Bonneville Power Administration's 1987 Wholesale Power Rate Schedules and General Rate Schedule Provisions, contained herein, were approved on an interim basis effective October 1, 1987. These rate schedules and provisions were approved by the Federal Energy Regulatory Commission, United States Department of Energy, in a Commission Order issued September, 1987 (Docket No. EF87-2011-000).

These rate schedules and provisions supersede in their entirety the Administration's Wholesale Power Rate Schedules and General Rate Schedule Provisions effective July 1, 1985.
aluminum price shall be determined following the procedures set forth below:

a. Each monthly billing aluminum price determined pursuant to section VII.A of these GRSPs for the period August 1, 1986, through June 30 the implicit preceding the annual adjustment date, shall be escalated to the current year dollars using the Price Deflator procedures described in section VII.B.6 below.

b. The sum of the escalated monthly billing aluminum prices shall be divided by the number of months in the period and rounded to the nearest tenth of a cent to obtain the Average Historical Aluminum Price.

5. Average Historical Lower Pivot Aluminum Price

Prior to the July 1, 1991, annual adjustment date and every annual adjustment date thereafter, the average of the Lower Pivot Aluminum Prices for the period the Variable Industrial rate has been in effect shall be calculated following the procedures set forth below:

a. The Lower Pivot Aluminum Price in each month for the period August 1, 1986, through June 30 immediately preceding the annual adjustment date, shall be escalated to the current year's dollars using the Price Deflator procedures described in section VII.B.6 below.

b. The sum of the escalated monthly Lower Pivot Aluminum Prices shall be divided by the number of months in the period, and rounded to the nearest tenth of a cent to obtain an Average Historical Lower Pivot Aluminum Price.

6. Price Deflator Procedures

For purposes of converting nominal dollars to real dollars in the calculation of the Average Historical Aluminum Price and the Average Historical Lower Pivot Aluminum Price, the following Price Deflator procedures shall be used:

a. Monthly billing aluminum prices and Lower Pivot Aluminum Prices for any calendar months July through December shall be inflated by multiplying the price by the ratio of the Implicit Price Deflator for the calendar year prior to the annual adjustment date divided by the Implicit Price Deflator for the calendar year in which the price occurred.

b. Monthly billing aluminum prices and Lower Pivot Aluminum Prices for any calendar months January through June shall be inflated by multiplying the price by the ratio of the Implicit Price Deflator for the calendar year prior to the annual adjustment date divided by the Implicit Price Deflator for the calendar year prior to the year in which the price occurred.

Each price shall be rounded to the nearest tenth of a cent.

WHOLESALE POWER RATE SCHEDULES AND GENERAL RATE SCHEDULE PROVISIONS

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mid-point between the adjusted Upper Pivot Aluminum Price and the Average Historical Lower Pivot Aluminum Price described in section VII.B.5 below, except as limited to the greater of 65 cents per pound or the adjusted Lower Pivot Point for the year.

The Upper Pivot Aluminum Price shall equal the greater of:
(a) \(2)\text{(AAP)} - \text{ALP}:

\[
\text{AAP} = \text{the Average Historical Aluminum Price described in section VII.B.4 of these GRSPs.}
\]

\[
\text{ALP} = \text{the Average Historical Lower Pivot Aluminum Price described in section VII.B.5 of these GRSPs.}
\]

(b) 65.0 cents per pound escalated to current dollars using the Cost Escalator for the Upper Pivot Aluminum Price described in section VII.B.3.c of these GRSPs.

or

(c) The adjusted Lower Pivot Aluminum Price for the year.

The revised Upper Pivot Aluminum Price shall supersede the Upper Pivot Aluminum Price as stated in section III.B.2 of the rate schedule and shall be used to determine the energy rate in the subsequent 12 months.

3. Cost Escalators

a. The cost indices described below shall be used in calculating the appropriate cost escalators. Each index shall be rounded to the nearest one-tenth of a percent, or three significant places.

(1) Electricity Cost Index

The average VI-86 rate in mills per kilowatthour based on the Plateau Energy Charge and the Discount for Quality of First Quartile Service in effect on the April 1 preceding the annual adjustment date and a load factor of 98.5 percent; divided by 22.8 mills per kilowatthour (the average VI-86 rate assuming the plateau energy charge and the Discount for Quality of First Quartile Service in 1986).

(2) Labor Cost Index

The annual average hourly earnings for the U.S. primary aluminum industry (SIC 3334) over the previous complete calendar year, from the Employment and Earnings, published by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), divided by $14.20 per hour (the value of SIC 3334 earnings reported for 1985).

