B O N N E V I L L E   P O W E R   A D M I N I S T R A T I O N

BP-26 Rate Proceeding

ADMINISTRATOR'S FINAL RECORD OF DECISION

BP-26-A-01

July 2025

TABLE OF CONTENTS

APPENDICES

Incorporated herein:

Appendix A: Principles of Settlement for Power Rates in the BP-26 Rate Proceeding
Appendix B: Principles of Settlement for Transmission Rates in the BP-26 Rate Proceeding
Appendix C: BP-26 Partial Rates Settlement Agreement

Under separate cover:

Appendix D: 2026 Power Rate Schedules and General Rate Schedule Provisions (BP-26-A-01-AP01)
Appendix E: 2026 Transmission, Ancillary, and Control Area Service Rate Schedules and General Rate Schedule Provisions (BP-26-A-01-AP02)

This page intentionally left blank.

COMMONLY USED ACRONYMS AND SHORT FORMS

AAC	Anticipated Accumulation of Cash
ACNR	Accumulated Calibrated Net Revenue
ACS	Ancillary and Control Area Services
AF	Advance Funding
AFUDC	Allowance for Funds Used During Construction
AGC	automatic generation control
aMW	average megawatt(s)
ANR	Accumulated Net Revenues
ASC	Average System Cost
BAA	Balancing Authority Area
BiOp	Biological Opinion
BPA	Bonneville Power Administration
BPAP	Bonneville Power Administration Power
BPAT	Bonneville Power Administration Transmission
Bps	basis points
Btu	British thermal unit
CAISO	California Independent System Operator
CIP	Capital Improvement Plan
CIR	Capital Investment Review
CDQ	Contract Demand Quantity
CGS	Columbia Generating Station
CHWM	Contract High Water Mark
CNR	Calibrated Net Revenue
COB	California-Oregon border
COI	California-Oregon Intertie
Commission	Federal Energy Regulatory Commission
Corps	U.S. Army Corps of Engineers
COSA	Cost of Service Analysis
COU	consumer-owned utility
Council	Northwest Power and Conservation Council (see also "NPCC")
COVID-19	coronavirus disease 2019
CP	Coincidental Peak
CRAC	Cost Recovery Adjustment Clause
CRFM	Columbia River Fish Mitigation
CRITFC	Columbia River Inter-Tribal Fish Commission
CSP	Customer System Peak
CT	combustion turbine
CWIP	Construction Work in Progress
CY	calendar year (January through December)
DD	Dividend Distribution
DDC	Dividend Distribution Clause
dec	decrease, decrement, or decremental
DERBS	Dispatchable Energy Resource Balancing Service

DFS	Diurnal Flattening Service
DNR	Designated Network Resource
DOE	Department of Energy
DOI	Department of Interior
DSI	direct-service industrial customer or direct-service industry
DSO	Dispatcher Standing Order
EE	Energy Efficiency
EESC	EIM Entity Scheduling Coordinator
EIM	Energy imbalance market
EIS	environmental impact statement
EN	Energy Northwest, Inc.
ESA	Endangered Species Act
ESS	Energy Shaping Service
e-Tag	electronic interchange transaction information
FBS	Federal base system
FCRPS	Federal Columbia River Power System
FCRTS	Federal Columbia River Transmission System
FELCC	firm energy load carrying capability
FERC	Federal Energy Regulatory Commission
FMM-IIE	Fifteen Minute Market – Instructed Imbalance Energy
FOIA	Freedom of Information Act
FORS	Forced Outage Reserve Service
FPS	Firm Power and Surplus Products and Services
FPT	Formula Power Transmission
FRP	Financial Reserves Policy
F&W	Fish & Wildlife
FY	fiscal year (October through September)
G&A	general and administrative (costs)
GARD	Generation and Reserves Dispatch (computer model)
GDP	Gross Domestic Product
GI	generation imbalance
GMS	Grandfathered Generation Management Service
GSP	Generation System Peak
GSR	Generation Supplied Reactive
GRSPs	General Rate Schedule Provisions
GTA	General Transfer Agreement
GWh	gigawatthour
HLH	Heavy Load Hour(s)
HYDSIM	Hydrosystem Simulator (computer model)
IE	Eastern Intertie
IIE	Instructed Imbalance Energy
IM	Montana Intertie
inc	increase, increment, or incremental
IOU	investor-owned utility
IP	Industrial Firm Power

IPR	Integrated Program Review
IR	Integration of Resources
IRD	Irrigation Rate Discount
IRM	Irrigation Rate Mitigation
IRPL	Incremental Rate Pressure Limiter
IS	Southern Intertie
kcfs	thousand cubic feet per second
kW	kilowatt
kWh	kilowatthour
LAP	Load Aggregation Point
LDD	Low Density Discount
LGIA	Large Generator Interconnection Agreement
LLH	Light Load Hour(s)
LMP	Locational Marginal Price
LPP	Large Project Program
LT	long term
LTF	Long-term Firm
Maf	million acre-feet
Mid-C	Mid-Columbia
MMBtu	million British thermal units
MNR	Modified Net Revenue
MO	market operator
MRNR	Minimum Required Net Revenue
MW	megawatt
MWh	megawatthour
NCP	Non-Coincidental Peak
NEPA	National Environmental Policy Act
NERC	North American Electric Reliability Corporation
NFB	**N**ational Marine Fisheries Service (NMFS) **F**ederal Columbia River Power System (FCRPS) **B**iological Opinion (BiOp)
NLSL	New Large Single Load
NMFS	National Marine Fisheries Service
NOAA Fisheries	National Oceanographic and Atmospheric Administration Fisheries
NOB	Nevada-Oregon border
NORM	Non-Operating Risk Model (computer model)
NWPA	Northwest Power Act/Pacific Northwest Electric Power Planning and Conservation Act
NWPP	Northwest Power Pool
NP-15	North of Path 15
NPCC	Northwest Power and Conservation Council
NPV	net present value
NR	New Resource Firm Power
NRFS	NR Resource Flattening Service
NRU	Northwest Requirements Utilities

NT	Network Integration
NTSA	Non-Treaty Storage Agreement
NUG	non-utility generation
OATT	Open Access Transmission Tariff
O&M	operations and maintenance
OATI	Open Access Technology International, Inc.
ODE	Over Delivery Event
OS	oversupply
OY	operating year (August through July)
P10	tenth percentile of a given dataset
PDCI	Pacific DC Intertie
PF	Priority Firm Power
PFp	Priority Firm Public
PFx	Priority Firm Exchange
PNCA	Pacific Northwest Coordination Agreement
PNRR	Planned Net Revenues for Risk
PNW	Pacific Northwest
POD	Point of Delivery
POI	Point of Integration or Point of Interconnection
POR	point of receipt
PPC	Public Power Council
PRSC	Participating Resource Scheduling Coordinator
PS	Power Services
PSC	power sales contract
PSW	Pacific Southwest
PTP	Point-to-Point
PUD	public or people's utility district
RAM	Rate Analysis Model (computer model)
RAS	Remedial Action Scheme
RCD	Regional Cooperation Debt
RD	Regional Dialogue
RDC	Reserves Distribution Clause
REC	Renewable Energy Certificate
Reclamation	U.S. Bureau of Reclamation
REP	Residential Exchange Program
REPSIA	REP Settlement Implementation Agreement
RevSim	Revenue Simulation Model
RFA	Revenue Forecast Application (database)
RHWM	Rate Period High Water Mark
ROD	Record of Decision
RPSA	Residential Purchase and Sale Agreement
RR	Resource Replacement
RRHL	Regional Residual Hydro Load
RRS	Resource Remarketing Service
RSC	Resource Shaping Charge

RSS	Resource Support Services
RT1SC	RHWM Tier 1 System Capability
RTD-IIE	Real-Time Dispatch – Instructed Imbalance Energy
RTIEO	Real-Time Imbalance Energy Offset
SCD	Scheduling, System Control, and Dispatch Service
SCADA	Supervisory Control and Data Acquisition
SCS	Secondary Crediting Service
SDD	Short Distance Discount
SILS	Southeast Idaho Load Service
Slice	Slice of the System (product)
SMCR	Settlements, Metering, and Client Relations
SP-15	South of Path 15
T1SFCO	Tier 1 System Firm Critical Output
TC	Tariff Terms and Conditions
TCMS	Transmission Curtailment Management Service
TDG	Total Dissolved Gas
TGT	Townsend-Garrison Transmission
TOCA	Tier 1 Cost Allocator
TPP	Treasury Payment Probability
TRAM	Transmission Risk Analysis Model
Transmission System Act	Federal Columbia River Transmission System Act
Treaty	Columbia River Treaty
TRL	Total Retail Load
TRM	Tiered Rate Methodology
TS	Transmission Services
TSS	Transmission Scheduling Service
UAI	Unauthorized Increase
UDE	Under Delivery Event
UFE	unaccounted for energy
UFT	Use of Facilities Transmission
UIC	Unauthorized Increase Charge
UIE	Uninstructed Imbalance Energy
ULS	Unanticipated Load Service
USFWS	U.S. Fish & Wildlife Service
VER	Variable Energy Resource
VERBS	Variable Energy Resource Balancing Service
VOR	Value of Reserves
VR1-2014	First Vintage Rate of the BP-14 rate period (PF Tier 2 rate)
VR1-2016	First Vintage Rate of the BP-16 rate period (PF Tier 2 rate)
WECC	Western Electricity Coordinating Council
WPP	Western Power Pool
WRAP	Western Resource Adequacy Program
WSPP	Western Systems Power Pool

This page intentionally left blank.

PARTY ABBREVIATIONS

AC	Avista Corporation
AE	Amazone Energy LLC
AR	Avangrid Renewables, LLC
AW	Alliance of Western Energy Consumers
BR	Brookfield Renewable Trading and Marketing LP
GC	Grant County Public Utility District No. 2
HE	Harney Electric Cooperative, Inc.
IP	Idaho Power Company
MS	M-S-R Public Power Agency
NI	Northwest & Intermountain Power Producers Coalition
NL	New Large Single Load Group
NP	Northern Wasco County Public Utility District
NR	Northwest Requirements Utilities
NW	Northwest Irrigation Utilities
PC	PacifiCorp
PG	Portland General Electric Company
PN	Pacific Northwest Generating Cooperative
PP	Public Power Council
PR	Pine Gate Renewables LLC
PS	Puget Sound Energy, Inc.
PX	Powerex Corporation
RN	Renewable Northwest
SE	City of Seattle
SN	Snohomish County Public Utility District No. 1
TA	City of Tacoma
TC	TransAlta Energy Marketing (U.S.) Inc.
WG	Western Public Agencies Group*

* The utilities comprising the Western Public Agencies Group include Benton Rural Electric Association; Eugene Water and Electric Board; Umatilla Electric Cooperative; the Cities of Port Angeles, Ellensburg and Milton, Washington; the Towns of Eatonville and Steilacoom, Washington; Elmhurst Mutual Power and Light Company; Lakeview Light & Power; Ohop Mutual Light Company; Parkland Light and Water Company; Peninsula Light Company; Central Lincoln People's Utility District; Public Utility Districts No. 1 of Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Kittitas, Lewis, Mason and Skamania Counties, Washington; Public Utility District No. 3 of Mason County, Washington; and Public Utility District No. 2 of Pacific County, Washington

This page intentionally left blank.

ADMINISTRATOR'S PREFACE

I am pleased to present the Bonneville Power Administration's (BPA's) power and transmission rates for the three-year rate period spanning fiscal years 2026-2028. These rates were developed through a collaborative process, with constructive feedback from rate case parties resulting in broadly supported settlements for both power and transmission rates.

