A) **Billing Demand for Generation**

BPA will bill the Customer for demand as specified in the applicable rate for in-lieu PF power service.

(B) **Billing Demand for Transmission**

BPA will bill the Customer for transmission of its in-lieu PF power to its POD's as follows:

(i) **Customers Buying Network Integration Transmission Service**

BPA will bill the Customer for transmission of its in-lieu PF power at the Network Integration Transmission Rate.

(ii) **Customers Buying Point-to-Point Transmission Service**

BPA will bill the Customer for transmission of its in-lieu PF power at the Point-to-Point Transmission Rate.

3. **IN-LIEU DELIVERY SELECTIONS ITEM REVISION**

This item shall be updated:

- (a) on every Commitment Date when the Customer chooses to take in-lieu PF power. The catalog referenced must be updated to reflect the latest applicable terms and conditions for the in-lieu PF power sale;
- (b) whenever the Customer makes a Subscription for in-lieu PF power, modifies its Subscription for in-lieu PF power, or restores previous reductions of in-lieu PF power; and
- (c) whenever the Customer and BPA agree to change the terms of sale for products that the Customer has already selected.

The terms and conditions related to the sale of in-lieu PF power during a Resource Commitment Period may be changed only by mutual agreement and shall be approved in writing.

(MCPLAN-MPSM-W:\MPDSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

ITEM 2
POWER SCHEDULING

1. PURPOSE OF ITEM 2

This item describes how the parties will effect in-lieu PF power deliveries.

2. BASIC PROVISIONS

(a) **Scheduling Principles**

These procedures are intended to achieve the following principles:

- (1) Promote efficient system operations and maximize power production;
- (2) Provide workable scheduling procedures for the timely delivery of power thereby promoting efficient power transactions; and
- (3) Reflect the terms and conditions for in-lieu PF power under Exhibit E, In-Lieu PF Power Delivery.

(b) **Control Area Requirements**

- (1) In order to schedule power, a customer must either operate a Control Area or designate a Host Control Area (HCA) as defined by NERC to implement its schedules. The HCA may be the sending Control Area, the receiving Control Area, or an intermediary Control Area.
- (2) BPA will be the HCA for any transaction involving either:
 - (A) generation located within BPA's Control Area; or
 - (B) service to a load within BPA's Control Area.
- (3) If BPA is the intermediary Control Area in a single transaction or set of transactions, the Customer may designate a HCA other than BPA. The Customer must inform BPA of its choice no later than the time of preschedule. BPA has no obligation to accept schedules from any HCA that does not agree to abide by the scheduling requirements set forth in this exhibit.
- (4) If the Customer has designated a HCA for a single transaction, it must remain the HCA for the entire duration of the schedule. In the event the Customer fails to identify a HCA for its next transaction, BPA will assume that the designated HCA is the same entity as designated for the Customer's last transaction. The Customer may

Customer Name
Effective on the Effective Date

designate a single HCA for all of its transactions, and any such HCA will remain so designated until the Customer notifies BPA that it has selected another HCA.

- (5) Even though all customers receiving in-lieu PF power are required to submit schedules to BPA, only those utilities that operate their own Control Areas can implement schedules (as that term is used by the NERC).
- (6) Any customer receiving in-lieu PF power for whom BPA is the HCA must schedule energy to and from BPA as if the customer operates its own Control Area, i.e., the Customer has a Contractual Control Area for purposes of scheduling power under this exhibit. (The term "Contractual Control Area" is defined in the body of this Agreement for affected Customers.)
- (7) Customers using a HCA other than BPA must establish and verify schedules with Control Areas through the HCA, but the HCA is responsible for implementing and assuring the accuracy of the schedule.

(c) **Coordinating Requirements**

- (1) All schedules must be provided to BPA on Workdays (defined as any day both parties consider a workday).
- (2) Schedules apply to the following day or days (if the following day or days are not Workdays).
- (3) Scheduled hourly values are to be referenced by the "hour ending" time on the 24 hour clock (i.e., the schedule for 2:00 PM - 3:00 PM is referred as the "hour ending 1500" or, more commonly, the "1500 hour").
- (4) Unless otherwise agreed, all schedules will be effectuated on an hourly basis using the standard 20 minute ramp period centered on the hour (i.e., beginning 10 minutes prior to the hour and ending 10 minutes after the hour).
- (5) All schedules with BPA are to be stated in Pacific Time (PT) and are to begin with the 0100 hour.
- (6) The Customer agrees to submit all hourly prescheduled quantities of the product or service in whole megawatthour amounts.

(d) **Prescheduling Requirements**

Prescheduling is the process of establishing hourly schedules through the following Workday(s).