(3) Alumina Cost Index

The annual average of the monthly billing aluminum prices described in section VII.A of the GRSPs for the previous 1-year period beginning July 1 through June 30 divided by 50.8 cents per pound (the average U.S. Transaction price over the period April 1985 through March 1986).

(4) Other Costs Index

The annual average GNP Implicit Price Deflator for the previous complete calendar year, as published by the U.S. Department of Commerce, Bureau of Economic Analysis, divided by 1.115 (the value of the GNP Implicit Price Deflator for 1985 with 1982 = 1.000).

In the event the indices delineated above are discontinued or revised in a manner that BPA determines renders them unsuitable for calculating a consistent cost index, BPA will adjust or substitute another similar price index, following advance notification and opportunity for public comment as described in section VII.B.1 of these GRSPs.

b. The Cost Escalator for the Lower Pivot Aluminum Price shall be a weighted average of the four indices contained in section VII.B.3.a above. The following weights shall be assigned each index:

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Cost Index</td>
<td>.30</td>
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<tr>
<td>Labor Cost Index</td>
<td>.20</td>
</tr>
<tr>
<td>Alumina Cost Index</td>
<td>.20</td>
</tr>
<tr>
<td>Other Costs Index</td>
<td>.30</td>
</tr>
</tbody>
</table>

c. The Cost Escalator for the Upper Pivot Aluminum Price shall be a weighted average of the Electricity Cost and Other Cost Escalators as stated in sections VII.B.3.a(1) and VII.B.3.a(4) above. The following weights shall be assigned each index:

<table>
<thead>
<tr>
<th>Index</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity Cost Index</td>
<td>.25</td>
</tr>
<tr>
<td>Other Costs Index</td>
<td>.75</td>
</tr>
</tbody>
</table>

4. Average Historical Aluminum Price

Prior to the July 1, 1991, annual adjustment date and every annual adjustment date thereafter, an average historical aluminum price shall be calculated for the period the Variable rate has been in effect. The average historical
3. Changes in Aluminum Price Indicators

In the event that BPA determines that factors outside its control render the monthly average U.S. Transaction Price unusable as an approximation of U.S. market prices, BPA may develop and substitute another indicator for prices in U.S. markets. BPA shall notify interested parties of its intent to do so at least 120 days prior to the billing month in which the change would become effective. In this notification, BPA shall explain the reason for the substitution and specify the replacement indicator it intends to use. BPA also shall describe the methodology to determine the monthly billing aluminum price to be used for billing purposes under this rate schedule and shall provide the necessary data to be used in the calculation. Interested persons will have until close of business 3 weeks from the date of the notification to provide comments. Consideration of comments and current information may cause the final methodology and the substitute aluminum price index to differ from those proposed. BPA shall notify all affected parties, and those parties that submitted comments, of its final determination 90 days prior to the billing month the new indicator shall be effective.

B. Annual Adjustments to the Lower and Upper Pivot Aluminum Prices

On July 1, 1987, and every July 1 thereafter, the Lower and Upper Pivot Aluminum Prices, as stated in Section III.B. of the rate schedule, shall be subject to change for billing purposes as herein described. The “Annual Adjustment Date” shall refer to July 1 of each year.

1. Implementation Procedures

Beginning in 1987 and every year thereafter, prior to April 1 of that year, BPA shall provide the purchasers under this schedule preliminary written estimates of proposed adjustments to the Lower and Upper Pivot Aluminum Prices. By the last working day of the month of April, BPA shall notify interested parties in writing of BPA’s revised determinations concerning changes to the Lower and Upper Pivot Aluminum Prices. BPA shall describe how the adjustments were determined and provide the data used in the calculations. In addition to written notification, BPA may, but is not obligated to, hold a public comment forum to clarify its determinations and solicit comments. Interested persons may submit comments on the determinations to BPA and other parties. Comments will be accepted until close of business on the last working Friday in May. Consideration of comments and more current information may result in the final adjustment differing from the proposed adjustment. By June 30 of each year, BPA shall notify all VI purchasers, those parties that submitted comments, and parties that requested notification, of the final determination.