BPA's final rates support needed investments in the federal power and transmission grid while acknowledging the importance of affordability for our utility customers and the millions of their end-use energy consumers. Through continued fiscal discipline, the development of prudent forecast spending levels and productive settlement discussions, we established the lowest possible rates consistent with sound business principles-—achieving one of BPA's core statutory responsibilities.

These rates will also enable the advancement of critical initiatives to meet our customers' needs and support national priorities for more abundant, reliable, and secure energy. From implementing new long-term power sales contracts to pursuing day-ahead market participation and advancing major power and transmission investments, the work we accomplish over the next three years will be critical to the long-term success of BPA, our customers, and the region we serve.

In accord with the BP-26 Power settlement, the Tier 1 Non-Slice average effective power rate increase is 7.8 percent; and the average effective Tier 1 rate increase is 8.9 percent, down from our Initial Proposal of 9.8 percent. Notably, BP-26 power rates will support our federal generating partners as we head into a period of significant investment in the federal power and transmission systems. These investments will improve power system reliability and increase the power-producing capability of the region's hydropower and nuclear assets.

The BP-26 Transmission settlement resulted in an average transmission rate increase of 19.9 percent. The transmission rates will allow BPA to advance an ambitious grid expansion program, sustain existing assets, and implement other initiatives to serve growing power demand, support economic development, and enhance grid reliability and resilience.

This rate case also established the terms of a new Generator Interconnection Withdrawal Charge. The establishment of this charge will advance efforts to streamline BPA's new large generator interconnection cluster study process, increase certainty for developers and help the most mature requests move forward on a more efficient and predictable timetable.

The BP-26 rate period will conclude Sept. 30, 2028—a day that also will mark the conclusion of 20-year Regional Dialogue contracts. With one era coming to an end and other significant changes taking shape across the electric utility industry, BPA's focus is on the future and on sustaining the collaborative relationships that are essential to our shared success.

Thank you for your engagement in the BP-26 Rate Case, and I look forward to your continued partnership as we usher in a new era for the Federal Columbia River Power System.

1 GENERAL TOPICS

1.1 Introduction

This Final Record of Decision (ROD) contains the decisions of the Administrator of the Bonneville Power Administration (BPA) based on the record compiled in this proceeding with respect to the adoption of Power, Transmission, and Ancillary and Control Area Service rates for the three-year rate period of October 1, 2025, through September 30, 2028 (fiscal years (FY) 2026–2028). The rate schedules and General Rate Schedule Provisions (GRSPs) established in this proceeding will replace existing rate schedules and GRSPs that expire on September 30, 2025.

The BP-26 rate proceeding has included an evidentiary hearing process that began in November 2024. At various points in the hearing process, BPA Staff and the parties engaged in settlement discussions, which have resulted in a series of proposed settlement agreements that collectively address all rates and other issues in the BP-26 rate proceeding. The settlement agreements include the Principles of Settlement for Power Rates in the BP-26 Rate Proceeding, FY 2026-2028 ("BP-26 Power Rates Settlement Agreement"), the Principles of Settlement for Transmission Rates in the BP-26 Rate Proceeding, FY 2026-2028 ("BP-26 Transmission Rates Settlement Agreement"), and the BP-26 Partial Rates Settlement Agreement. The three settlement agreements are attached to this Final ROD as Appendices A, B, and C, respectively.

This Final ROD provides background information about the BP-26 rate proceeding, addresses the recommendations to adopt the settlements, responds to participant comments submitted during the public comment period, and summarizes BPA's assessment of the potential environmental effects of implementation of the FY 2026-2028 rates consistent with the National Environment Policy Act (NEPA).

1.2 Procedural History

1.2.1 Workshops Prior to the BP-26 Rate Proceeding

Beginning in the spring of 2024, BPA sponsored a series of monthly, public, pre-rate case workshops and other meetings to discuss certain topics related to power and transmission rates before the start of the BP-26 rate proceeding and the release of BPA's Initial Proposal. This workshop process also addressed topics related to the terms and conditions of transmission service under BPA's Open Access Transmission Tariff (OATT) in advance of a separate evidentiary hearing process, the TC-26 tariff proceeding, that BPA initiated concurrently with the BP-26 rate proceeding. BPA designed the workshops to allow BPA Staff and interested parties to develop a common understanding of specific topics, generate ideas, and discuss alternative proposals.

BPA held workshops on March 19, April 24, May 22, June 26, and July 30, August 9 and 27-28, and September 25-26, 2024. Customers led workshops on May 9, June 13, July 11, August 15, 2024.

1.2.2 Settlement Discussions Prior to the BP-26 Rate Proceeding

During the course of the public workshop process, BPA Staff and stakeholders engaged in settlement discussions regarding a proposed charge for the withdrawal of a request from the Large Generator Interconnection Process in BPA's OATT. Those discussions resulted in the BP-26 Partial Rates Settlement Agreement, which provides the terms for a proposed Generator Interconnection Withdrawal (GIW) Charge that BPA Staff included in the FY 2026-28 Transmission Rate Schedules in the BP-26 Initial Proposal. Chapter 2 of this Final ROD provides additional detail about the BP-26 Partial Rates Settlement Agreement, which is also attached as Appendix C.

1.2.3 BP-26 Rate Proceeding

Section 7(i) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act), 16 U.S.C. § 839e(i), requires that BPA's rates be established according to specific procedures that include, among other things, issuance of a notice in the Federal Register announcing the proposed rates; the opportunity for interested parties to submit written and oral views, data, questions, and arguments; and a decision by the Administrator based on the record. This proceeding is also governed by BPA's Rules of Procedure, which were published in the Federal Register, 83 Fed. Reg. 39,993 (Aug. 13, 2018), and are posted on BPA's website at https://www.bpa.gov/energy-and-services/rate-and-tariff-proceedings/rules-of-procedure-revision-process. The Rules of Procedure implement the Section 7(i) requirements.

On November 13, 2024, BPA published notice of the BP-26 rate proceeding in the Federal Register. *Fiscal Year (FY) 2026-2028 Proposed Power and Transmission Rate Adjustments Public Hearing and Opportunities for Public Review and Comment*, 89 Fed. Reg. 89,626 (Nov. 13, 2024) ("BP-26 FRN"). The rate proceeding began with a prehearing conference on November 15, 2024. After the prehearing conference, the Hearing Officer issued orders granting petitions to intervene and adopting a procedural schedule and other procedures for the proceeding.

BPA released its Initial Proposal for FY 2026-2028 power and transmission rates on November 22, 2024. BPA's Initial Proposal was supported by Staff's studies and written testimony proposing adoption of the power and transmission rates and other terms, including the BP-26 Partial Rates Settlement Agreement. Consistent with the terms of the settlement, BPA filed a motion on November 20, 2024, requesting the Hearing Officer to establish a deadline for parties to file any objections to the settlement. Motion of Bonneville Power Administration to Establish Deadline for Objections to BP-26 Partial Rates Settlement Agreement, BP-26-M-BPA-01. The Hearing Officer established a December 5, 2024 deadline for objections. Order Establishing Process for Objections to BP-26 Partial Rates Settlement Agreement, BP-26-HOO-02. No party filed an objection.

For issues not covered by the BP-26 Partial Rates Settlement Agreement, the parties filed direct testimony and related exhibits on January 30, 2025. On January 31, 2025, certain parties distributed via email a proposed settlement of the BP-26 power rates and related issues. Thereafter, Staff and Parties exchanged proposals and counter proposals through emails sent to all BP-26 Parties. The settlement discussions resulted in the BP-26 Power Rates Settlement Agreement, which provides terms for the settlement of all proposed power rates and related issues in the BP-26 rate proceeding. The BP-26 Power Rates Settlement Agreement is attached as Appendix A and is further discussed in Chapter 2 of this Final ROD.

On March 3, 2025, BPA filed a motion requesting the Hearing Officer to establish a deadline for parties to file any objections to the proposed BP-26 Power Rates Settlement Agreement on the record in the BP-26 rate proceeding. Motion to Establish Deadline for Objections to BP-26 Power Rates Settlement Agreement, BP-26-M-BPA-07. The Hearing Officer established a March 7, 2025 deadline for objections. Order Establishing Deadline for Objections to BP-26 Power Rates Settlement Agreement, BP-26-HOO-10. No party filed an objection.

Staff and the parties filed rebuttal testimony and related exhibits on March 12, 2025. Staff's rebuttal testimony recommended adoption of the BP-26 Power Rates Settlement Agreement and addressed all issues related to transmission rates that parties had raised in direct testimony.

During the course of the settlement discussions that resulted in the BP-26 Power Rates Settlement Agreement, certain parties submitted proposals for the settlement of the proposed transmission rates and related issues in the BP-26 rate proceeding. BPA Staff requested to postpone discussions of the transmission rate settlement proposals until after rebuttal testimony was filed. After rebuttal testimony was filed, BPA Staff and parties held those discussions, which resulted in the BP-26 Transmission Rates Settlement Agreement. The BP-26 Transmission Rates Settlement Agreement provides terms for the settlement of the proposed transmission rates and related issues in the BP-26 rate proceeding. The agreement is attached as Appendix B and is further discussed in Chapter 2 of this Final ROD.

On April 16, 2025, Staff filed a motion requesting the Hearing Officer to adopt a deadline for parties to file any objections to the BP-26 Transmission Rates Settlement Agreement and to establish the procedural schedule for the rest of the proceeding. Motion of the Bonneville Power Administration to Modify Procedural Schedule to Establish Deadline for Objections to BP-26 Transmission Rates Settlement Agreement and to Specify Process for the Remainder of the Proceeding, BP-26-M-BPA-11. The Hearing Officer granted the motion, establishing an April 21, 2025 deadline for objections and establishing the schedule for the rest of the proceeding. Order Modifying Procedural Schedule, BP-26-HOO-16. No party filed an objection. On April 22, 2025, consistent with the revised procedural schedule adopted by the Hearing Officer, Staff filed testimony supporting and recommending adoption of the BP-26 Transmission Rates Settlement Agreement. In light of the settlements addressing all issues in the BP-26 rate proceeding, the parties did not conduct cross-examination, file briefs, or present oral argument, and BPA did not issue a Draft ROD.

BPA received two written comments during the participant comment period, which ended February 14, 2025. The comments are summarized and addressed in Chapter 3. The comments may be viewed on BPA's website at https://publiccomments.bpa.gov/.

1.2.4 Waiver of Issues by Failure to Raise in Briefs

Pursuant to Section 1010.17(f) of the Rules of Procedure, arguments not raised in a brief are deemed to be waived. Under this provision, a party's brief must specifically address the legal or factual dispute at issue. Blanket statements that seek to preserve every issue raised in testimony will not preserve any matter at issue.

Sections 1010.17(b) and (c) of the Rules of Procedure set forth the requirements applicable to initial briefs and briefs on exceptions. Pursuant to Section 1010.17(c) of the Rules of Procedure, a party that raises an issue in its initial brief need not reassert that issue in its brief on exceptions in order to avoid waiving the issue; all arguments raised by a party in its initial brief are deemed to have been raised in the party's brief on exceptions.

No party filed briefs in this proceeding due to the settlements.