(1) **Preschedule Submissions**

- (A) The Customer agrees to submit schedule(s) covering all transactions into, out of, or within BPA's Control Area except as provided in G, below.
- (B) BPA may require Customers to submit estimated preschedules prior to the final preschedule.
- (C) The Customer agrees to submit a final hourly preschedule for the next day or days by 1400 of each Workday.
- (D) BPA may require Customers to submit estimated daily schedules of energy for an ensuing period up to 10 days in length.
- (E) Two schedules are required for all in-lieu PF power that the Customer has scheduled for delivery to its system if the Customer is not in BPA's Control Area but is buying load shaping from BPA.
- (F) The maximum number of preschedule days is four days, except that by mutual agreement BPA may accept preschedules for up to five or six days as needed to accommodate a Customer's special scheduling requirements for contiguous weekend-holiday periods. (For example, BPA will accept schedules for the period Thanksgiving Thursday through Monday if the Customer observes the Friday after Thanksgiving as a holiday).
- (G) Customers must identify that portion of their hourly preschedule submittals attributable to load shaping if they:
 - (i) operate their own Control Area and purchase any BPA load shaping product; or
 - (ii) purchase load regulation and partial load shaping.

Customer Name
Effective on the Effective Date

- (H) Any Customer operating a Contractual Control Area and purchasing BPA's full load shaping product may not schedule:
 - (ii) any in-lieu PF power service, if the Customer has chosen to declare its hourly Resource Commitment in lieu of subscribing to specific quantities of in-lieu PF power; or
 - (i) load shaping amounts for in-lieu PF power service, if the Customer has subscribed to specific quantities of in-lieu PF power.

- (2) **Information Required to be Included in Any Preschedule**
Any schedule submitted to BPA shall include, at a minimum, the following information:
 - (A) the HCA, if the Customer itself does not operate a Control Area;
 - (B) the supplier, receiver, and wheeling entities involved in the transaction;
 - (C) the megawatt amount of the schedule;
 - (D) the starting and ending times for each schedule;
 - (E) the point of receipt/delivery for the transaction; and
 - (F) the type of product or service being scheduled, including a statement as to whether the energy being scheduled is firm for, or interruptible during, the delivery hour.

- (3) **Preschedule Amounts**
The Customer's prescheduled amounts shall satisfy the following criteria:
 - (A) The Customer's total preschedule amounts shall not exceed its Subscriptions as established prior to the preschedule period.
 - (B) The Customer shall not preschedule heavy load hour energy in excess of its monthly Subscription for in-lieu PF power demand.

Customer Name
Effective on the Effective Date

- (C) The Customer shall not preschedule amounts of light load hour (LLH) energy in amounts less than 50 percent of the Customer's average hourly amount of its daily Subscription for LLH in-lieu PF power.
- (D) The Customer may reshape its energy deliveries from its Subscriptions only if the Customer has purchased the right to reshape energy deliveries as an unbundled service.
- (E) By mutual agreement, BPA and the Customer may reshape energy amounts beyond daily quantities and demand limits specified in this In-Lieu PF Power Delivery Exhibit due to adverse operating conditions on either party's system. BPA's Agreement to reshape demand and energy amounts shall not relieve the Customer of paying applicable unauthorized increase charges.

(e) **Changes from Preschedule**

- (1) The Customer may not change the hourly amounts of its preschedules except by mutual agreement unless the Customer has purchased the right to change its preschedules as a separate unbundled service. Notwithstanding such right, the Customer agrees to endeavor to avoid requests for changes from preschedule.
- (2) To the extent changes from the preschedule become necessary, the Customer must submit such requests no later than 30 minutes prior to the scheduled hour for which the change becomes effective.
- (3) No later than 30 minutes before the delivery hour, those customers with their own electrical (as opposed to Contractual) Control Area who are purchasing load shaping must adjust their preschedules to account for changes in their forecast of actual retail load since the time of preschedule.
- (4) Multihour changes from preschedule are to specify an "hour beginning" and an "hour ending" and are never to be stated as "until further notice."
- (5) Upon the Customer's request, BPA shall consider midhour changes from preschedule under critical operating conditions such as loss of a resource or transmission path. The Customer and BPA may agree to the effective time, ramp duration, integrated, and revised net schedules for midhour changes. Midhour schedule changes may not

Customer Name
Effective on the Effective Date

be made for economic or load shaping purposes. Such changes are subject to applicable charges.

(f) **Emergency Requirements**

(1) **Loss of Transmission Path**

- (A) The path operator shall notify the affected Customer as rapidly as possible of the loss of a transmission path.
- (B) The path operator shall establish the effective time (midpoint of ramp) of schedule change.
- (C) All parties to a transaction shall terminate or modify schedules, as required, per the established effective time, and agree on integrated and revised net schedules.

(2) **Loss of Generating Resource**

The Customer agrees to adhere to the following requirements for any resource that it operates and agrees to ensure, through contractual arrangement, that any entity operating a resource on its behalf likewise agrees to the following:

- (A) The operating entity (entity who lost the resource) will notify BPA and the affected Customer as quickly as possible of the resource loss;
- (B) The operating entity will establish the effective time (midpoint of ramp) of schedule change; and
- (C) All parties to a transaction shall terminate or modify schedules, as required, as of the established effective time, and agree on integrated and revised net schedules.

(3) **General Provisions Regarding Emergencies**

BPA and the Customer agree to expedite communications to avoid accumulation of inadvertent power flows or net schedules which place a control burden on other Control Areas.

(g) **After-the-Fact Reconciliation**

Any Customer that operates its own Control Area agrees to reconcile all schedules and accounts at the end of each month consistent with the following principles:

Customer Name
Effective on the Effective Date

- (1) The Customer and BPA will verify all scheduled energy transactions as to product or type of service, hourly amounts, daily and monthly totals and, where appropriate, diurnal energy totals;
- (2) The Customer and BPA will agree on current product balances, loss calculations and loss schedules, where appropriate; and
- (3) The Customer and BPA will reconcile all pool errors and inadvertent energy in a timely manner.