2. Annual Adjustment Procedures

a. Annual Adjustment of the Lower Pivot Aluminum Price

Beginning with the July 1, 1987, annual adjustment date, for each year that the Variable Industrial rate is in effect, the Lower Pivot Aluminum Price as stated in section III.B.1 of the rate schedule shall be adjusted on the July 1 annual adjustment date. The Lower Pivot Aluminum Price shall be revised by multiplying 72 cents per pound by the Cost Escalation Index described in section VII.B.3.b of these GRSPs and rounded to the nearest ten of a cent. The revised Lower Pivot Aluminum Price shall replace the Lower Pivot Aluminum Price as stated in section III.B.1 of the rate schedule and shall be used to determine the energy rate in the subsequent 12 billing months.

b. Annual Adjustment of the Upper Pivot Aluminum Price

For each year that the Variable Industrial rate is in effect, the Upper Pivot Aluminum Price as stated in section III.B.2 of the rate schedule shall be adjusted on the July 1 annual adjustment date.

(1) Annual adjustment for the period beginning July 1, 1987, and ending June 30, 1991

The Upper Pivot Aluminum Price shall be revised by multiplying 72 cents per pound by the Cost Escalation Index described in section VII.B.3.c of these GRSPs and rounded to the nearest ten of a cent. The revised Upper Pivot Aluminum Price shall supersede the Upper Pivot Aluminum Price as stated in section III.B.2 of the rate schedule and shall be used to determine the energy rate in the subsequent 12 billing months.

(2) Annual adjustment for the period beginning July 1, 1991, and ending June 30, 1993

The Upper Pivot Aluminum Price will be adjusted such that the Average Historical Aluminum Price described in section VII.B.4 of these GRSPs is the average of the Upper Pivot Aluminum Price.

SECTION I. AVAILABILITY

This schedule is available for the contract purchase of firm power or capacity to be used within the Pacific Northwest. Priority Firm Power may be purchased by public bodies, cooperatives, and Federal agencies for resale to ultimate consumers, for direct consumption, construction, test and start-up, and station service.

Utilities participating in the exchange under section 5(c) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) may purchase Priority Firm Power pursuant to their Residential Purchase and Sale Agreements. In addition, Bonneville Power Administration (BPA) may make power available to those parties participating in exchange agreements which use this rate schedule as the basis for determining the amount or value of power to be exchanged.

This schedule supersedes Schedule PF-85 which went into effect on an interim basis on July 1, 1985. Sales under this schedule are made subject to BPA’s General Rate Schedule Provisions.

SECTION III. BILLING FACTORS

In this section, billing factors are listed for each of the following types of purchases: computed requirements purchasers (section III.A), purchasers of residential exchange power pursuant to the Residential Purchase and Sale Agreements (section III.B), and metered requirements purchasers and those Priority Firm Power purchasers not covered by sections III.A and III.B (section III.C).

A. Computed Requirements Purchasers

Purchasers designated as BPA as computed requirements purchasers pursuant to power sales contracts shall be billed in accordance with the provisions of this subsection.

1. Billing Demand

The billing demand for actual, planned, and contracted computed requirements purchasers shall be the higher of the billing factors "a" and "b", below:

a. the lower of:

   (1) the larger of the Computed Peak Requirement or the Computed Average Energy Requirement; or

b. $3.56 per kilowatt of billing energy for the billing months April through August.

2. Energy Charge

a. 19.1 mills per kilowatt hour of billing energy for the billing months September through March;

b. 15.1 mills per kilowatt hour of billing energy for the billing months April through August.

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b. 14.4 mills per kilowatt of billing energy for the billing months April through August.

b. No demand charge during Offpeak Period.

b. Energy Charge

a. 19.1 mills per kilowatt hour of billing energy for the billing months September through March;

b. 15.1 mills per kilowatt hour of billing energy for the billing months April through August.

SECTION II. RATE

This rate schedule includes the Preference rate and the Exchange rate. The Preference rate is available for the general requirements of public body, cooperative and Federal agency customers and includes credit attributed to the provision of section 7(b)(2) of the Northwest Power Act. The Exchange rate is available for all purchases of residential and small farm exchange power pursuant to the Residential Purchase and Sale Agreements.

A. Preference Rate

1. Demand Charge

   a. $3.46 per kilowatt of billing demand occurring during all Peak Period hours.

   b. No demand charge during Offpeak Period.

2. Energy Charge

   a. 18.4 mills per kilowatt hour of billing energy for the billing months September through March;
(2) the Measured Demand, before adjustment for power factor.

b. the lower of:
(1) the Computed Peak Requirement, or
(2) 60 percent of the highest Computed Peak Requirement during the previous 11 billing months (Ratchet Demand).