1.3 Legal Guidelines Governing Establishment of Rates

1.3.1 Statutory Guidelines

Section 7(a)(1) of the Northwest Power Act directs the Administrator to establish, and periodically review and revise, rates for the sale and disposition of electric energy and capacity and for the transmission of non-Federal power. 16 U.S.C. § 839e(a)(1). Rates are to be set to recover, in accordance with sound business principles, the costs associated with the acquisition, conservation, and transmission of electric power, including the amortization of the Federal investment in the Federal Columbia River Power System (FCRPS) (including irrigation costs required to be paid by power revenues) over a reasonable period of years and the other costs and expenses incurred by the Administrator under the Northwest Power Act and other provisions of law. *Id*. Section 7 of the Northwest Power Act also contains rate directives describing how rates for individual customer groups are established.

Section 7(a)(1) of the Northwest Power Act reaffirms the applicability of Section 5 of the Flood Control Act of 1944 (Flood Control Act), which directs the Secretary of Energy to transmit and dispose of electric power and energy in such manner as to encourage the most widespread use of power at the lowest possible rates to consumers consistent with sound business principles. 16 U.S.C. § 839e(a)(1); *see also* 16 U.S.C. § 825s. Section 5 of the Flood Control Act provides that rate schedules will be drawn having regard to the recovery of the cost of producing and transmitting electric energy, including the amortization of the Federal investment over a reasonable number of years. 16 U.S.C. § 825s.

Section 7(a)(1) of the Northwest Power Act also reaffirms the applicability of Sections 9 and 10 of the Federal Columbia River Transmission System Act of 1974 (Transmission System Act), 16 U.S.C. §§ 838g–838h, which contain requirements similar to those of the Flood Control Act. Section 9 of the Transmission System Act, 16 U.S.C. § 838g, provides that rates must be established 1) with a view to encouraging the widest possible diversified use of electric power at the lowest possible rates to consumers consistent with sound business principles; 2) with regard to the recovery of the cost of producing and transmitting electric power, including amortization of the capital investment allocated to power over a reasonable period of years; and 3) at levels that produce such additional revenues as may be required to pay, when due, the principal, premiums, discounts, expenses, and interest in connection with bonds issued under the Transmission System Act. Section 10 of the Transmission System Act, 16 U.S.C. § 838h, allows for uniform rates for transmission and for the sale of electric power and specifies that the costs of the federal transmission system shall be equitably allocated between Federal and non-Federal power utilizing the system.

1.3.2 The Administrator's Ratemaking Discretion

The Administrator has broad authority through the rate making directives of BPA's organic statutes to develop and design rates to recover BPA's costs. *See generally,* 16 U.S.C. § 839e(a), (b), (e), (f), and (g). These directives focus on cost recovery and do not restrict the Administrator to any particular rate design methodology or theory. *See Pac. Power & Light v. Duncan*, 499 F. Supp. 672 (D. Or. 1980); *accord City of Santa Clara v. Andrus*, 572 F.2d 660, 668 (9th Cir. 1978) ("widest possible use" standard is so broad as to permit "the exercise of the widest administrative discretion"); *ElectriCities of N.C. v. Se. Power Admin.*, 774 F.2d 1262, 1266 (4th Cir. 1985).

Section 7(e) of the Northwest Power Act further grants to BPA broad rate design discretion. 16 U.S.C. § 839e(e). The Court has found that this provision affords BPA wide latitude in developing rate and rate designs to recover its costs. *See City of Seattle v. Johnson*, 813 F.2d 1364, 1367 (9th Cir. 1987) (noting "the statute does not require BPA to impose any particular type of rate on its customers. Rather it restricts BPA only to "sound business principles" in setting rates to meet its revenue requirements.").

1.4 Federal Energy Regulatory Commission Confirmation and Approval of Rates

Under the Northwest Power Act, BPA's rates become effective upon confirmation and approval by the Federal Energy Regulatory Commission (FERC or Commission). 16 U.S.C. § 839e(a)(2) & (k). The Commission's review is appellate in nature, based on the record developed by the Administrator. *U.S. Dep't of Energy – Bonneville Power Admin.*, 13 FERC ¶ 61,157, at 61,339 (1980). The Commission may not modify rates proposed by the Administrator but may only confirm, reject, or remand them. *U.S. Dep't of Energy – Bonneville Power Admin.*, 23 FERC ¶ 61,378, at 61,801 (1983). Pursuant to Section 7(i)(6) of the Northwest Power Act, 16 U.S.C. § 839e(i)(6), the Commission has promulgated rules establishing procedures for the approval of BPA's rates. 18 C.F.R. Part 300 (1997).

The Commission reviews BPA's rates under the Northwest Power Act to determine whether they (1) are sufficient to ensure repayment of the federal investment in the FCRPS over a reasonable number of years after first meeting BPA's other costs; and (2) are based on BPA's total system costs. *See* 16 U.S.C. § 839e(a)(2)(A)-(B). With respect to transmission rates, Commission review includes an additional requirement: to ensure that the rates equitably allocate the cost of the federal transmission system between federal and non-federal power using the system. *See* 16 U.S.C. § 839e(a)(2)(C); *see also U.S. Dep't of Energy – Bonneville Power Admin.*, 39 FERC ¶ 61,078, at 61,206 (1987). The limited Commission review of rates permits the Administrator substantial discretion in the design of rates and the allocation of power costs, neither of which is subject to Commission jurisdiction. *Cent. Lincoln Peoples' Util. Dist.*, 735 F.2d at 1115.

1.5 Related Topics and Processes

This section includes a discussion of topics and processes separate and distinct from this rate proceeding that provide information and policy context to the proceeding, including program cost estimates developed in the Integrated Program Review (IPR), the 2012 Residential Exchange Program Settlement Agreement (2012 REP Settlement), and the Rate Period High Water Mark (RHWM) Process. Issues related to those processes are outside the scope of the BP-26 rate proceeding. BP-26 FRN, 89 Fed. Reg. at 89,627-28.

1.5.1 Cost Forecast Review

As required by statute, BPA sets rates to recover its projected costs. These costs, in turn, reflect BPA's anticipated spending and funding needs for various programs for the rate period. While rates include projections of these costs, BPA rate cases do not decide BPA spending levels or decide which costs to incur. *See e.g., Idaho Conservation League v. Bonneville Power Admin.*, 83 F.4th 1182, 1185 (9th Cir. 2023) (noting "ratemaking determines '*how* to recover BPA's forecasted costs . . ., not *whether* to incur a cost or *which* costs to incur.'"). For this reason, BPA cost projections are excluded from the scope of the rate case. *See* BP-26 FRN, 89 Fed. Reg. at 89,627.

Instead, since 1986, in a process separate from its rate proceedings, BPA has conducted a public review of forecast expense and capital spending levels used in the development of rates, now known as the Integrated Program Review or IPR. This process provides interested parties the opportunity to review and provide comment on certain of BPA's program expense and capital spending level estimates prior to the use of those estimates in setting rates.

In June 2024, BPA began a series of public workshops to review the forecast program expense and capital spending for FY 2026-2028 in advance of the development of proposed power and transmission rates for the BP-26 rate period. This process provided opportunities for the public to review and comment on Power, Transmission, and Agency service forecast expense programs, and included detailed review of asset strategies and associated forecast capital spending levels. BPA issued a Closeout Report for the IPR in October, 2024, responding to public comments and concluding the review of the FY 2026-2028 forecast program costs and capital expense levels. IPR Closeout Report (Oct. 2024), *available at* https://www.bpa.gov/-/media/Aep/finance/integrated-program-review/bp-26-ipr/bp-26-ipr-closeout-report.pdf.

BPA provided parties an additional opportunity to submit comments to BPA on the IPR cost forecasts for "any new information or changed circumstances" arising after the publication of the Federal Register Notice for the BP-26 rate case. BP-26 FRN, 89 Fed. Reg. at 89,626. Such comments were due to BPA on March 3, 2025. *Id.* BPA received three comments. *See* BP-26 Integrated Program Review, Public Engagement, Public Comments on BPA's Cost Forecasts, Pursuant to the BP-26 Federal Register Notice, *available at* *https://www.bpa.gov/about/finance/bp-26-ipr*. BPA issued a response on May 27, 2025, on the IPR website. *See* BP-26 Integrated Program Review, BPA Response to Customer Comments on BP-26 IPR Cost Forecast, May 27, 2025, *available at* *https://www.bpa.gov/about/finance/bp-26-ipr.*

Additionally, on July 14, 2025, BPA removed from its power cost forecast costs associated with certain memorandums of understanding. *See* Email from Bonneville Power Administration to Tech Forum Subscribers, *Update to BPA's BP-26 Cost Projections* (July 14, 8:11 PST) (on file with author). This adjustment was necessary to respond to the Presidential Memorandum, *Stopping Radical Environmentalism to Generate Power for the Columbia River Basin*.[1] These cost reductions were reflected in the final power rate proposal. *See* Final Power Revenue Requirement Study, BP-26-FS-BPA-02, § 2.1.

1.5.2 2012 Residential Exchange Program Settlement Agreement

On July 26, 2011, the Administrator executed the 2012 REP Settlement, which resolved longstanding litigation over BPA's implementation of the Residential Exchange Program under Section 5(c) of the Northwest Power Act, 16 U.S.C. § 839c(c), through 2028. The Administrator's findings regarding the legal, factual, and policy challenges to the 2012 REP Settlement are thoroughly explained in the REP-12 Record of Decision. The 2012 REP Settlement and the Administrator's decision in the REP-12 Record of Decision to sign the settlement were upheld by the Ninth Circuit Court of Appeals in *Ass'n of Pub. Agency Customers v. Bonneville Power Admin.*, 733 F.3d 939 (9th Cir. 2013).

1.5.3 Rate Period High Water Mark Process

BPA has established FY 2026-2028 RHWMs for customers with Contract High Water Mark (CHWM) contracts. In the RHWM Process, which preceded the BP-26 rate proceeding and concluded in August, 2024, BPA established the maximum planned amount of power a customer is eligible to purchase at Priority Firm Tier 1 rates during the rate period, the Above-RHWM Load for each customer, the System Shaped Load for each customer, the Tier 1 System Firm Critical Output, RHWM Augmentation, the Rate Period Tier 1 System Capability (RT1SC), and the monthly/diurnal shape of RT1SC. The RHWM Process provided customers an opportunity to review, comment, and challenge BPA's RHWM determinations. The RHWMs and related outputs of the RHWM Process are combined with the rate case load forecast to develop billing determinants and for other ratemaking purposes.

---

[1] *Available at* https://www.whitehouse.gov/presidential-actions/2025/06/stopping-radical-environmentalism-to-generate-power-for-the-columbia-river-basin/.

This page intentionally left blank.

2 SETTLEMENTS

Issue 2.1

Whether BPA should adopt the BP-26 Power Rates Settlement Agreement, the BP-26 Transmission Rates Settlement Agreement, and the BP-26 Partial Rates Settlement Agreement (collectively referred to as the "Settlements").

Parties' Positions

No party has objected to the Settlements.

BPA Staff's Position

Staff supports adoption of the Settlements.

Evaluation of Positions

BPA appreciates the time, effort, and constructive approach that all parties dedicated to the settlement discussions.

The BP-26 Power Rates Settlement Agreement addresses all power rates and related issues in the BP-26 rate proceeding. Fisher *et al*., BP-26-E-BPA-32, at 1. Among other terms, the settlement provides for a rate increase no higher than 8.3 percent over BP-24 rate levels for the average effective Tier 1 Non-Slice power rate. *Id.* at 4. In addition, the settlement provides for: 1) a forecast of zero General Transfer Service costs in the NR rate, 2) an increase in forecast of secondary sales, 3) revisions to the NR Energy Shaping Service (ESS) terms, and 4) removal of PNRR contained in the Initial Proposal. Staff will calculate final power rates and produce final studies consistent with the terms of the settlement. All of the details of the BP-26 Power Rates Settlement Agreement can be found in Appendix A.