3. POWER SCHEDULING ITEM REVISION

The provisions in this Power Scheduling Item may be revised as provided below:

- (a) BPA may unilaterally revise the following sections to reflect changes in BPA's products:
 - (1) section 2(d)(1)(E)
 - (2) section 2(d)(1)(G), and
 - (3) section 2(d)(3)(A-D)
 - (4) section 2(e)(3).
- (b) BPA may revise the following sections upon the written agreement of BPA and at least 80 percent of affected customers operating Contractual Control Areas:
 - (1) section 2(b)(6), and
 - (2) section 2(d)(1)(H).
- (c) BPA may revise the remaining provisions effective upon the written agreement of BPA and at least 80 percent of the number of Customers that operate Control Areas and purchase on a partial requirements basis at the time of such revision.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

Customer Name
Effective on the Effective Date

ITEM 3 POINTS OF DELIVERY

1. **PURPOSE OF ITEM 3**

This item identifies each of the Customer's points of delivery (POD) for in-lieu PF power.

2. **BASIC PROVISIONS**

Points of Delivery *[The following information, as applicable, shall be included for any listed POD.]*

Name of POD

POD Location

Delivery Voltage

Circuit in Which the Metering is Located

Metering Voltage

Losses

Exceptions

- Period of Service (applicable when the POD is not yet in service or is scheduled to be removed);
- Future Voltage (applicable when the voltage is scheduled to be changed);
- Demand Limits;
- Phase (applicable when BPA is delivering single-phase, not 3-phase power);
- Transfer Service;
- Service over Other Facilities. (Applicable when BPA uses the Customer's own facilities to serve the Customer);
- Default Methodology for Calculating Hourly Amounts of Deliveries. (Applicable when the existing meters only measure monthly amounts);
- Default Methodology for Calculating Hourly Amounts of Customer Generation. (Applicable when the existing meters only measure monthly amounts.) In some cases, the resource will be treated as an offset to the Customer's load. Customer resources are not subject to this requirement; and
- Calculation Methods for Determining How Meter Readings are to be Added or Subtracted to Calculate the Billing Amounts.

3. **POINT OF DELIVERY ITEM REVISION**

This Point of Delivery Item shall be updated to reflect changes in the POD's. BPA may remove a POD from this item at any time when it is no longer used for delivery of either Federal power or power wheeled by BPA, **provided**, BPA has demonstrated through a power flow study that all power that BPA is responsible for delivering to the Customer can be delivered over the Customer's remaining POD's.

Customer Name
Effective on the Effective Date

No more than once a year, and after consulting with the customers, BPA may update loss factors using established methodologies for calculating such factors.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

**ITEM 4
INSUFFICIENCY AND ALLOCATIONS**

1. PURPOSE OF ITEM 4

This item complies with the requirements of the Northwest Power Act regarding insufficiency.

2. BASIC PROVISIONS

(a) **Planning Insufficiency**

If and when BPA forecasts, on a planning basis, an inability to acquire resources to meet its requirements obligation to supply demand and diurnal energy quantities to its public body and cooperative, Federal agency, direct service industry, and investor-owned utility customers, BPA will issue a written notice to limit its supply obligation. BPA's resulting obligation shall be no less than an amount equal to the Federal Base System (FBS) firm peak capability and firm energy capability.

(b) **Actual Insufficiency**

Notwithstanding any insufficiency notice issued based on planning criteria specified in section 2(a), BPA's obligation to supply demand and diurnal energy amounts in an operating year must equal or exceed the firm peak capability or firm energy capability of the FBS before BPA implements an insufficiency restriction.

(c) **Insufficiency Notices**

(1) **Initial Insufficiency Notice**

The insufficiency notice shall specify BPA's best estimate of each months' demand and diurnal energy capability of the FBS, and the associated allocation to each customer class.

(2) **Notice of Insufficiency Calculation**

At least 3 months prior to any month in which BPA has an insufficiency, BPA shall calculate each customer's share of available Federal resources and make such calculations available to its customers.

(3) **Retraction of Insufficiency Notice**

When BPA is able to meet its supply obligations based on then-current customer subscriptions for requirements service, BPA may cancel the restriction.

(d) **Formula Allocations**

(1) **Definitions**

The following definitions are used in the allocations formulas:

Class 1 = public body, cooperative class
Class 2 = Federal agency class
Class 3 = direct service industry class
Class 4 = investor-owned utility class

(2) **Allocation Formula Variables Defined**

The following variables are used in the allocations formulas:

S1: requirements service subscription of a Class 1 customer
S2: requirements service subscription of a Class 2 customer
S3: requirements service subscription of a Class 3 customer
S4: requirements service subscription of a Class 4 customer
SM: a Montana customer's requirements service subscription
M: Montana Reservation resource amount as determined by BPA
RBPA: total FBS and non-FBS resources available to BPA to serve requirements service subscriptions. Includes RT.
R1: resources sold to BPA by a Class 1 customer, plus in-lieu PF power sold by BPA to a Class 1 customer
R2: resources sold to BPA by a Class 2 customer
R3: resources sold to BPA by a Class 3 customer
R4: resources sold to BPA by a Class 4 customer, plus in-lieu PF power sold by BPA to a Class 4 customer
RT: total of R1, R2, R3 and R4

(3) **Firm Energy and Peak Demand Allocation Formulas**

BPA will use the following formulas to determine each customer's monthly right to power during a period of insufficiency. BPA shall calculate the Customer's monthly right to demand and energy during each of BPA's established diurnal energy periods. The Customer's right to purchase requirements power from BPA shall be limited to the calculated quantities.