2. Billing Energy
The billing energy for actual, planned, and contracted computer requirements purchasers shall be:

a. for the months September through March, the sum of:
(1) 78 percent of the Measured Energy (excluding unauthorized increase), and
(2) 22 percent of the Computed Energy Maximum;

b. for the months April through August, the sum of:
(1) 57 percent of the Measured Energy (excluding unauthorized increase), and
(2) 43 percent of the Computed Energy Maximum.

B. Purchasers of Residential Exchange Power
Purchasers buying Priority Firm Power under the terms of a Residential Purchase and Sale Agreement shall be billed as follows:

1. Billing Demand
The billing demand shall be the demand calculated by applying the load factor, determined as specified in the Residential Purchase and Sale Agreement, to the billing energy for each billing period.

2. Billing Energy
The billing energy shall be the energy associated with the utility's residential load for each billing period. Residential load shall be computed in accordance with the provisions of the purchaser's Residential Purchase and Sale Agreement.

C. Metered Requirements Purchasers, Other Purchasers Not Covered by Sections III.A and III.B, Above
Purchasers designated as metered requirements customers and purchasers taking or exchanging power under this rate schedule who are not otherwise covered by sections III.A and III.B shall be billed as follows:

1. Billing Demand
The billing demand shall be the Measured Demand as adjusted for power factor, unless otherwise specified in the power sales contract.

2. Billing Energy
The billing energy shall be the Measured Energy, unless otherwise specified in the power sales contract.

SECTION IV. ADJUSTMENTS AND SPECIAL PROVISIONS

A. Power Factor Adjustment
The adjustment for power factor, when specified in this rate schedule or in the power sales contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the General Rate Schedule Provisions (GRSPs). The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing month is less than 95 percent.

To make the power factor adjustment, BPA shall increase the billing demand by 1 percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in whole or in part.

B. Low Density Discount (LDD)
BPA shall apply a discount to the charges for all Priority Firm Power sold to purchasers who are eligible for an LDD. Eligibility for the LDD and the amount of the discount (3, 5, or 7 percent) shall be determined pursuant to section III.C.3 of the GRSPs.

C. Irrigation Discount
BPA shall apply an irrigation discount, equal to 4.6 mills per kilowatthour, to the charges for qualifying energy purchased under this rate schedule. The irrigation discount shall be applied after calculation of the Low Density Discount. The discount shall apply only to energy purchased during the billing months of April through October. Eligibility for the irrigation discount and reporting requirements shall be

2. Estimated Bills
At its option, BPA may elect to render an estimated bill for that month to be followed at a subsequent billing date by a final bill. Such estimated bill shall have the validity of and be subject to the same payment provisions as a final bill.

3. Due Date
Bills shall be due by close of business on the 20th day after the date of the bill (due date). This requirement holds also for revised bills (section III.B.6). Should the 20th day be a Saturday, Sunday, or holiday (as celebrated by the purchaser), the due date shall be the next following business day.

4. Late Payment
Bills not paid in full on or before close of business on the due date shall be subject to a penalty charge of $25. In addition, an interest charge of one-tenth percent (0.05 percent) shall be applied each day to the sum of the unpaid amount and the penalty charge. This interest charge shall be assessed on a daily basis until such time as the unpaid amount and penalty charge are paid in full.

Remittances received by mail will be accepted as of the postmark date. Any payments received after 5:00 p.m. on the due date will be considered delinquent at the time of mailing. When a power bill or a portion thereof remains unpaid subsequent to the due date and after giving 30 days' advance notice in writing, BPA may cancel the contract for service to the purchaser. However, such cancellation shall not affect the purchaser's liability for any charges accrued prior thereto under such contract.

5. Disputed Billings
In the event of a disputed billing, full payment shall be rendered to BPA and the disputed amount noted. Disputed amounts are subject to the late payment provisions specified above. BPA shall separately account for the disputed amount. If it is determined that the purchaser is entitled to the disputed amount, BPA shall refund the disputed amount with interest, as determined by BPA's Office of Financial Management.

BPA retains the right to verify, in a manner satisfactory to the Administrator, all data submitted to BPA for use in the calculation of BPA's rates and corresponding rate adjustments. BPA also retains the right to deny eligibility for any BPA rate or corresponding rate adjustment until all submitted data have been accepted by BPA as complete, accurate, and appropriate for the rate or adjustment under consideration.

6. Revised Bills
As necessary, BPA may render a revised bill. A revised bill shall replace all previous bills issued by BPA that pertain to a specified customer for a specified billing period if the amount of the revised bill is less than the amount of the original bill. If the amount of the revision causes an additional amount to be due BPA beyond the original bill, a revised bill will be issued for the difference.