The BP-26 Transmission Rates Settlement Agreement and BP-26 Partial Rates Settlement Agreement collectively settle all issues related to BPA's transmission, ancillary, and control area service rates for FY 2026-2028. The BP-26 Transmission Rates Settlement Agreement also provides for Staff to calculate final rates and produce final studies consistent with its terms. It calls for a $50 million reduction to the overall transmission revenue requirement included in the Initial Proposal. Hendricks *et al*., BP-26-E-BPA-38, at 4. In addition, it specifies rate schedule language for the BP-26 Transmission Reserves Distribution Clause (RDC) that will provide for application of any such Transmission RDC under the BP-26 rate schedules to rate reduction through a Transmission Dividend Distribution. *Id.* The agreement also calls for elimination of the Utility Delivery segment and charge, and it provides for an update to the forecast of installed solar capacity for the development of the final rates for Variable Energy Resource Balancing Service. *Id.* Finally, the BP-26 Transmission Rates Settlement Agreement calls for workshops on various issues before the next rate proceeding. *Id.* The BP-26 Partial Rates Settlement Agreement provides for the establishment and specifies the terms of a Generator Interconnection Withdrawal Charge in the Transmission Rate Schedules. The details of the BP-26 Transmission Rates Settlement Agreement and BP-26 Partial Rates Settlement Agreement can be found in Appendices B and C.

This Final ROD adopts each of the Settlements for purposes of setting power and transmission rates for the FY 2026-2028 rate period. All parties in the BP-26 rate proceeding either support or do not oppose adoption of the rates and other terms in the Settlements. The Settlements were structured to require parties to file any objections on the record by a deadline established by the Hearing Officer or waive the right to object. *See* Appendices A, B, and C; Order Establishing Process for Objections to BP-26 Partial Rates Settlement Agreement, BP-26-HOO-02; Order Establishing Deadline for Objections to BP-26 Power Rates Settlement Agreement, BP-26-HOO-10; Order Modifying Procedural Schedule, BP-26-HOO-16. No objections to the Settlements were filed in response to the Hearing Officer's orders. BPA places significant weight on the benefits of adopting an outcome that reflects a compromise and at least some degree of consensus among most parties. *See Van Bronkhorst v. Safeco Corp.*, 529 F.2d 943, 950 (9th Cir. 1976) ("It hardly seems necessary to point out that there is an overriding public interest in settling and quieting litigation.").

Each of the Settlements provide that parties cannot contest adoption of the agreements in the BP-26 Proceeding, or other forums, or the implementation of the Settlements pursuant to their terms, through the end of FY 2028. As such, the Settlements have helped to eliminate controversy around issues raised in the parties' testimony in the BP-26 rate proceeding. BPA and the parties avoided controversy and debate on the issues addressed through the agreements. Avoiding costly, contentious, and burdensome litigation over these (and other) issues is in BPA's business interest.

The record in this proceeding and the Final Studies reflecting the terms of the Settlements demonstrate the proposed rates under the Settlement satisfy the statutory directives that apply to BPA ratemaking, and the Settlements provide a reasonable basis for the adoption of those rates for the FY 2026-28 rate period. BPA appreciates the efforts of all parties with respect to the Settlements.

Decision

The power and transmission rates under the Settlements are consistent with the applicable ratemaking standards. The Administrator adopts the Settlements for the purpose of establishing BPA power and transmission rates for the FY 2026-28 rate period.

3 PARTICIPANT COMMENTS

This chapter summarizes and evaluates the comments of participants in the rate case. As defined in BPA's procedures for conducting rate proceedings, "participants" are persons who comment on BPA's rate proposal but do not take part in the formal hearing process with the responsibilities of "parties." Rules of Procedure § 1010.8(a)–(c). Participant comments are part of the official record of the rate proceeding and are considered when the Administrator makes his final decisions.

As described in Chapter 1, the Federal Register notice for this proceeding set a deadline of February 14, 2025, for participant comments. BP-26 FRN, 89 Fed. Reg. at 89,626. BPA received two comments through the participant comment process, which can be viewed at https://publiccomments.bpa.gov/. A summary of the comments, and BPA's response, is provided below.

Comment BP26RC240001 – Northwest Energy Coalition (NWEC). Participant NWEC commented on the proposed amount of revenue financing in the Transmission revenue requirement and the proposed demand charge in the Power rate schedules. NWEC urged BPA to reduce the proposed amount of Transmission revenue financing from $125 million to $70 million to reduce the impact of the proposed rate increase on transmission customers.

NWEC also urged BPA to recalculate the proposed Demand Charge using battery storage facilities as the proxy marginal capacity resource rather than a gas turbine. NWEC states that if the Demand Charge does not reflect the true marginal cost of providing capacity, BPA's customers may "undervalue resource actions such as energy efficiency" and "underinvest in needed investments in programs aimed at managing demand."

Response to Comment BP26RC240001. On the first issue, the BP-26 Transmission Rates Settlement Agreement described above provides for a $50 million reduction in the Transmission Revenue Requirement for purposes of developing the final FY 2026-2028 Transmission rates. This reduction will have the approximate impact on Transmission rates that NWEC suggests.

On the second issue, BPA disagrees that a gas turbine no longer can serve as an accurate proxy for the cost of a marginal capacity resource. Although BPA acknowledges NWEC's comments about regional utilities that have shifted away from employing natural gas turbines as the marginal capacity resource for ratemaking purposes, that does not demonstrate use of a gas turbine is unreasonable for purposes of the proposed FY 2026-2028 Power rates. BPA will continue to consider the most appropriate resource to use when developing rates in the future.

Comment BP26RC240002 – Charles Pace. Participant Pace, a private citizen, commented "[i]t is unclear how bribes paid to tribes to ensure their silence should be apportioned between requirements customers and all other customer classes. Unfortunately, BPA refuses to address whether various costs that go into the rate proposal are neither appropriate. This allows BPA to include costs of hush money paid to tribes and other illegal expenses in the revenue requirement. According to BPA, the spending it proposes cannot be challenged in FERC approval proceedings. The only opportunity for public comment is during the integrated program review. This has been how BPA has been operating since it entered into the 'fish accords;' and paid off the Northwest Power Council in excess of statutory limitations on expenditures for that purpose. According to BPA, the only place to challenge the costs it incurs is in Congress, which is obviously nonsense. I think this has bribery approach to monetizing its obligations under ESA and other statutes has become so ingrained in the agency that it will be extremely difficult to root out. Probably the best thing to do at this point is for the Secretary of Defense to exercise his authority to exempt the FCRPS from the reach of ESA and simultaneously put BPA up for sale with the purchaser(s) subject to FERC jurisdiction like any other investor owned utility. It's time for BPA to fade away into ether. Fortunately, servicing the public debt may require the sale of the power marketing agencies. Perhaps Elon et al. can put BPA out of its misery, thereby ending the blatant waste, fraud, abuse and corruption that permeates the industry. This has been on the back burner since the time of Hazel O'Leary who said "When you work for BPA, you answer to no one." Randy Hardy was right on target when he said that BPA was a big political punchbowl and the entities that suck the hardest get all the benefits. That was decades ago. BPA has no future and will soon be a historical relic. In my opinion, that can't happen soon enough."

Response to Comment BP26RC240002. BPA disagrees with participant Pace's accusations of bribery, payment of "hush money," illegal expenses in the revenue requirement, and "blatant waste, fraud, abuse and corruption that permeates the industry." The comments of Participant Pace consist of unsupported attacks and predictions of BPA's demise, which fall outside of the scope of the BP-26 rate proceeding as established in the Federal Register notice. *See* BP-26 FRN, 89 Fed. Reg. 89,626.

4 NATIONAL ENVIRONMENTAL POLICY ACT ANALYSIS

Consistent with the National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, BPA has assessed the potential environmental effects that could result from implementation of BPA's FY 2026-2028 proposed power, transmission and ancillary and control area service rate adjustments. The NEPA process was conducted separately from the formal rate process.

In the Federal Register notice for the BP-26 rate proposal, 89 Fed. Reg. 89,626, BPA provided interested parties the opportunity to submit public comments concerning potential environmental effects of the proposal, which would be considered by BPA's NEPA compliance staff in the NEPA process for the proposal. No comments concerning NEPA compliance or potential environmental effects to consider in the NEPA process were received before the comment deadline.

The BP-26 rate proposal is intended to ensure that there are sufficient revenues to meet BPA's financial obligations and other costs and expenses while using existing generation sources operating within normal limits. The BP-26 rate proposal was developed through the Northwest Power Act 7(i) procedures and would establish rates for the 2026-2028 fiscal years. The proposed rates are based on updated revenue requirements to recover costs for power and transmission products and services. The proposed rates largely continue the same construct that BPA has implemented in previous years. The decision to adopt the proposed rates is primarily administrative, strategic, and financial in nature. Given this, adoption of the rate proposal is not expected to result in reasonably foreseeable environmental effects.

Accordingly, BPA has determined that the BP-26 rate proposal falls within a class of actions excluded from further NEPA review pursuant to U.S. Department of Energy NEPA regulations, which are applicable to BPA. More specifically, this proposal falls within Categorical Exclusion B4.3, found at Appendix B to 10 C.F.R. § 1021, – as revised by the US Department of Energy's July 3, 2025 Interim Final Rule published at 90 Fed. Reg 29,676 - , which provides for the categorical exclusion from further NEPA review of "[r]ate changes for electric power, power transmission, and other products or services provided by a Power Marketing Administration that are based on a change in revenue requirements if the operations of generation projects would remain within normal operating limits." BPA has prepared a categorical exclusion determination memorandum that documents this categorical exclusion from further NEPA review, which is available at the BPA website: https://www.bpa.gov/learn-and-participate/public-involvement-decisions/categorical-exclusions.

This page intentionally left blank.

5 CONCLUSION

As required by law, the rates established and adopted in this Final ROD have been set to recover the costs associated with the acquisition, conservation, and transmission of electric power, including the amortization of the federal investment in the FCRPS (including irrigation costs required to be repaid out of power revenues) over a reasonable period of years and the other costs and expenses incurred by the Administrator in carrying out the requirements of the Northwest Power Act and other provisions of law. In addition, these rates have been designed to be the lowest possible rates consistent with sound business principles, to encourage the widest possible use of BPA's power, and to satisfy BPA's other ratemaking obligations. The transmission and ancillary services rates have been designed to equitably allocate the costs of the federal transmission system between federal and non-federal power utilizing such system.

BPA has established these rates pursuant to the procedural requirements in Section 7(i) of the Northwest Power Act, and all interested parties and participants were afforded the opportunity for a full and fair evidentiary hearing, as required by law. In addition, consistent with NEPA, BPA has evaluated the potential environmental impacts that could result from implementation of the rate proposal.

Based upon the record compiled in this proceeding, the decisions expressed herein, and all requirements of law, I hereby establish the accompanying 2026 Power Rate Schedules and General Rate Schedule Provisions (GRSPs) and the 2026 Transmission, Ancillary, and Control Area Service Rate Schedules and GRSPs as Bonneville Power Administration rates. In accordance with Federal Energy Regulatory Commission requirements, 18 C.F.R. § 300.10(g), I hereby certify that the power and transmission rate schedules and GRSPs adopted herein contain the lowest possible rates consistent with sound business principles and are consistent with other applicable laws.