Customer Name
Effective on the Effective Date

Formula 1: If $RBPA - (\Sigma R3 + \Sigma R4) \geq \Sigma S1 + \Sigma S2$, all Class 1 and Class 2 customers receive allocations equal to their respective subscriptions. Go to Formula 2.

Otherwise:

If $M/\Sigma SM > (RBPA - RT)/(\Sigma S1 + \Sigma S2)$ then:

- (A) Each Montana customers' allocation = $SM/\Sigma SM * M$.
- (B) Other Class 1 and Class 2 customer's allocation is as follows:
 - Allocate R1 to eligible Class 1 customers and R2 to eligible Class 2 customers.
 - Allocate excess R1 proportionally to remaining Class 1 subscriptions and excess R2 proportionally to remaining Class 2 subscriptions. Iterate until all R1 and R2 is used.
 - Use $S1/(\Sigma S1 + \Sigma S2 - \Sigma SM) * (RBPA - \Sigma RT - M)$ for allocating to remaining Class 1 subscriptions.
 - Use $S2/(\Sigma S1 + \Sigma S2 - \Sigma SM) * (RBPA - \Sigma RT - M)$ for allocating to remaining Class 2 subscriptions.
- (C) Class 3 and Class 4 customers' allocation is as follows:
 - Allocate R3 to eligible Class 3 customers and R4 to eligible Class 4 customers.
 - Allocate excess R3 proportionally to remaining Class 3 subscriptions and excess R4 proportionally to remaining Class 4 subscriptions. Iterate until all R3 and R4 is used.
- (D) Finished calculation for 1 month. Return to Formula 1 to proceed with monthly calculation.

If $M/\Sigma SM < (RBPA - RT)/(\Sigma S1 + \Sigma S2)$ then:

- (A) All Class 1 and Class 2 customers' allocation is as follows:
 - Allocate R1 to eligible Class 1 customers and R2 to eligible Class 2 customers.
 - Allocate excess R1 proportionally to remaining Class 1 subscriptions and excess R2 proportionally to remaining Class 2 subscriptions. Iterate until all R1 and R2 is used.
 - Use $S1/(\Sigma S1 + \Sigma S2) * (RBPA - \Sigma RT)$ for allocating to remaining Class 1 subscriptions.
 - Use $S2/(\Sigma S1 + \Sigma S2) * (RBPA - \Sigma RT)$ for allocating to remaining Class 2 subscriptions.
- (B) Follow steps (C) and (D) above.

Formula 2: If $RBPA - (\Sigma S1 + \Sigma S2 + \Sigma R4) \geq \Sigma S3$, all Class 3 customers receive an allocation equal to their respective subscriptions. Go to Formula 3.

Customer Name
Effective on the Effective Date

Otherwise:

- (A) Class 3 customers' allocation is as follows:
- $S3/\Sigma S3 * (RBPA - \Sigma S1 - \Sigma S2 - \Sigma R3 - \Sigma R4) + R3$.
 - Allocate excess R3 proportionally to remaining Class 3 subscriptions. Iterate until all R3 is used.
- (B) Class 4 customers' allocation is as follows:
- Allocate R4 to eligible Class 4 customers.
 - Allocate excess R4 proportionally to remaining Class 4 subscriptions. Iterate until all R4 is used.
- (C) Finished calculation for 1 month. Return to Formula 1 to proceed with monthly calculation.

Formula 3: If $RBPA - (\Sigma S1 + \Sigma S2 + \Sigma S3) \geq \Sigma S4$, there is no insufficiency in this month. All customers receive an allocation equal to their subscriptions. Finished calculation for 1 month. Return to Formula 1 to proceed with monthly calculation.

Otherwise:

- (A) Class 4 customers' allocation is as follows:
- $S4/\Sigma S4 * (RBPA - \Sigma S1 - \Sigma S2 - \Sigma S3 - \Sigma R4) + R4$.
 - Allocate excess R4 proportionally to remaining Class 4 loads. Iterate until all R4 is used.
- (B) Finished calculation for 1 month. Return to Formula 1 to proceed with monthly calculation.

3. REVISIONS

This item will be updated only with the agreement of all affected customers.

(MCPLAN-MPSM-W\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

Customer Name
Effective on the Effective Date

**ITEM 5
SPECIAL PROVISIONS**

1. PURPOSE OF ITEM 5

This item serves as a "catch-all" for information that is relevant to the contractual relationship between the parties but which is not covered in other parts of the In-Lieu PF Power Delivery Exhibit.

2. BASIC PROVISIONS

These provisions must be tailored to each Customer.

