

DRAFT – January 30, 2008

**Exhibit I
PRINCIPLES OF NON-FEDERAL TRANSFER SERVICE**

As provided by section (10)(f)(6) of the body of this Agreement and BPA’s Long Term Regional Dialogue Final Policy, July 2007, and its successor policies, BPA's support and assistance to «Customer Name» if it acquires non-federal resources necessary to serve its retail load above the established rate period HWM shall be consistent with the following principles:

1. Established caps and limitations:
 - (a) BPA shall provide financial support for the transmission services associated with non-federal electric energy purchases to all Transfer Service customers, which shall be limited to \$650,000 per Fiscal Year, cumulative over the duration of the agreement. Such cumulative dollar amounts shall be subject to a 3% escalation factor each Fiscal Year. This cumulative dollar limit is shown in the table below.
 - (b) BPA shall provide financial support for the transmission capacity associated with non-federal resource purchases to all Transfer Service customers up to a maximum of 41 megawatts per Fiscal Year, cumulative over the duration of the agreement. This cumulative megawatt limit is shown in the table below.

Fiscal Year	Per Year Dollar Limit	Cumulative Dollar Limit	Per Year MW Limit	Cumulative MW Limit
FY 2012	\$ 650,000	\$ 650,000	41	41
FY 2013	\$ 669,500	\$ 1,339,000	41	82
FY 2014	\$ 689,585	\$ 2,068,755	41	123
FY 2015	\$ 710,273	\$ 2,841,090	41	164
FY 2016	\$ 731,581	\$ 3,657,904	41	205
FY 2017	\$ 753,528	\$ 4,521,169	41	246
FY 2018	\$ 776,134	\$ 5,432,938	41	287
FY 2019	\$ 799,418	\$ 6,395,344	41	328
FY 2020	\$ 823,401	\$ 7,410,605	41	369
FY 2021	\$ 848,103	\$ 8,481,026	41	410
FY 2022	\$ 873,546	\$ 9,609,002	41	451
FY 2023	\$ 899,752	\$ 10,797,024	41	492
FY 2024	\$ 926,745	\$ 12,047,679	41	533
FY 2025	\$ 954,547	\$ 13,363,657	41	574
FY 2026	\$ 983,183	\$ 14,747,750	41	615
FY 2027	\$1,012,679	\$ 16,202,861	41	656
FY 2028	\$1,043,059	\$ 17,732,006	41	697

2. Application of section 10(f)(6) of body of this Agreement shall be on a first come, first served basis in each year based on the date each request is received by BPA. Requests not met, in whole or in part, in any Fiscal Year will have priority over subsequent requests the following year. Once granted, BPA shall honor such request for the duration of the resource acquisition period.
3. BPA's financial support of «Customer Name's Transfer Service for non-federal electric energy purchases shall be limited to the lesser of:
 - (a) the amount BPA would have paid for transmission of federal Tier 2 power, or
 - (b) the cost of transmission if BPA had to purchase transmission service from the Third Party Transmission Provider under the provision of its Open Access Transmission Tariff (OATT).
4. Long-term, short term and undesignated non-federal resources:
 - (a) For long-term acquisitions of non-federal resources by «Customer Name», BPA intends to obtain firm network transmission rights from the Third Party Transmission Provider by requesting designation of the resource as a Network Resource (or its equivalent). However, BPA shall not be liable to «Customer Name» in the event that such firm transmission and/or designation cannot be acquired.
 - (b) BPA shall not obtain or pay for Transfer Service for «Customer Name's undesignated non-federal resources or non-federal resources with a commitment of less than one year.
 - (c) «Customer Name» shall notify BPA of its action to acquire or purchase a non-federal resource one year prior to the commencement of service. Additionally, «Customer Name» shall provide all relevant information BPA determines is necessary to submit an application for designation of the resource as a Network Resource per section 29 of the OATT.
5. «Customer Name» shall provide BPA all information BPA determines is necessary to obtain and administer firm network transmission service over the Third Party Transmission Provider's system.
6. BPA shall only pay the capacity costs associated with transmission service to «Customer Name» over the transmission facilities of the Third Party Transmission Provider that either (a) interconnect directly to «Customer Name's facilities or (b) interconnect to BPA transmission facilities which subsequently interconnect with «Customer Name's facilities. «Customer Name» shall arrange and pay any costs required for «Customer Name» to deliver power to an interconnection point with

the Third Party Transmission Provider, including obtaining and paying for firm transmission across all intervening transmission systems.

7. Except for load regulation and generation-supplied reactive power, «Customer Name» shall pay the costs of all Ancillary Services necessary to deliver any non-federal resource to its load. The Ancillary Service costs imposed by the Third Party Transmission Provider shall be apportioned between BPA and «Customer Name» based on either:
 - (a) Metered/scheduled quantities of the non-federal resource expressed as a percentage of total load multiplied by the total costs assessed BPA by the Third Party Transmission Provider, or
 - (b) Actual charges assessed by the Third Party Transmission Provider.

Provided however, BPA shall treat «Customer Name»'s cost of load regulation service consistently with the load regulation service cost as described in section 10(f)(1)(A) of the body of this Agreement.

8. «Customer Name» shall pay the costs of all other transmission services for non-federal deliveries not included in principle 7 above, including, but not limited to: redispatch, congestion management, system and facility study costs associated with adding the non-federal generation as a network resource, distribution and low-voltage charges and losses.
9. «Customer Name» shall pay the costs of interconnecting generation to a transmission system.
10. «Customer Name» is responsible for acquiring transmission services from BPA, including wheeling for non-federal resources. In the event that «Customer Name» does not require transmission services from BPA for wheeling non-federal resources, BPA shall pass through «Customer Name»'s pro-rata share of the Third Party Transmission Provider transmission costs that BPA incurs to serve «Customer Name».
11. «Customer Name» shall acquire all integration services to support its non-federal resources: (a) in accordance with all requirements of the host balancing authority and (b) as is necessary for designation of the non-federal resource as a Network Resource.
12. «Customer Name» shall meet all resource metering requirements including compliance with BPA standards and any requirements of the generation host control area and/or Third Party Transmission Provider.

13. The parties shall cooperate to establish the necessary protocols, provisions, or other arrangements BPA deems necessary to manage any particular characteristic of «Customer Name»'s non-federal resource(s).
14. Unless otherwise agreed, «Customer Name» shall be responsible for managing any non-federal resource and shall schedule power consistent with Exhibit G, Power Scheduling.
15. BPA shall not acquire or pay for Transfer Services for energy produced by «Customer Name»'s non-federal resource in excess of «Customer Name»'s net requirements load above its High Water Mark.
16. These principles will be the basis for a separate agreement BPA shall offer to «Customer Name» to support the Transfer Service of «Customer Name»'s non-federal resource. BPA shall include terms specific to a particular non-federal resource in the separate agreement. «Customer Name» is under no obligation to accept this separate agreement and BPA is not bound to acquire or pay for Transfer Service for non-federal resources if «Customer Name» does not accept the separate agreement.