Issued at Portland, Oregon, this 24th day of July, 2025.

John L. Hairston
Administrator and Chief Executive Officer

This page intentionally left blank.

APPENDIX A:

Principles of Settlement for Power Rates in the BP-26 Rate Proceeding, FY 2026-2028

February 2025

APPENDIX A

PRINCIPLES OF SETTLEMENT FOR POWER RATES IN THE BP-26 RATE PROCEEDING, FY 2026-2028

This Settlement Agreement ("Agreement") sets forth the principles of settlement among the Bonneville Power Administration ("Bonneville") and parties to the BP-26 rate proceeding, Fiscal Year ("FY") 2026-2028 (BP-26 Proceeding), (such parties in the singular, "Party," in the plural, "Parties") regarding the Initial Proposal Power Rates and Studies and Final Power Rates and Studies as described herein.

I. OVERVIEW

On November 22, 2024, Bonneville filed its Initial Proposal Power Rates and Studies for the BP-26 rate period, FY 2026-2028. Parties filed direct cases in response to Bonneville's Initial Proposal Power Rates and Studies on January 30, 2025. On January 31, 2025, representatives from Public Power submitted a proposed settlement of the BP-26 power rates. Thereafter, Bonneville Staff and Parties exchanged proposals. On February 14, 2025, Bonneville submitted a final proposal of settlement of the power rates in the BP-26 rate proceeding (BP-26 Power Rate Proposed Settlement) to parties. Parties had until Wednesday, February 19, 2025, to notify Bonneville of any objections to the BP-26 Power Rate Proposed Settlement.

No party objected to the Bonneville Staff's BP-26 Power Rate Proposed Settlement.

In light of the Parties' support for settlement, Bonneville Staff intends to submit the following terms in its Rebuttal testimony as its proposal to the Administrator for power rates for the BP-26 rate proceeding.

II. DEFINITIONS

"Initial Proposal Power Rates and Studies" means the power rates initially proposed to be effective for FY 2026 through FY 2028, and which is supported by the following studies and documents:

Document	Number
Power Rates Study and Documentation	BP-26-E-BPA-01 and 01A
Power Revenue Requirement Study and Documentation	BP-26-E-BPA-02 and 02A
Power Loads and Resource Study and Documentation	BP-26-E-BPA-03 and 03A
Power Market Price Study	BP-26-E-BPA-04
Power and Transmission Risk Study	BP-26-E-BPA-05
2026 Power Rate Schedule and General Rate Schedule Provisions (FY 2026-2028)	BP-26-E-BPA-10

"Final Power Rates and Studies," means the power rates to go into effective for FY 2026 through FY 2028, and which is supported by the following studies and documents:

Document	**Number**
Final Power Rates Study and Documentation	TBD
Final Power Revenue Requirement Study and Documentation	TBD
Final Power Loads and Resource Study and Documentation	TBD
Final Power Market Price Study	TBD
Final Power and Transmission Risk Study	TBD
Final 2026 Power Rate Schedule and General Rate Schedule Provisions (FY 2026-2028)	TBD

III. GENERAL TERMS

A. In the BP-26 Proceeding, Bonneville staff will file testimony that recommends that the Administrator adopt a proposal consistent with this Agreement in the Final Power Rates and Studies.

B. This Agreement settles all Power-related issues within the scope of the BP-26 Proceeding.

C. Bonneville will notify the Hearing Officer about this Agreement and move the Hearing Officer to (1) require any party in the BP-26 Proceeding state any objection to the Agreement by a date established by the Hearing Officer; and (2) specify that any party in the proceeding that does not state an objection to the Agreement by such date will waive its rights to preserve any objections to the Agreement and will be deemed to assent to this Agreement.

D. If in response to the Hearing Officer's order made pursuant to section III.C, any party to the BP-26 Proceeding states an objection to the Agreement, Bonneville and any non-objecting Party to this Agreement will have two business days from the date of the objection to withdraw its assent to the Agreement. If Bonneville or any Party to this Agreement withdraws its assent to the Agreement, Bonneville shall promptly schedule a meeting with the Parties to this Agreement to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate to parties in the BP-26 Proceeding.

E. This Agreement will terminate on September 30, 2028, except that, if the Administrator does not adopt this Agreement in the Final Record of Decision in the BP-26 Proceeding, the Agreement will be void *ab initio*.

IV. TERMS FOR POWER RATE SETTLEMENT FOR FY 2026-2028

A. Bonneville's Initial Proposal Power Rates and Studies and Updated Final Power Rates and Studies. Bonneville's Initial Proposal Power Rates and Studies shall be proposed by Bonneville Staff and presented on the record in the BP-26 proceeding solely as "place holders" to be updated with Final Power Rates and Studies consistent with this Agreement. Bonneville Staff shall produce Final Power Rates and Studies to effectuate the outcomes described in this Agreement.

B. Power Rate Levels. Bonneville Staff will develop Final Power Rates and Studies that support a Tier 1 Non-Slice average effective rate no higher than $38.59/MWh (an effective 8.3% increase from BP-24). For all other rates, Bonneville commits to produce rates no higher than $0.5/MWh above the indicative rates described in Table 1 below.

Table 1

Indicative Average Effective Rate	**$/MWh**
Priority Firm Tier 1 Rate (PFp)	37.96
Industrial Firm (IP)	45.92
New Resource Firm (NR)	111.99

C. Net Secondary Forecast. The Final Power Rates and Studies will increase the Net Secondary revenue by $16 million in FY 2026, $14.1 million in FY 2027, and $15.9 million in FY 2028 to reflect the benefit of flexibility within HLH/LLH time periods.

D. Planned Net Revenue for Risk. No PNRR will be included in the Final Power Rates and Studies unless needed to support Bonneville's Treasury Payment Probability (TPP).

E. Tier 2 Rates. The Final Power Rates and Studies will use the Tier 2 rates as proposed in the 2026 Power Rate Schedules and General Rate Schedule Provisions (BP-26-E-BPA-10).

F. Demand Rates. The Final Power Rates and Studies will use the Demand rates as proposed in the 2026 Power Rate Schedules and General Rate Schedule Provisions (BP-26-E-BPA-10).

G. NR Rate. The Final Power Rates and Studies will forecast zero Transfer Service costs in the NR Rate. Bonneville will increase the Transfer Service costs allocated to the Composite Cost Pool, relative to the Initial Proposal Power Rates and Studies, by a maximum total of $5.280 million for the rate period (FY 2026-2028).

H. Load Shaping Rates. The Final Power Rates and Studies will use the Load Shaping Rates as proposed in the 2026 Power Rate Schedules and General Rate Schedule Provisions (BP-26-E-BPA-10).

I. Power Revenue Requirement. Bonneville Staff will update the Power Revenue Requirement developed for the Initial Proposal Power Rates and Studies in the Final Power Rates and Studies in support of this Agreement. If the Administrator adopts a change to the method Bonneville uses to calculate the Revenue Requirement for Transmission, or reduces the level of the Transmission Revenue Requirement in a manner that affects the Power rates described herein, inclusive of any changes that may result in the forecast inter-business-line transfer that result from changes in the Generation Inputs Study (BP-26-E-BPA-06), then, such changes shall be used in Bonneville's calculation of the Final Power Rates and Studies.

J. NR Energy Shaping Service (NR ESS). The Final Power Rates and Studies will include the revisions included in Attachment 1 to the NR ESS rate schedule.

K. NR ESS Elections. Bonneville will, outside of the BP-26 rate proceeding, engage with customers to develop Regional Dialogue (RD) contract language that gives customer the ability to elect the NR ESS level of service for each "Single Operator" as defined in the RD contract. Customers may change its last service level election for each Single Operator up or down to the next closest election option 90 days prior to the start of each Fiscal year. A service election cannot be set lower than 2%.

1. Example 1: a customer's Initial Election of 3% could be changed to 2% or 4% prior to FY 2026.

2. Example 2: a customer's FY 2026 election of 2% could be changed to 3% prior to FY 2027.

3. Example 3: a customer's FY2026 election of 5% could be changed to 4% period to FY 2027.

L. Administrative and Other Non-Substantive Updates. Nothing in this Agreements prevents Bonneville from making administrative and other non-substantive information updates to Bonneville's Initial Proposal Power Rates and Studies to produce the Final Proposal Power Rates and Studies.

V. PRESERVATION OF SETTLEMENT

A. The Parties agree not to contest this Agreement in the BP-26 Proceeding, or any other forum, or the implementation of this Agreement pursuant to its terms, through the end of FY 2028.

B. The Parties agree to waive their rights to file testimony, submit data requests, conduct cross examination, or file briefs in the BP-26 proceeding with respect to any issue within the scope of the Agreement, except in response to issues raised by any party in the proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section III.C.

C. Bonneville and the Parties agree that this Agreement does not constitute consent or agreement in any future Bonneville proceeding, and that they retain all of their rights to take and argue whatever position they believe appropriate as to such matters in such proceedings.

D. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to the issues within the scope of the Agreement, and that acceptance of the settlement does not create or imply any agreement with any position of Bonneville or any other Party. Bonneville and the Parties agree not to assert in any forum that anything in the Agreement, or that any action taken or not taken with regard to this Agreement by Bonneville or any Party, the Hearing Officer, the Administrator, the Federal Energy Regulatory Commission, or a court, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) any precedent under any contract or otherwise between Bonneville and any Party; or (4) any basis for supporting any Bonneville rate or general rate schedule provision for any period after the end of FY 2028.

E. Bonneville and the Parties agree that this Agreement establishes no precedent and that Bonneville and the Parties will not be prejudiced or bound thereby in any proceeding, except as specifically provided in this Agreement. Bonneville and the Parties will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Agreement.

F. Conduct, statements, and documents disclosed in the negotiation of this Agreement will not be admissible as evidence in the BP-26 Proceeding, any other proceeding, or any other judicial or administrative forum, nor will the fact that Bonneville and/or the Parties entered into this settlement be cited or used in any future proceedings or Administrator decisions as support for any matters, other than application or enforcement of this Agreement.

VI. RESERVATION OF RIGHTS

A. Except as provided in section III.C. above, no Party waives any of its rights, under Bonneville's enabling statutes, the Federal Power Act, or other applicable law, or to pursue any claim that a particular charge, methodology, practice, or rate schedule has been improperly implemented.

B. Bonneville and the Parties reserve the right to respond to any filings, protests, or claims by Bonneville, any Party, or others; however, the Parties will not support a challenge to any rates, terms and conditions, or other matters described in this Agreement.

C. If, because of a ruling issued in response to a legal challenge, Bonneville is required to materially modify or discontinue any of the rates, terms and conditions, or other matters provided in this Agreement, Bonneville may seek, and the other Parties agree not to contest, a stay of enforcement of that ruling until after the end of FY 2028.

D. Nothing in this Agreement is intended in any way to alter the Administrator's authority and responsibility to periodically review and revise the Administrator's rates and terms and conditions of transmission service or the Parties' rights to challenge such revisions.

ATTACHMENT 1

BP-26 Power Rates Settlement Proposal

NR Energy Shaping Service

DRAFT 2 - 2026 General Rate Schedule Provisions (FY 2026-2028)

February 14, 2025

GENERAL RATE SCHEDULE PROVISIONS

INDEX

Page

SECTION II. ADJUSTMENTS, CHARGES, AND SPECIAL RATE PROVISIONS

J. NR Services for New Large Single Loads (NLSLs)

NR Services for NLSLs is a required service applicable to Load Following customers serving NLSLs with non-federal resources. All NR ESS charges and credits are calculated using the Customer's NLSL(s) (billed as either individual NLSLs or as an aggregate NLSL) as determined by the Customer's contract.