3. SPECIAL PROVISIONS ITEM REVISION

This Special Provisions Item shall be updated by mutual agreement.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

Customer Name
 Effective on the Effective Date

DEEMED ASC AMOUNT(S) AND PRICE(S)

This exhibit is used to keep track of the Utility's choices that reduce its ASC to the cost of BPA's in-lieu package.

DEEMED AMOUNT OF POWER

1. **DEEMED AMOUNTS FROM *Insert Notice Date* NOTICE (ASC = Deemed Cost)**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
Price (mills/kWh)												
1997												
1998												
1999												
2000												
2001												
2002												

2. **DEEMED AMOUNTS FROM *Insert Notice Date* NOTICE (ASC = Deemed Cost)**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
Price (mills/kWh)												
1997												
1998												
1999												
2000												
2001												
2002												

3. **DEEMED AMOUNTS FROM *Insert Notice Date* NOTICE (ASC = Deemed Cost)**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Amount (aMW)												
Price (mills/kWh)												
1997												
1998												
1999												
2000												
2001												
2002												

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

ENGINEERING AND OPERATIONS

Within this Exhibit G, the Utility is referred to as "Customer."

Table of Contents

Section	Page
1. PURPOSE OF THIS EXHIBIT	1
2. BASIC PROVISIONS	2
(a) Facilities	2
(1) Ownership of Facilities	2
(2) Access to Facilities	2
(3) Additional POD Facilities	3
(b) Metering	3
(1) Metering Costs	3
(2) Metering Requirements at Customer Facilities	4
(3) Metering Standards	6
(4) Data Reporting Requirements	7
(5) Metering Tests	8
(c) Deliveries	8
(1) Character of Service	8
(2) Voltage Levels	9
(3) Reactive Power	10
(4) Balancing Phase Demands	10
(5) Harmonic Control	10
(6) Voltage Flicker	10
(d) Service Interruptions	11
(1) Maintenance Outages	11
(2) Uncontrollable Forces	11
(3) Electric Disturbances	12
(4) Emergency or Breakdown Relief	13
3. EXHIBIT REVISIONS	14

1. PURPOSE OF THIS EXHIBIT

The purpose of this exhibit is to list those engineering and operational provisions applicable to the BPA-Customer relationship that may not be reflected in BPA's Technical Requirements for Interconnection of Generation Resources to the Bonneville Power Transmission System, attached to this Agreement by reference.

2. BASIC PROVISIONS

(a) **Facilities**

(1) **Ownership of Facilities**

- (A) Except as otherwise expressly provided, equipment or salvable facilities owned by one party and installed on the property of the other will remain the property of the owner.
- (B) Each party will identify all movable equipment and other salvable facilities which it installed on the other's property by permanently affixing suitable markers plainly identifying the owner. Within a reasonable time after such installation, and again after any subsequent modification of such installation, representatives of the parties will jointly prepare an itemized list of said movable equipment and salvable facilities.
- (C) Each party agrees to be responsible for the cost of compliance with the requirements of all applicable Federal, State, and local environmental laws for its own facilities, even when those facilities are located on the property of the other.

(2) **Access to Facilities**

Whenever one party has facilities or equipment located on, or planned to be located on, the other's property, the property owner will give the facility or equipment owner permission to access such property for any reasonable purpose related to such facilities or equipment, including removal. The property owner will also provide accurate and up-to-date information on those facilities and equipment owned by the property owner, to the extent needed by the other party to accomplish its purpose.

Each party will have the right, at any reasonable time, to enter the other's property to read meters and inspect the other party's electric installation. The inspecting party will observe written instructions and posted rules and such other necessary instructions or inspection standards to which the parties have agreed. Only those electric installations used to deliver power that BPA sells or wheels to the Customer or to measure power integrated by the Customer into BPA's system will be subject to inspection.

The inspecting party will be liable for any injury, loss, damage, or accident resulting from their inspection.

Customer Name
Effective on the Effective Date

(3) **Additional POD Facilities**

If additional POD facilities must be constructed or installed to enable BPA to supply any increase in the Customer's power purchases from BPA, BPA will not be required to provide such additional facilities unless the parties mutually agree:

- (A) that BPA's providing such facilities is in accordance with its customer service policies;
- (B) that reasonable utilization has been made of existing facilities; and
- (C) that reasonable utilization of such additional facilities will be assured.

If the parties so agree, BPA will be obligated to supply such increased amounts of power only after such time has elapsed as may be reasonably necessary to complete the installation of such additional facilities.

(b) **Metering**

(1) **Metering Costs**

The parties will bear the costs of metering as provided in (A) and (B) below, except as otherwise specifically provided in section (2).

(A) **Metering of Existing Facilities**

With the exception of convenience points of delivery and meters needed because the Customer is removing load from BPA, BPA will bear the costs of any meter replacement or new meter installation at any Customer facility that is used for delivery of Federal power and which is an existing facility on the Effective Date of this Agreement. The Customer will bear the costs of any meter replacement or new installation at all convenience points of delivery.

(B) **Metering of New Customer Facilities**

The Customer will pay all costs associated with installing BPA-approved metering at the following types of locations established by the Customer after the Effective Date of this Agreement:

- (i) all those points of generation integration; and

Customer Name
Effective on the Effective Date

- (ii) all those AGC interchange points;
- (iii) all other points of electrical interconnection, including convenience points of delivery; and
- (iv) all new NLSL's.