The date of the revised bill shall be determined as follows:

a. if the amount of the revised bill is equal to or less than the amount of the bill which it is replacing, the revised bill shall have the same date as the replaced bill.

b. if the amount of the revised bill is greater than the amount of the bill which it is replacing, the additional amount will be billed on a separate bill, and the date of the revised bill shall be its date of issue.

SECTION VII. VARIABLE INDUSTRIAL RATE PARAMETERS AND ADJUSTMENTS

A. Monthly Average Aluminum Price Determination

1. Calculation of the Monthly Billing Aluminum Price
The monthly billing aluminum price shall be determined by BPA for each billing month. For purposes of this rate schedule, the monthly billing aluminum price shall be based on the average price of aluminum in U.S. markets during the third calendar month prior to the billing month. The average price of aluminum in U.S. markets shall be defined as the average U.S. Transaction Price reported for the month by MetalWeek, in cents per pound, rounded to the nearest tenth of a cent.

2. Notification of the Monthly Average Aluminum Price
BPA shall provide, 45 days prior to the billing month, written notification to purchasers under this rate schedule of the monthly billing aluminum price to be used for billing purposes. Upon written request supporting documentation shall be provided.
B. Load Shift and Outage Reports
Load shift and outage reports must be submitted to BPA within 4 days of the corresponding load shift or outage. Reports may be made by telephone, mail, or other electronic processes wherever available. If customer reports are not received in a timely manner, BPA has the option to withhold load shift or outage credit.

C. Billing for New Large Single Loads
Any BPA customer whose total load includes one or more New Large Single Loads (NLSL) shall be billed for the NLSL(s) at the New Resource Firm Power Rate. The power requirements associated with the NLSL shall be established in a manner consistent with the provisions of this section.

The purchaser shall warrant to BPA that NLSLs are separately metered. The metering must include provisions for determining:

1. The NLSL demand during BPA’s diurnal capacity billing periods,

2. The NLSL energy during BPA’s energy billing periods, and

3. The NLSL reactive energy for the billing month.

The design for the metering equipment for the NLSL must be approved by BPA. Testing and inspections of such metering installations shall be as provided in the General Contract Provisions.

On a monthly basis, each purchaser of New Resource Firm Power shall report to BPA the quantity of power used by the NLSL during the purchaser’s billing period. Data provided to BPA by the purchaser must be submitted to BPA within 2 normal working days of the date the purchaser reads the meters. BPA may elect to adjust the NLSL data for losses from the point of metering to the closest BPA point of delivery for the NLSL.

D. Determination of Measured Demand

1. For points of delivery with fully operational metering under the Revenue Metering System (RMS), demand shall be measured from 0000 hours on the first day of the billing period through 2400 hours on the last day of the billing period.

2. For points of delivery that do not have RMS metering, demand shall be measured from 0000 hours on the first complete (24 hour) day of the available metering data through 2400 hours on the last complete (24 hour) day of the available metering data. Billing demand will be determined from the period of available metering data that most closely matches the official billing period of the customer.

E. Determination of Measured Energy

1. For points of delivery with fully operational metering under RMS, energy shall be measured from 0000 hours on the first day of the billing period through 2400 hours on the last day of the billing period.

2. For points of delivery that do not have RMS metering, measured energy shall be the quantity of energy recorded on the meter between meter readings.

F. Billing Month

Meters normally will be read and bills computed at intervals of 1 month. A month is defined as the interval between meter-reading dates which normally will be at approximately 30 days. If service is for less than or more than the normal billing month, the monthly charges stated in the applicable rate schedule shall be adjusted appropriately.

The calendar month in which the purchaser’s meter is scheduled to be read determines the billing month. (Thus, a bill associated with a meter scheduled to be read on April 10 would be an April bill.) The charges for the winter and summer periods identified in the rate schedules apply to the purchaser’s billing months.

G. Payment of Bills

Bills for power shall be rendered monthly to BPA. Failure to receive a bill shall not release the purchaser from liability for payment. Bills for amounts due BPA of $50,000 or more must be paid by direct wire transfer; customers who expect that their average monthly bill will not exceed $50,000 and who BPA determines are unable to deliver the full billing demand during that billing month shall be entitled to an outage on the facilities used by BPA to deliver Priority Firm Power. Such credit shall not be provided if BPA is unable to serve the purchaser’s load through the use of alternative facilities or if the outage is for less than 30 minutes. The amount of the credit shall be calculated according to the provisions of section 3.C.2 of the GRSP.