1. NR Energy Shaping Service (ESS) for NLSL Charge

(a) NR ESS Capacity Charge

Customers taking NR ESS will be assessed the NR ESS Capacity Charge. The default level of service is 2%. A customer may initially elect a higher level of service (3%, 4% or 5% level of service) by providing written notice to BPA no later than February 1, 2025. Customer may change the default or initially elected level of service applicable to the customer ("Level of Service %") prior to a Fiscal Year pursuant to the terms of the customer's contract. The monthly NR ESS Capacity Charge is calculated using the following formula:

$$NRESS_{Capacity} = MonthlyPeak \times LevelofService\% \times DemandRate$$

Where:

$NRESS_{Capacity}$ = the monthly NR Energy Shaping Service Capacity Charge

$MonthlyPeak$ = the measured maximum actual hourly load of the NLSLs for a month in kWs

$LevelofServcie\%$ = 2 percent or the Level of Service % elected by the customer

$DemandRate$ = the applicable monthly NR Demand Rate as specified in the NR-26 rate schedule, Section 2.2.1

A monthly check will be performed to verify that the customer's Actual Capacity Use in any hour of the month did not exceed the monthly amount of capacity purchased from BPA. The monthly amount of capacity purchased from BPA in a month is equal to the Level of Service % plus four percent multiplied by the $MonthlyPeak$. The Actual Capacity Used in an hour is equal to the measured kWh load of the NLSLs for that hour minus the non-federal resources supplied in that same hour. The Unauthorized Increase Charge (UAI) (GRSP II.N) shall apply in any hour where the Actual Capacity Used, rounded down to a whole megawatthour, exceeds the monthly amount of capacity purchased from BPA.

(1) NR Data Sharing Discount

A 10 percent NR Data Sharing Discount will be applied to the monthly NR ESS Capacity Charge if the customer meets the following Data Sharing Requirements each hour of the month:

(A) Resource Forecast

NR ESS customer receiving the NR Data Sharing Discount shall provide BPA with a forecast of the energy amount of non-federal resource supplied in MWh for each hour to each NLSL, or aggregation of NLSLs served by a single Load Following customer, 7-calendar days in advance of the operating day. To provide this resource forecast to BPA, customers shall enter the hourly amount of energy to be supplied by non-federal resource(s) into BPA's ISAAC scheduling system. Provision of this forecast is for the purposes of BPA maintaining an appropriate level of generation capacity and does not alter requirements for the resource deliveries to be scheduled with all appropriate transmission service providers.

(B) Load Forecast

NR ESS customer receiving the NR Data Sharing Discount shall provide BPA with a forecast of the energy amount of the load in MWh for each hour for each NLSL, or aggregation of NLSLs served by a single Load Following customer, 7-calendar days in advance of the operating day. To provide this load forecast to BPA, customers shall enter the hourly amount of energy to be consumed by the load for each hour into BPA's ISAAC scheduling system or another mechanism of BPA's choosing. Provision of this load forecast is for the purposes of BPA maintaining an appropriate level of generation capacity and does not alter requirements for the load to be scheduled with all appropriate transmission service providers, if applicable.

No later than 90-days prior to October 1, 2025, a customer may request a pilot implementation of these Data Sharing Requirements for a duration of up to 60-days ahead of the effective date and BPA will make best efforts to implement such pilot period.

Customers are eligible for the NR Data Sharing Discount by providing these forecasts consistent with the terms above.

(2) NR ESS Capacity Cost Offset

A customer purchasing NR ESS and receiving the NR Data Sharing Discount may be eligible to further offset its NR ESS Capacity Charge by providing BPA access to capacity, through a demand or a resource response, based on terms and conditions agreed to in an Exhibit to an WSPP Enabling Agreement between BPA and the customer.

(b) NR ESS Energy Charge

The energy component of the NR Energy Shaping Service either credits or debits the customer for the difference between energy amounts supplied by the customer's non-federal resources serving NLSL(s) and the measured actual load of the NLSLs in every hour. The NR ESS Energy Charge can be either positive or negative and is the calculated as the NR ESS Energy Billing Determinant multiplied by the NR ESS Energy Rate.

(1) NR ESS Energy Billing Determinant

The NR ESS Energy Billing Determinant is equal to (1) the total measured load of the customer's NLSL(s) in an hour minus (2) the energy amounts supplied to the NLSL(s) by the customer's non-federal resources in that same hour~~.~~, minus (3) any energy amounts subject to the Unauthorized Increase Charge (GSRP II.N) in that same hour. The NR ESS Energy Billing Determinant for any hour can be positive or negative.

(2) NR ESS Energy Rate

The NR ESS Energy Rate is equal to the hourly Load Aggregation Point (LAP) price for BPA, or the LAP price applicable for the area in which the NLSL is located, as determined by the Market Operator (MO) under Section 29.11(b)(3)(C) of the MO Tariff for the same hour as the calculated NR ESS Energy Billing Determinant. In the event of a Market Contingency pursuant to Section 10 of Attachment Q to the BPA Tariff, BPA will use an available energy index in the Pacific Northwest.

(c) NR ESS Over-Schedule and Under-Schedule Charges

Load Following customers serving NLSLs with non-federal resources will be subject to: 1) an Hourly Over-Schedule Charge; 2) a Monthly Over-Schedule Charge; and 3) a Monthly Under-Schedule Charge, when specified thresholds are exceeded. The charges shall apply to the energy amounts that exceed each charge's respective threshold. ~~The measurement of energy amounts supplied to the NLSL(s) by the customer's non-federal resources will not include any energy subject to the Unauthorized Increase Charge (GSRP II.N).~~

(1) Hourly Over-Schedule Charge

An Hourly Over-Schedule Charge shall apply in any hour where: (1) the energy amounts supplied to the NLSL(s) by the customer's non-federal resources exceed (2) the total measured load of the customer's NLSL(s) by more than the ~~greater of: (A) 5 percent of~~*OverThreshold*.

$$OverThreshold = Maximum(Minimum(75\ megawatthours, 0.075 \times NLSL_{actual}), 10\ megawatthours)$$

Where:

OverThreshold = the hourly overschedule amount, in megawatthours, that is allowed without being subject to the Hourly Over-Schedule Charge

$NLSL_{actual}$ = the total measured load, in megawatthours, of the customer's NLSL(s) in ~~that same~~the hour~~, and (B) 25 megawatts.~~

The Hourly Over-Schedule Charge is additive to the NR ESS Energy Charge, GRSP II.J.1.(b), applicable to the same hour.

(A) Hourly Over-Schedule Rate

~~100 mills/kWh~~

The greater of: 1) 20 mills/kWh, or 2) 25% of the absolute value of the NR ESS Energy Rate for the same hour as specified in GRSP II.J.1.(b).(2).

(B) Hourly Over-Schedule Billing Determinant

The Hourly Over-Schedule Billing Determinant is equal to:

(i) ~~(1)~~ the energy amounts supplied to the NLSL(s) by the customer's non-federal resources in an hour, ~~minus (2)~~ less

~~(i)~~(ii) the total measured load of the customer's NLSL(s) in the same hour, less

~~**(ii)** the greater of (A) 5 percent of the total measured actual load of the customer's NLSL(s) in the same hour, or (B) 25 megawatts.~~

(iii) the *OverThreshold* for the same hour

(2) Monthly Over-Schedule Charge

A Monthly Over-Schedule Charge shall apply in any month where: (1) the energy amounts supplied to the NLSL(s) by the customer's non-federal resources exceed (2) the total measured load of the customer's NLSL(s) by more than the greater of (A) 1.5 percent of the total measured load of the customer's NLSL(s) in that same month, and (B) 1,488 megawatthours.

~~**(A) Monthly Over-Schedule Rate**~~

~~20 mills/kWh~~

~~**(B) Monthly Over-Schedule Billing Determinant**~~

The Monthly Over-Schedule ~~Billing Determinant~~Charge is equal to~~:~~

~~**(i)**~~ ~~(1)~~ the ~~energy amounts supplied to~~absolute value of the ~~NLSL(s) by~~sum of the customer's ~~non-federal resources~~NR ESS Energy Charges in the month, ~~minus (2) the total measured actual load of the customer's NLSL(s) in that same month, less~~

~~**(ii)** the greater of: (1) 1.5 percent of the total measured actual load of the customer's NLSL(s) in the same month, or (2) 1,488 megawatthours.~~GRSP II.J.1.(b), multiplied by 15%.

(3) Monthly Under-Schedule Charge

A Monthly Under-Schedule Charge shall apply in any month where: (1) the total measured load of the customer's NLSL(s) exceeds (2) the energy amounts supplied to the NLSL(s) by the customer's non-federal resources by more than the greater of (A) 1.5 percent of the total measured actual load of the customer's NLSL(s) in that same month, and (B) 1,488 megawatthours.

~~**(A) Monthly Under-Schedule Rate**~~

~~20 mills/kWh~~

~~**(B) Monthly Under-Schedule Billing Determinant**~~

The Monthly Under-Schedule ~~Billing Determinant~~Charge is equal to~~:~~

~~(i)~~ ~~(1)~~ the ~~total measured actual load~~absolute value of the sum of the customer's ~~NLSL(s)~~NR ESS Energy Charges in the month, ~~minus (2) the energy amounts supplied to the NLSL(s)~~GRSP II.J.1.(b), multiplied by ~~the customer's non-federal resources in that same month, less~~30%.

~~(ii)~~ ~~the greater of: (1) 1.5 percent of the total measured actual load of the customer's NLSL(s) in the same month, or (2) 1,488 megawatthours.~~

APPENDIX B:

Principles of Settlement for Transmission Rates in the BP-26 Rate Proceeding, FY 2026-2028

April 2025

APPENDIX B

PRINCIPLES OF SETTLEMENT FOR TRANSMISSION RATES IN THE BP-26 RATE PROCEEDING, FY 2026-2028

This Settlement Agreement ("Agreement") sets forth the principles of settlement among the Bonneville Power Administration ("Bonneville") and parties to the BP-26 rate proceeding ("BP-26 Proceeding") as provided in section I.C of this Agreement (such parties in the singular, "Party," in the plural, "Parties") regarding the proposed rates for Transmission, Ancillary, and Control Area Services for Fiscal Years ("FY") 2026-2028.

I. GENERAL TERMS

A. In the BP-26 Proceeding, Bonneville Staff will file testimony that recommends that the Administrator adopt a proposal for Transmission, Ancillary, and Control Area Services rates for FY 2026-2028 consistent with this Agreement.

B. Except as provided in the BP-26 Partial Rates Settlement Agreement, BP-26-E-BPA-22-AT01, filed with Bonneville's Initial Proposal in the BP-26 Proceeding, this Agreement settles all issues in the scope of the BP-26 Proceeding related to the proposed Transmission, Ancillary, and Control Area Services rates and all issues and claims related to the FY 2026-2028 Transmission capital and expense forecasts, including all issues raised in comments submitted to Bonneville on March 3, 2025.

C. Bonneville will notify the Hearing Officer about this Agreement and move the Hearing Officer to (1) require any party in the BP-26 Proceeding state any objection to the Agreement by a date established by the Hearing Officer; and (2) specify that any party in the proceeding that does not state an objection to the Agreement by such date will waive its rights to preserve any objections to the Agreement and will be deemed to assent to this Agreement.