(2) **Metering Requirements at Customer Facilities**

(A) **Points of Generation Integration in BPA's Control Area and/or the Customer's Contractual Control Area**

Notwithstanding the provisions specified in (i)-(v), below, any Customer Resource of less than 15 MW that is located outside of the Customer's own service area must be metered on an hourly basis unless all three affected parties (BPA, the resource owner, and the utility in whose service area the resource resides) agree to a negotiated average hourly output.

For purposes of this section, the term "Customer Resource" includes both the Customer's own resources and the resources of its consumers.

(i) **Resources Less than 1 Megawatt**

If the Customer's resource has a peak capability of less than 1 megawatt, no metering is required.

BPA will either treat the resource as "negative load" or will negotiate an estimated hourly average output with the Customer. Such hourly estimates will be reflected in the Point of Delivery Exhibit.

(ii) **Existing Resources from 1 to 3 Megawatts**

If the Customer's resource, existing on the Effective Date, has a peak capability of at least 1 but less than 3 megawatts, BPA will determine whether to use a negotiated average hourly quantity or actual metered output for billing purposes. BPA's determination will be recorded in the Point of Delivery Exhibit. BPA will pay for any required meters.

(iii) **Existing Resources from 3 to 15 Megawatts**

If the Customer's resource has a peak capability of at least 3 but less than 15 megawatts, BPA may choose

Customer Name
Effective on the Effective Date

between negotiating an average hourly output with the Customer or installing both telemetering and hourly metering at its own expense to meter the output of any Customer (consumer) resource existing on the Effective Date. BPA's determination will be recorded in the Point of Delivery Exhibit.

(iv) **Existing Resources over 15 Megawatts**

BPA will have the right to install both telemetering and hourly metering at its own expense to meter the output of any Customer (consumer) resource existing on the Effective Date, if that resource has a peak capability of 15 megawatts or more.

(v) **New Resources from 1 to 3 Megawatts**

If, after the Effect Date, the Customer acquires a resource that has a peak capability of at least 1, but less than 3 megawatts, the Customer must meter such resource on an hourly basis and provide actual metered quantities to BPA for billing purposes. The Customer and BPA agree to negotiate the estimated average hourly output to be used for operational purposes.

(vi) **New Resources over 3 Megawatts**

If, after the Effective Date, the Customer (or one of its consumers) acquires a resource that has a peak capability over 3 megawatts, the Customer will meter such resource at its own expense using telemetering to record kW and kVAr and hourly metering to record kWh and kVArh, unless another arrangement is approved by BPA. The hourly data is to be reported to BPA at the end of each clock-hour. The reactive power (kVAr/kVArh) metering must record both lagging and leading reactive power quantities.

(B) **Points of AGC Interchange**

The following metering is required for each Automatic Generation Control (AGC) Interchange point (a point on a Control Area boundary):

- (i) telemetering of the kW at such point and,

Customer Name
Effective on the Effective Date

- (ii) hourly metering capable of providing summaries, at the end of each clock-hour, of the kWh and kVARh (lagging and leading) exchanged during the previous hour.

(C) **Other Electrical Connections**

Customers who are buying and selling power on the open market on an hourly basis must have all electrical interconnections other than AGC Interchange points and points of generation integration metered on an hourly basis for both kW/kWh and kVAR/kVARh (lagging and leading) quantities. BPA will pay for all required meters except in cases where the Customer has decreased purchases from BPA in order to displace BPA service with its own resources, including power purchased on the open market or through a generation guarantee arrangement.

(D) **Metering of New Large Single Loads**

At its own expense, the Customer will separately meter each New Large Single Load (NLSL) using electronic metering. The metering will include provisions for determining in each billing month:

- (i) the NLSL's demand during each of BPA's established billing periods for demand;
- (ii) the NLSL's energy during each hour of BPA's established diurnal energy billing periods;

(E) **Eccentric Loads**

At its own expense, the Customer will separately meter each of its Eccentric Loads, which are large loads that have an extremely steep ramp rate (more specifically defined in BPA's product catalog). Eccentric loads will be metered using telemetering equipment or the equivalent. Customers buying load regulation from BPA must notify BPA if they have a product that qualifies as an eccentric load.

(3) **Metering Standards**

- (A) All meters at new installations where the interconnections are "normally closed" must be capable of providing hourly data electronically unless BPA otherwise agrees.