H. Unauthorized Increase

BPA shall charge the customer for any unauthorized agreement or contract entered into by the customer which increases the amount of energy the customer is contractually entitled to take during that month and which cannot be assigned.

1. To a class of power which BPA delivers during such month pursuant to contracts between BPA and the purchaser; or

2. To a type of power which the purchaser acquires from sources other than BPA and which BPA delivers during such month shall be billed:

   (1) in accordance with the provisions of the "Relief from Overrun" exhibit to the power sales contract; or

   (2) if such exhibit does not apply or is not part of the customer’s power sales contract, at the rate for Unauthorized Increase, based on the amount of energy associated with the excess demand.

b. Unauthorized Increase in Energy

The amount of Measured Energy during a billing month which exceeds the amount of energy which the customer is contractually entitled to take during that month and which cannot be assigned:

1. To a class of power which BPA delivers during such month pursuant to contracts between BPA and the purchaser; or

2. To a type of power which the purchaser acquires from sources other than BPA and which BPA delivers during such month shall be billed:

   (1) in accordance with the provisions of the “Relief from Overrun” exhibit to the power sales contract; or
2. Power sold for test and start-up may be used prior to commercial operation both to bring the project on line and to ensure that the project is working properly.
3. Power sold for station service may be purchased at any time following commercial operation of the project. Station service power may be used for project start-up, project shut-down, normal plant operations, and operations during a plant shut-down period.

C. Application of Rates During Initial Operation Period—Transitional Service

1. Eligibility for Transitional Service
For an initial operating period, as specified in the power sales contract, beginning with the commencement of operation of a new industrial plant, a major addition to an existing plant, or reactivation of an existing plant or important part thereof, BPA may agree to bill the purchaser in accordance with the provisions of this section. This section shall apply to both:
   a. DIs having new, additional or reactivated plant facilities, and
   b. utility purchasers serving industrial purchasers with power purchased from BPA.
BPA will provide transitional service to utilities for only those industrial loads for which the demand can be separately metered by the utility and recorded on a daily basis.

2. Calculation of the Daily Demand
If the purchaser requests billing on a Daily Demand basis pursuant to its power sales contract and if BPA agrees to such billing, the billing demand for the billing month shall be the average of the Daily Demands as adjusted for power factor.
Demand for each day shall be defined as 100 percent of the Measured Demand for the day (regardless of whether such Measured Demand occurs during the Peak Period or the Offpeak Period).

3. Billing for Transitional Service
Utilities receiving transitional service shall provide BPA with Daily Demand information for the industrial consumer for whom transitional service is provided. To compute the power bill for the point of delivery which includes the load being served with transitional service, BPA shall, at its discretion, either:
   a. determine the demand for the pertinent point of delivery without the industrial

SECTION VI. BILLING INFORMATION

A. Determination of Estimated Billing Data
If the amounts of capacity, energy, or the 60-minute integrated demands for energy purchased from BPA must be estimated from data other than metered or scheduled quantities, historical patterns, and pertinent weather data, BPA and the purchaser will agree on billing data to be used in preparing the bill. If the parties cannot agree on estimated billing quantities, derived by any method, a determination binding on both parties shall be made in accordance with the arbitration provisions of the power sales contract.
(1) summing the reported net-petroleum generation for California, expressed in gigawatthours, from EPM for month t for the years beginning with calendar year 1962 up to and including the prior calendar year. The sum of California’s historical monthly consumption shall be divided by the number of years for which petroleum consumption was reported and rounded to the nearest gigawatthour.

(2) summing the reported net-petroleum generation for California, expressed in gigawatthours, from EPM for month t for the years beginning with calendar year 1962 up to and including the prior calendar year. The sum of California’s historical monthly consumption shall be divided by the number of years for which petroleum consumption was reported and rounded to the nearest gigawatthour.

(3) dividing the average consumption of petroleum in California for the month t as determined in (1) above by the average consumption of petroleum for the month t as determined in (2) above and rounding to the nearest one-tenth, or three significant places.

D. Determination of SL Floor Projection and Ceiling Projection

By October 1 of each year, BPA shall determine the present value of the discounted Priority Firm rate or successor rate(s), BPA’s opportunity cost of surplus power, and the cost of BPA’s highest cost resource for the succeeding 21-year period. This determination shall be used to calculate the Floor projection and Ceiling projection for any contract using the SL-87 rate schedule executed during the succeeding 12 months. The Floor projection and Ceiling projection shall be determined as stated in Section II. A and II.B of Rate Schedule SL-87.