D. If in response to the Hearing Officer's order made pursuant to section I.C, any party in the BP-26 Proceeding states an objection to the Agreement, Bonneville and any non-objecting Party to this Agreement will have two business days from the date of the objection to withdraw its assent to the Agreement. If Bonneville or any Party to this Agreement withdraws its assent to the Agreement, Bonneville shall promptly schedule a meeting with the Parties to this Agreement to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate to parties in the BP-26 Proceeding.

E. This Agreement will terminate on September 30, 2028, except that, if the Administrator does not adopt this Agreement in the Final Record of Decision in the BP-26 Proceeding, the Agreement will be void *ab initio*.

F. **Preservation of Settlement**

1. The Parties agree not to contest this Agreement in the BP-26 Proceeding, or any other forum, or the implementation of this Agreement pursuant to its terms, through the end of FY 2028.

2. The Parties agree to waive their rights to file testimony, submit data requests, conduct cross examination, file briefs, and present oral argument in the BP-26 Proceeding with respect to any issue within the scope of the Agreement, except in response to issues raised by any party in the proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section I.C.

3. Bonneville and the Parties agree that this Agreement does not constitute consent or agreement in any future Bonneville proceeding, and that they retain all of their rights to take and argue whatever position they believe appropriate as to such matters in such proceedings.

4. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to the issues within the scope of the Agreement, and that acceptance of the settlement does not create or imply any agreement with any position of Bonneville or any other Party. Bonneville and the Parties agree not to assert in any forum that anything in the Agreement, or that any action taken or not taken with regard to this Agreement by Bonneville or any Party, the Hearing Officer, the Administrator, the Federal Energy Regulatory Commission, or a court, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) any precedent under any contract or otherwise between Bonneville and any Party; or (4) any basis for supporting any Bonneville rate or general rate schedule provision for any period after the end of FY 2028.

5. Bonneville and the Parties agree that this Agreement establishes no precedent and that Bonneville and the Parties will not be prejudiced or bound thereby in any proceeding, except as specifically provided in this Agreement. Bonneville and the Parties will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Agreement.

G. Conduct, statements, and documents disclosed in the negotiation of this Agreement will not be admissible as evidence in the BP-26 Proceeding, any other proceeding, or any other judicial or administrative forum, nor will the fact that Bonneville and/or the Parties entered into this settlement be cited or used in any future proceedings or Administrator decisions as support for any matters, other than application or enforcement of this Agreement.

H. **Reservation of Rights**

1. Except as provided in section I.F.2 above, no Party waives any of its rights, under Bonneville's enabling statutes, the Federal Power Act, or other applicable law, or to pursue any claim that a particular charge, methodology, practice, or rate schedule has been improperly implemented.

2. Bonneville and the Parties reserve the right to respond to any filings, protests, or claims by Bonneville, any Party, or others; however, the Parties will not support a challenge to any rates, terms and conditions, or other matters described in this Agreement.

3. No Party agrees or admits that the level of financial reserves resulting from the Transmission rates, if any, is acceptable or otherwise appropriate, and nothing in this Agreement shall limit, waive, or otherwise alter a Party's right to challenge in future rate proceedings the level of Bonneville's financial reserves.

4. No Party agrees or admits that the level of revenue financing included in the Transmission rates is acceptable or otherwise appropriate, and nothing in this Agreement shall limit, waive, or otherwise alter a Party's right to challenge in future rate proceedings Bonneville's inclusion of revenue financing in rates, the level of any such revenue financing, the application of depreciation to assets funded by revenue financing, or the accounting or other rate treatment of amounts included in rates for revenue financing or debt prepayment.

I. If, because of a ruling issued in response to a legal challenge, Bonneville is required to materially modify or discontinue any of the rates, terms and conditions, or other matters provided in this Agreement, Bonneville may seek, and the other Parties agree not to contest, a stay of enforcement of that ruling until after the end of FY 2028.

J. Nothing in this Agreement is intended in any way to alter the Administrator's authority and responsibility to periodically review and revise the Administrator's rates and terms and conditions of transmission service or the Parties' rights to challenge such revisions.

K. Notwithstanding section I.E of this Agreement, sections I.F, I.G, and I.H will survive termination or expiration of this Agreement.

II. TERMS FOR FY 2026-2028 TRANSMISSION RATES

A. **Final Transmission Rates, Rate Schedules, and Studies**. Bonneville Staff will develop and publish in the BP-26 Proceeding final Transmission rates, rate schedules, and studies consistent with this Agreement.

B. **Adjustment to Transmission Revenue Requirement**. For purposes of developing final Transmission rates and studies consistent with this Agreement, Bonneville Staff will propose a revenue requirement that is an average of $50 million less per year than the BP-26 Initial Proposal.

C. **Elimination of Utility Delivery Charge and Segment.** For purposes of developing final Transmission rates and studies consistent with this Agreement, Bonneville Staff will (1) include in the Network segment all facilities and equipment that were segmented to the Utility Delivery segment for current (BP-24) rates, and (2) eliminate the Utility Delivery Charge that appears in BP-24 rates.

D. **Update to Forecast of Installed Solar Capacity.** For purposes of developing final Transmission rates and studies consistent with this Agreement, Bonneville Staff will update the forecast of installed solar capacity consistent with the methodology used for the BP-26 Initial Proposal.

E. **Transmission Reserves Distribution Clause.** Bonneville Staff will propose adoption of a Transmission Reserves Distribution Clause consistent with the proposed general rate schedule provision in Attachment 1 to this Agreement.

F. **Public Workshops Before the BP-29 Rate Proceeding**

1. Bonneville will hold at least one public workshop during FY 2026 to discuss the short distance discount and the billing determinant for Network Integration Transmission Service as related to behind-the-meter resources.

2. Bonneville will hold at least one public workshop during FY 2026 to provide clarity on the scope, eligibility, and costs of the New Generation Technology Pilot Program.

3. Bonneville will hold at least one public workshop as part of the pre-rate case workshop process before the BP-29 rate proceeding to discuss Transmission revenue financing and customer concerns about over-recovery of Transmission costs through the Transmission revenue requirement, including the "higher of" methodology for determining the revenue requirement.

4. Bonneville will hold at least one public workshop as part of the pre-rate case workshop process before the BP-29 rate proceeding to review balancing reserve requirements under North American Electric Reliability Council standards and interplay between Operational Controls for Balancing Reserves and Western Energy Imbalance Market for purposes of allocating costs of balancing reserves.

G. **Other Issues.** For all rates and other issues not explicitly addressed in this Agreement, the final Transmission rates, rate schedules, and studies will be developed consistent with the methodologies in the BP-26 Initial Proposal, with any modifications or corrections identified in Bonneville's rebuttal testimony in the BP-26 Proceeding.

H. **Administrative and Other Non-Substantive Updates.** Nothing in this Agreement prevents Bonneville from making administrative and other non-substantive information updates to Bonneville's Initial Proposal Transmission Rates and Studies to produce the Final Proposal Transmission Rates and Studies.

H. Transmission Reserves Distribution Clause (Transmission RDC)

The Transmission RDC is a process for determining the distribution of financial reserves to purposes determined by the Administrator. The Transmission RDC is calculated each fiscal year.

If the Transmission RDC quantitative criteria (below) are met, the Administrator will calculate the Transmission RDC Amount and apply such amount to rate reduction through a Transmission Dividend Distribution (Transmission DD).

A Transmission DD is a downward adjustment that applies to these Transmission rates:

- Network Integration Rate (NT-26)
- Point-to-Point Rate (PTP-26)
- Southern Intertie Point-to-Point Rate (IS-26)
- Scheduling, System Control, and Dispatch Rate (ACS-26)
- Montana Intertie Rate (IM-26)

1. Transmission RDC Amount

At the beginning of each fiscal year of the rate period (that is, each "applicable year"), BPA will calculate financial reserves available for risk that are attributed to Transmission Services (Transmission RFR) and financial reserves available for risk that are attributed to BPA (BPA RFR)as of the fiscal year preceding the applicable year. If Transmission RFR is greater than the Transmission RDC Threshold for that applicable year by at least $5 million, and BPA RFR is greater than the BPA RDC Threshold for that applicable year by at least $5 million, the Administrator will determine the Transmission RDC Amount and apply such amount to rate reduction through a Transmission DD. The resulting rate decrease will go into effect beginning the month following the issuance of the final Transmission RDC Amount through September 30 of the applicable year.

a. Calculating the Transmission RDC Amount

The Transmission RDC can trigger only if (1) Transmission RFR exceeds the Transmission RDC Threshold and (2) BPA RFR exceeds the BPA RDC Threshold.

The Transmission RDC Amount will be the smallest of: Transmission RFR minus the Transmission RDC Threshold; or BPA RFR minus the BPA RDC Threshold.

Table B
Transmission RDC Annual Thresholds
(dollars in millions)

Transmission RFR as of the end of Fiscal Year	RDC Applied to Fiscal Year	Transmission RFR Threshold
2025	2026	*[Recalculated*
2026	2027	*in final*
2027	2028	*Rates]*

Table C
BPA RDC Annual Thresholds (dollars in millions)

BPA RFR as of the end of Fiscal Year	RDC Applied to Fiscal Year	BPA RFR Threshold
2025	2026	*[Recalculated*
2026	2027	*in final*
2027	2028	*Rates]*

b. Converting a Transmission DD to the Transmission DD Percentage and Calculating Revised Rates

The Transmission DD Credit Percentage is calculated by dividing the Transmission DD Amount by the sum of the most recent forecasts of revenues from the applicable rates for the period beginning the month following the issuance of the final Transmission RDC Amount through September of the applicable year.

The Transmission DD Credit Percentage is subtracted from 1.0 and then multiplied by each of the applicable rates, which yields revised rates.

2. Transmission RDC Notification Process

BPA shall follow these notification procedures:

a. **Financial Performance Status Reports**

Each quarter, BPA shall post to its external website (www.bpa.gov) preliminary, unaudited, year-to-date aggregate financial results for the transmission function.

For the Second and Third Quarter Reviews, BPA shall post to its external website (www.bpa.gov) a preliminary forecast of the Transmission RDC Amount.

b. **Notification of Transmission RDC Trigger**

By November 30, 2025, BPA shall complete the calculation of Transmission RFR and BPA RFR as of the end of FY 2025, for use in calculating the Transmission RDC applicable to rates for FY 2026.

By November 30, 2026, BPA shall complete the calculation of Transmission RFR and BPA RFR as of the end of FY 2026, for use in calculating the Transmission RDC applicable to rates for FY 2027.

By November 30, 2027, BPA shall complete the calculation of Transmission RFR and BPA RFR as of the end of FY 2027, for use in calculating the Transmission RDC applicable to rates for FY 2028.

If the Transmission RDC triggers, BPA will notify customers of the preliminary Transmission RDC Amount. Such notice will be issued as soon as practicable, but in no case later than November 30 of each applicable year. BPA will make available to customers the preliminary data relied upon to calculate the Transmission RDC Amount.

BPA will hold at least one public meeting to discuss the calculations of Transmission RFR, the Transmission RDC Amount, the Transmission DD Credit Amount, and the Transmission DD Credit percentage. BPA will issue the final Transmission RDC Amount by December 15 of each applicable year, unless extended by BPA. If BPA extends the timeframe for issuing the final Transmission RDC Amount, BPA will identify the new date for issuing such decision in a public notice. Such date will be no later than February 1 of the following year.