Customer Name
Effective on the Effective Date

- (B) BPA will determine whether hourly data or meter slips are required for those interconnections that are normally operated in the "open" position.
 - (C) All meters providing data electronically must be compatible with BPA's electronic metering systems.
 - (D) As of the Effective Date, BPA principally uses a telemetering system, a kWh system, and a Revenue Metering System (RMS) for metering. There are acceptable alternatives to each of these specific systems. The Customer agrees to consult with BPA to ensure compatibility of any Customer meter with BPA's then-current metering system.
 - (E) The Customer's meters must register within one percent of actual delivery amounts;
 - (F) The Customer agrees to coordinate with BPA to determine BPA's information and communication needs when designing future meter installations;
 - (G) BPA-installed metering is to be used exclusively for BPA purposes unless otherwise agreed; and
 - (H) If the required metering capability is not installed by the Effective Date and until its installation, the parties will calculate the hourly quantities using a default methodology specified in the Points of Delivery Exhibit.
 - (I) Either party has the right to install, at its own expense, meters meeting the standards provided in this section whenever a default billing methodology is being used in lieu of physical metering.
- (4) **Data Reporting Requirements**
- (A) Telemetered data must be furnished to BPA continuously on a real-time basis via 10-30 hertz telemetry, BPA's Supervisory Control and Data Acquisition system (SCADA), Interutility Data Exchange system (IDES), or other data collection method as determined by BPA.
 - (B) Hourly metered data for all points of generation integration and points of AGC interchange must be furnished to BPA at

Customer Name
Effective on the Effective Date

the end of each clock-hour. Data is to be reported through the kWh metering system or an approved alternative.

- (C) Hourly metered data for:
- (i) points of delivery (excluding points of AGC Interchange);
 - (ii) New Large Single Loads; and
 - (iii) eccentric loads

is to be furnished to BPA at least once a month, at the end of BPA's billing cycle for the Customer. The Customer agrees to submit a meter slip to BPA for all metering points which do not currently have:

- metering capable of providing hourly kWh and kVArh quantities; or
- electronic communications for such metered amounts (through the Revenue Metering System or equivalent).

(5) **Metering Tests**

Each party will inspect and test each of its meters used to measure power flowing between the parties:

- (A) at least once every 2 years; and
- (B) upon the request of the other party.

Each party will give reasonable notice to the other stating when a test or inspection will occur. The other party has the right to have one or more representatives present at such test or inspection.

(c) **Deliveries**

(1) **Character of Service**

Unless otherwise provided in this Agreement, BPA will make electric power available to the Customer in the form of three-phase alternating current, at a nominal frequency of 60 hertz.

(2) **Voltage Levels**

(A) **Voltage Levels on the Transmission System**

BPA has the right to operate its transmission system as provided below and cannot accept any restriction of that right.

(i) **500 kV System**

BPA will normally operate its 500 kV transmission system in a range from the nominal voltage to 10 percent above the nominal voltage (500 kV to 550 kV).

(ii) **115 kV - 345 kV**

BPA will normally operate its 115 - 345 kV transmission system within 5 percent of the nominal voltage. BPA normally operates in the range from nominal voltage to 5 percent above, but reserves the right to operate in the lower half of the range. Sometimes BPA will allow some of its transmission lines or facilities to operate above or below the normal voltage limits where no substantive damage will occur from this operation.

(B) **Voltage Levels at Points of Delivery**

When the nominal voltage at the Customer's point of delivery is 115 kV or more, BPA will deliver power to the Customer at the operating voltage of the transmission system. If the nominal voltage at the Customer's point of delivery is below 115 kV, the delivery voltage may differ from the operating voltage of the transmission system as a result of the "turns ratio" and impedance of the transformer providing the delivery service.

(C) **Voltage Schedules**

Voltage schedules are necessary for the efficient and reliable transmission of electrical power. BPA will establish a voltage schedule for each "critical" or "key" substation, as determined by BPA. Depending on the hourly operating requirements at each substation and at each point of generation integration, BPA will issue a target voltage (set-point) for the voltage schedule. At any time, BPA may re-set the voltage schedule. The Customer agrees to take all appropriate actions to help BPA maintain the established voltage schedule.

Customer Name
Effective on the Effective Date

- (D) **Voltage Levels during Abnormal System Conditions**
During outages or emergencies, BPA will maintain delivery voltage within 10 percent of the nominal voltage for all facilities having a nominal voltage less than 500 kV. BPA will normally match other transmission providers' voltage levels for abnormal system conditions when they share transmission responsibilities. At times during abnormal system conditions, BPA may need the Customer to supply additional reactive power from its generating facilities (relative to normal requirements) to maintain reasonable voltage levels. The Customer agrees to use its best efforts to comply with BPA's request.
- (3) **Reactive Power**
Each party agrees to design, construct, operate, maintain, and use its electric facilities in accordance with Prudent Utility Practice to minimize the reactive power requirements placed on the other party.
- (4) **Balancing Phase Demands**
The current on any one phase may not deviate by more than 5 percent from the current on any other phase, unless otherwise agreed by the parties.
- (5) **Harmonic Control**
Each party agrees to design, construct, operate, maintain, and use its electric facilities in accordance with Prudent Utility Practice to reduce, to acceptable levels, the harmonic currents and voltages which pass into the other party's facilities. To that end, the parties will be guided by the recommended practices and requirements for harmonic control specified in The Institute of Electrical and Electronics Engineers, Inc. (IEEE) Electrical Power System Standard 519-1992, or its successor. The parties will accomplish harmonic reductions using equipment which is specifically designed, and permanently operated and maintained, as an integral part of the facilities of the party which owns the system on which the harmonics are generated.
- (6) **Voltage Flicker**
Voltage flicker is normally detectable through visible variations in light intensity. However, flicker may be present even when no light variations are detectable. Since flicker is disruptive to lighting and can damage computer equipment, it must be controlled. IEEE Recommended Practices and Requirements for Harmonic Control in Electric Power Systems (IEEE Standard 519) provides definitions and limits on acceptable levels of voltage flicker, as set by IEEE 519. Both

parties will control voltage flicker on their respective systems as required by the IEEE standard.