An initial determination of the present value of the Priority Firm rate, BPA’s opportunity cost, and the cost of BPA’s highest cost resource shall be published on or about August 1 of each year. Within 14 days of the date of BPA’s notice, any interested parties shall notify BPA’s Office of Public Involvement in writing that they request to be placed on a list of interested parties. The request shall state the name and address of the person, and shall designate no more than two persons on whom service shall be made. Thereafter, communications between BPA and interested parties will be limited to those parties appearing on the interested parties list.

Following BPA’s notice of its initial determination, BPA shall afford interested parties the opportunity to:

1. Obtain or be provided reasonable access to nonproprietary and nonprivileged BPA financial data and support relevant to BPA’s determination.

2. Submit written comments to BPA by September 15 regarding the determination. Interested parties shall provide copies of their comments to all parties appearing on the list of interested parties compiled by BPA.

Consideration of comments and more current information may result in a different calculation from that initially proposed. The final determination shall be published on October 1.

SECTION V. APPLICATION OF RATES UNDER SPECIAL CIRCUMSTANCES

A. Energy Supplied for Emergency Use

A purchaser taking Priority Firm or New Resource Firm Power shall pay in accordance with the Nonfirm Energy rate schedule, NF-87, and Emergency Capacity rate schedule, CE-87, for any electric energy or capacity which has been supplied:

1. for use during an emergency on the purchaser’s system, or
2. following an emergency to replace energy secured from sources other than BPA during such emergency.

Mutual emergency assistance may, however, be provided and payment therefore settled under exchange agreements.

B. Construction, Test and Start-Up, and Station Service

Power for the purpose of construction, test and start-up, and station service shall be made available to eligible purchasers under the Priority Firm and New Resource Firm Power Rate Schedule. Such power must be used in the manner specified below:

1. Power sold for construction is to be used in the construction of the project.

SECTION I. AVAILABILITY

This schedule is available to direct-service industrial (DSI) customers for both the contract purchase of Industrial Firm Power and the purchase of Auxiliary Power if requested by the DSI customer and made available by BPA. If a DSI customer purchasing power under this rate schedule requests and BPA makes available power under another applicable wholesale rate schedule, the IP-87 rate schedule is available for that portion of power purchased not covered under the alternative rate schedule. This rate schedule supersedes Schedule IP-85 which went into effect on an interim basis on July 1, 1985. Sales under this schedule are made subject to BPA’s General Rate Schedule Provisions.

SECTION II. RATE

The following rates shall be applied when first quarter service is provided under this rate schedule in accordance with the terms of a purchaser’s Power Sales Contract dated August 25, 1981. A separate billing adjustment for the reserves provided by the purchasers of Industrial Firm Power is not contained in this rate schedule; the value of reserves credit has been included in the determination of the demand and energy charges.

Any contractual reference to the IP Premium Rate shall be deemed to refer to the demand and energy charges set forth below. Any reference to the IP Standard Rate shall be deemed to refer to the same demand and energy charges minus the Discount for Quality of Service.

A. Demand Charge

1. $4.14 per kilowatt of billing demand occurring during all Peak Period hours.
2. No demand charge during Offpeak Period hours.

B. Energy Charge

1. 19.5 mills per kilowatthour of billing energy for the billing months September through May of each year.
2. 15.6 mills per kilowatthour of billing energy for the billing months April through August.

SECTION III. BILLING FACTORS

A. Billing Demand

The billing demand shall be the BPA Operating Level during the Peak Period as adjusted for

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power factor. If there is more than one BPA Operating Level during the Peak Period within a billing month, the billing demand shall be a weighted average of the BPA Operating Levels during the Peak Period for the billing month. The BPA Operating Level is defined in Section II. A, 10 of the General Rate Schedule Provisions (GRSPs). If BPA has agreed to serve a portion of a DSI load under an alternative rate schedule, the billing demand under the IP-87 rate schedule shall be specified in the contract initiating such arrangement.

However, if BPA has agreed, pursuant to section II. A, 10 of the General Rate Schedule, to sell Industrial Firm Power on a daily demand basis (transitional service), this section of the rate schedule shall not apply, and BPA shall bill the purchaser in accordance with the provisions of section V.C.3 of the GRSPs.

B. Billing Energy

The billing energy shall be the Measured Energy for the billing month, minus any kilowatthours on which BPA assesses the charge for unauthorized increase.

However, if BPA has agreed to serve only a portion of the DSI’s load under the IP rate schedule, the billing energy for the power purchased under the IP rate shall be specified in the contract initiating such arrangement.