APPENDIX C:

Partial Rates Settlement Agreement in the BP-26 Rate Proceeding, FY 2026-2028

November 2024

APPENDIX C

BP-26 PARTIAL RATES SETTLEMENT AGREEMENT

THIS PARTIAL RATES SETTLEMENT AGREEMENT ("Agreement" or "BP-26 Partial Rates Settlement Agreement") is among the Bonneville Power Administration ("Bonneville") and the parties to the BP-26 rate proceeding ("BP-26 Proceeding") as provided in section 4 of this Agreement (such parties in the singular, "Party," in the plural, "Parties").

1. In the BP-26 Proceeding, Bonneville staff will file and recommend that the Administrator adopt a proposal consistent with this Agreement to establish a Generator Interconnection Withdrawal Charge in the Transmission, Ancillary, and Control Area Services Rate Schedules and General Rate Schedule Provisions for FY 2026-2028. The proposed rate schedule language for the charge is shown in Appendix 1 to this Agreement. Staff's proposal in the BP-26 Proceeding will include only the terms specified in this Agreement and in Appendix 1.

2. This Agreement settles, in accordance with its terms, all issues related to the proposed Generator Interconnection Withdrawal Charge for purposes of the BP-26 Proceeding.

3. The terms of this BP-26 Partial Rates Settlement Agreement are intended to be a part of a settlement package that also includes the settlement of the TC-26 Proceeding ("TC-26 Settlement Agreement"). As a condition to this BP-26 Partial Rates Settlement Agreement, the Parties agree not to contest the TC-26 Settlement Agreement.

4. Bonneville will move the Hearing Officer in the BP-26 Proceeding to (1) require any party in the BP-26 Proceeding that does not sign the Agreement to state any objection to the Agreement by a date established by the Hearing Officer; and (2) specify that any party in the BP-26 proceeding that does not state an objection to the Agreement by such date will waive its rights to preserve any objections to the Agreement and will be deemed to assent to this Agreement.

5. If in response to the Hearing Officer's order made pursuant to section 4, any party in the BP-26 Proceeding objects to the Agreement, Bonneville and any Party to this Agreement will have two business days from the date of the objection to withdraw its assent to the Agreement. If Bonneville or any Party to this Agreement withdraws its assent to the Agreement, Bonneville will promptly schedule a meeting with the Parties to this Agreement to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate to parties in the BP-26 Proceeding. Following the meeting, Bonneville will notify the Hearing Officer whether Bonneville and any Parties will continue with the Agreement.

6. If any party to the TC-26 proceeding objects to the TC-26 Settlement Agreement, Bonneville will promptly notify the Parties to this BP-26 Partial Rates Settlement Agreement by email and any Party to this Agreement will have two business days from the date of the objection in the TC-26 proceeding to withdraw its assent to this Agreement. If Bonneville or any Party withdraws its assent to this Agreement, Bonneville will promptly schedule a meeting with the Parties to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate to parties in the BP-26 Proceeding. Following the meeting, Bonneville will notify the Hearing Officer whether Bonneville and any Parties will continue with this Agreement.

7. This Agreement will terminate on September 30, 2028, except that, if the Administrator does not adopt this Agreement in the Final Record of Decision in the BP-26 Proceeding, the Agreement will be void *ab initio*.

8. If the Administrator adopts the Agreement in the Final Record of Decision, the Parties shall not contest the Agreement either before the Federal Energy Regulatory Commission, the U.S. Court of Federal Claims, the U.S. Court of Appeals for the Ninth Circuit, or any other judicial or administrative forum. Bonneville and the Parties agree not to support or join any litigation which would seek to change the terms of this Agreement, including documents explicitly incorporated by reference, except as specified in section 11, Reservation of Rights.

9. Preservation of Settlement

    a. The Parties agree not to contest this Agreement in the BP-26 Proceeding, TC-26 Proceeding, or any other forum, or the implementation of this Agreement pursuant to its terms.

    b. The Parties agree to waive their rights to file testimony, submit data requests, conduct cross examination, or file briefs in the BP-26 Proceeding with respect to any issue within the scope of the Agreement, except in response to issues raised by any party in the proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section 4.

    c. Bonneville and the Parties agree that this Agreement does not constitute consent or agreement in any future Bonneville proceeding, and that they retain all of their rights to take and argue whatever position they believe appropriate as to such matters in such proceedings.

    d. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to the issues within the scope of the Agreement, and that acceptance of the settlement does not create or imply any agreement with any position of any other Party. Bonneville and the

Parties agree not to assert in any forum that anything in the Agreement, or that any action taken or not taken with regard to this Agreement by Bonneville or any Party, the Hearing Officer, the Administrator, the Federal Energy Regulatory Commission, or a court, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) any precedent under any contract or otherwise between Bonneville and any Party; or (4) any basis for supporting any Bonneville rate or general rate schedule provision for any period after the end of FY 2028.

e. Bonneville and the Parties agree that this Agreement establishes no precedent and that Bonneville and the Parties will not be prejudiced or bound thereby in any proceeding, except as specifically provided in this Agreement. The Parties will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Agreement.

10. Conduct, statements, and documents disclosed in the negotiation of this BP-26 Partial Rates Settlement Agreement and the TC-26 Settlement Agreement will not be admissible as evidence in the BP-26 Proceeding, TC-26 Proceeding, any other proceeding, or any other judicial or administrative forum.

11. Reservation of rights

a. Except as provided in section 9 above, no Party waives any of its rights, under Bonneville's enabling statutes, the Federal Power Act, or other applicable law, or to pursue any claim that a particular charge, methodology, practice, or rate schedule has been improperly implemented.

b. Bonneville and the Parties reserve the right to respond to any filings, protests, or claims by Bonneville, any Party, or others; however, the Parties will not support a challenge to any rates, terms and conditions, or other matters described in this Agreement.

12. If, because of a ruling issued in response to a legal challenge, Bonneville is required to materially modify or discontinue any of the rates, terms and conditions, or other matters provided in this Agreement, Bonneville may seek, and the other Parties agree not to contest, a stay of enforcement of that ruling until after the end of FY 2028.

13. Appendix 1 (Proposed rate schedule language for Generator Interconnection Withdrawal Charge) is made part of this Agreement.

14. Nothing in this Agreement is intended in any way to alter the Administrator's authority and responsibility to periodically review and revise the Administrator's

rates and terms and conditions of transmission service or the Parties' rights to challenge such revisions.

15. Notwithstanding section 7 of this Agreement, sections 9, 10, and 11 will survive termination or expiration of this Agreement.

16. This Agreement may be executed in counterparts each of which is an original and all of which, taken together, constitute one and the same instrument.

Appendix 1: Proposed Rate Schedule Language for Generator Interconnection Withdrawal Charge

[X]. Generator Interconnection Withdrawal Charge

For Interconnection Customers with an Interconnection Request studied in a Cluster Study under Attachment L, Standard Large Generator Interconnection Procedures (LGIP), of BPA's Open Access Transmission Tariff (OATT), the Generator Interconnection Withdrawal Charge (GIW Charge) applies after executing a Phase Two Cluster Study Agreement and subsequently (1) the Interconnection Request for which the agreement was executed is withdrawn or deemed withdrawn as specified in Section 3.7 of the LGIP, or (2) the Generating Facility associated with the Interconnection Request fails to reach Commercial Operation.

Transition Process. For Interconnection Customers with an Interconnection Request studied in the Transition Cluster Study under Attachment R of BPA's OATT, the GIW Charge applies after executing an Interconnection Facilities Study Agreement and subsequently (1) the Interconnection Request for which the agreement was executed is withdrawn or deemed withdrawn as specified in Section 3.7 of the LGIP, or (2) the Generating Facility associated with the Interconnection Request fails to reach Commercial Operation.

Capitalized terms in this rate schedule that are not defined in Section III of the GRSPs have the meaning in BPA's OATT.

1. Charges

a. If an Interconnection Request is withdrawn or deemed withdrawn after the Interconnection Customer executes a Phase Two Cluster Study Agreement but prior to the execution of an Interconnection Facilities Study Agreement for the Interconnection Request, the charge will be two times the Phase Two Cluster Study Deposit for the Interconnection Request as specified in Section 7.1.1 of the LGIP.

b. If an Interconnection Request is withdrawn or deemed withdrawn after the Interconnection Customer executes an Interconnection Facilities Study Agreement but prior to the execution of a Standard Large Generator Interconnection Agreement (LGIA) for the Interconnection Request, the charge will be 10 percent of the Interconnection Request's share of estimated Network Upgrade costs as identified in the study report most recently issued prior to withdrawal.

c. If an Interconnection Request is withdrawn or deemed withdrawn or an Interconnection Request's Generating Facility otherwise does not reach Commercial Operation after the execution and funding of a LGIA, the charge will be 20 percent of the Interconnection Request's share of estimated Network Upgrade costs as identified in the LGIA.

d. For Interconnection Customers with an Interconnection Request studied in the Transition Cluster Study under Attachment R of BPA's OATT, the GIW Charge may not exceed $5 million.

e. For Interconnection Customers with an Interconnection Request studied in a Cluster Study under the LGIP, the GIW Charge may not exceed $10 million.

2. Other Provisions

An Interconnection Customer will not be assessed a GIW Charge for withdrawal of an Interconnection Request if:

a. The withdrawal of the Interconnection Request does not have a material impact on the cost or timing of any other Interconnection Request in the same Cluster.

b. The estimated Network Upgrade costs assigned to the Interconnection Request in the most recent Cluster Study Report issued to the Interconnection Customer prior to withdrawal increased by more than 40 percent from the estimated Network Upgrade costs assigned to the Interconnection Request in the preceding Cluster Study Report issued to the Interconnection Customer.

c. The estimated Network Upgrade costs assigned to the Interconnection Request in the most recent Facilities Study report issued to the Interconnection Customer prior to withdrawal increased by more than 100 percent from the estimated Network Upgrade costs assigned to the Interconnection Request in the final Phase Two Cluster Study report issued to the Interconnection Customer.

d. The estimated Network Upgrade costs assigned to the Interconnection Request identified in the LGIA increased by more than 100 percent from the estimated Network Upgrade costs assigned to the Interconnection Request in the final Phase Two Cluster Study report issued to the Interconnection Customer.

e. The estimated Network Upgrade costs under Section 2.c and

2.d above will include the Interconnection Request's share of the costs of any Network Upgrades identified in an Affected System study report provided to BPA prior to withdrawal.

f. BPA does not issue a final Phase Two Cluster Study report for more than four years after initiating the Cluster Study that included the Interconnection Request that has been withdrawn or deemed withdrawn and the Interconnection Customer withdraws the Interconnection Request within 30 business days after four years from the initiation of the Cluster Study.

g. BPA does not issue an Interconnection Facilities Study report within two times the estimated completion time as identified in the Interconnection Facilities Study Agreement.

3. Waiver or Reduction of Charge

BPA may, in its sole discretion, waive or reduce an GIW Charge if requested by the Interconnection Customer for good cause shown. In order to qualify for a waiver or reduction of an GIW Charge, the Interconnection Customer must submit a request demonstrating that the events resulting in the charge could not have been avoided through the exercise of reasonable care. BPA may also consider the frequency that Interconnection Customer is incurring GIW Charges in deciding whether to waive or reduce a charge.

This page intentionally left blank.

BONNEVILLE POWER ADMINISTRATION
DOE/BP 5458 – July 2025