(d) **Service Interruptions**

(1) **Maintenance Outages**

The Customer, BPA, or a transferor may temporarily interrupt or reduce deliveries of electric power if any such party determines that such interruption or reduction is necessary or desirable to install equipment in, make repairs to, make replacements within, conduct investigations and inspections of, or perform other maintenance work on, the Customer's facilities, the Federal System, or the Transferor's system.

The interrupting party will notify the other affected entities in advance of an interruption or reduction in service. The interrupting party will identify the reason for such interruption or reduction, and the probable duration. To the extent reasonable or appropriate, the Customer or BPA will use temporary facilities or equipment to minimize the effect of any such interruption or outage.

(2) **Uncontrollable Forces**

"Uncontrollable Force" means an event beyond the reasonable control of, and without the fault or negligence of, the party claiming Uncontrollable Force. Uncontrollable Forces include but are not limited to:

- (A) unplanned outages as well as system emergencies and emergencies created by actual or potential safety problems; or
- (B) events reasonably beyond the control of the parties or Transferor and which the party could not, by exercise of reasonable diligence and foresight, have been expected to avoid; or
- (C) strikes or work stoppages including threats of strikes or imminent strikes; or
- (D) floods or other natural disasters; or
- (E) order or injunctions served by any court having competent subject matter jurisdiction or any order of an administrative officer which cannot be stayed, suspended, or set aside pending review of such a court.

Customer Name
Effective on the Effective Date

Neither the unavailability of funds or financing nor conditions of national or local economies or markets will be considered an Uncontrollable Force. The economic hardship of either party will not constitute an Uncontrollable Force.

Each party will notify the other as soon as possible of any Uncontrollable Force which may, in any way, affect the delivery of power under this Agreement.

To the extent either party is prevented from meeting its obligations under this Agreement by an Uncontrollable Force, both parties will be excused from their respective obligations without liability to the other for the duration of the Uncontrollable Force and the period reasonably required to restore the affected party's operations to conditions existing prior to the occurrence of the Uncontrollable Force.

(3) **Electric Disturbances**

- (A) An electric disturbance is any sudden, unexpected, changed, or abnormal electric condition which may cause damage and which occurs in, or on, an electric system.
- (B) Each party agrees to design, construct, operate, maintain, and use its electric system in conformance with Prudent Electric Utility Practices:
 - (i) to minimize electric disturbances such as, but not limited to, the abnormal flow of power which may interfere with another's electric system; and
 - (ii) to minimize the effect (on its electric system and on its customers) of electric disturbances originating on its own or another's electric system.
- (C) If both parties to this Agreement are parties to the Western Interconnected Electric System Agreement, their relationship with respect to system damages will be governed by that agreement.
- (D) If either one or both of the parties to this Agreement are not party to the Western Interconnected Electric System Agreement, the relations of the parties with respect to system damages will be governed by the following sentence:

Customer Name
Effective on the Effective Date

"A party to this Agreement (First Party) shall not be liable to the other (Other Party) for damage to the Other Party's system or facilities caused by an electric disturbance on the First Party's system, whether or not such electric disturbance is the result of negligence by the First Party, if the Other Party has failed to fulfill its obligations under section 2(e)(3)(B)(ii), above."

- (E) If either one or both of the parties to this Agreement are not party to the Western Interconnected Electric System Agreement, the relations of the parties with respect to claims by ultimate consumers for loss, injury, or damage (Claims) will be governed by the following sentence:

"A party to this Agreement (First Party) shall hold harmless and indemnify the Other Party (Other Party), its officers and employees, from any Claims resulting from an electric disturbance on the Other Party's system whether or not such electric disturbance results from the negligence of such Other Party, if the First Party has failed to fulfill its obligations under section 2(e)(3)(B)(ii), above, and such failure contributed to the claim."

- (F) Nothing in this section should be construed to create any duty to, any standard of care with reference to, or any liability to any persons not a party to this Agreement.

(4) **Emergency or Breakdown Relief**

- (A) If a party requires additional power to meet its needs during a system emergency, such affected party may ask the other to supply the needed power. Upon request, the potential supplier will supply as much of the requested power as possible, consistent with its obligations to its other customers. The supplier's determination of the amount of power available for this purpose is final and conclusive.
- (B) If either party supplies power to the other under subsection (i) above and requests replacement of that power, the other will make an equivalent amount of power available to the supplier and at such times as may be agreed upon by the respective parties' dispatchers. If the party supplying the power does not

Customer Name
Effective on the Effective Date

request replacement of that power, the other will pay for the power at the price established at the time of delivery.

3. EXHIBIT REVISIONS

This exhibit will be updated by mutual agreement.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)

Customer Name
Effective on the Effective Date

AVERAGE SYSTEM COST METHODOLOGY

The current average system cost methodology is attached as an Exhibit for ease of reference but is not incorporated as part of this Agreement. This exhibit will be changed whenever the average system cost methodology is changed.

(MCPLAN-MPSM-W:\MPSD\CT\95_CDOT\RPSA\RPSA_JUL.DOC)