SECTION IV. ADJUSTMENTS AND SPECIAL PROVISIONS

A. Discount for Quality of First Quartile Service

1. Application and Amount of First Quartile Discount

If a purchaser requests discounted rate service for the billing month, minus any kilowatthours on which BPA assesses the charge for unauthorized increase.

However, if BPA has agreed to serve only a portion of the DSI’s load under the IP rate schedule, the billing energy for the power purchased under the IP rate shall be specified in the contract initiating such arrangement.

B. Eligibility Requirements for First Quartile Discount

To qualify for the First Quartile Discount the purchaser must request discounted rate serv-
ice in writing by April 2 of each calendar year. By virtue of making such request, the Purchaser is agreeing to accept the level and quality of First Quarter service described in section 6 of the Variable Industrial Rate contract. Such acceptance includes the waiver of contract rights provided in section 6.a.(2)(a) of said contract.

B. Curtailments
BPA shall charge the DSI for curtailments of the lower three quartiles in accordance with the provisions of section 9 of the power sales contract. BPA shall apply the demand charge in effect at the time of the curtailment in the computation of the amount of the curtailment charge. In the event that a purchaser is found to be unable to have a portion of their load served under an alternative rate schedule, application of the curtailment charge shall be specified in the contract instituting such arrangement.

C. Cost Recovery Adjustment Clause
The Cost Recovery Adjustment Clause is described in section III.C.5 of the GRSPs and shall be applied to all power purchases under this rate schedule. Application of the Cost Recovery Adjustment Clause shall result in a uniform adjustment applied to the demand and energy charges, contained in sections II.A and II.B of this rate schedule, and the first quartile discount, if applicable, contained in section IV.A.1 of this rate schedule. A uniform adjustment will be made only if it causes demand and energy charges and the first quartile discount to increase. No downward adjustment resulting from the Cost Recovery Adjustment Clause shall be made to any portion of this rate schedule.

The uniform percentage (CRAC%) determined in section III.C.5.(c)(1) of the GRSPs shall be applied in the following manner:
(1 + CRAC%) * 22.8 times the demand, 700 23.5 energy, and first quartile discount charges.
where: 22.8 represents the average IP-87 margin-based rate in mills per kilowatt-hour, and 23.5 represents the average IP-87 floor rate in mills per kilowatt-hour.

D. Unauthorized Increase
1. Rate for Unauthorized Increase
67.3 mills per kilowatt-hour.
2. Application of the Charge
During any billing month, BPA may assess the unauthorized increase charge on the number of kilowatthours associated with the DSI Measured Demand in any one 60-minute clock-hour, before adjustment for power factor, that exceed the BPA Operating Level for that clock-hour, regardless of whether such Measured Demand occurs during the Peak or Offpeak Period.

E. Power Factor Adjustment
The adjustment for power factor, when specified in this rate schedule or in the power sales contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the GRSPs. The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing month is less than 95 percent.
To make the power factor adjustment, BPA shall increase the billing demand by one percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in whole or in part.

F. Outage Credit
Pursuant to section 7 of the General Contract Provisions, BPA shall provide an outage credit to any DSI for those hours for which BPA is unable to deliver the full billing demand during that billing month due to an outage on the facilities used by BPA to deliver Industrial Firm Power. Such credit shall not be provided if BPA is able to serve the DSI's load through the use of alternative facilities or if the outage is for less than 30 minutes. The amount of the credit shall be calculated according to the provisions of section III.C.2 of the GRSPs.

SECTION V. RESOURCE COST CONTRIBUTION
BPA has made the following determinations:
A. The approximate cost contribution of different resource categories to the IP-87 rate is 99.3 percent Exchange and 0.7 percent New Resources.
B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowatt-hour.
C. The forecasted cost of resources to meet load growth is 28.7 mills per kilowatt-hour.

D. One-tenth of a cent per million Btu, reported in EPM for month r for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California prices for which gas consumption was reported and rounded to the nearest one-tenth of a cent.
c. Dividing the average monthly California petroleum price in b. above, by the average monthly California petroleum price in b. above, and rounding to the nearest one-tenth of a percent, or three significant places.
10 = the factor for converting petroleum prices stated in cents per million Btu to mills per kWh. The factor assumes a heat rate of 10,000 Btu per kilowatt-hour.

8. Weighting Factors
For purposes of determining a California fuel price for the month, gas and petroleum prices will be weighted based on California's historical use of these two alternative fuels.

a. Historical Gas Use in California
The following formula shall be used to determine the weighting factor for gas prices (WGU):
WGU = EGU * HGU
Where:
EGU = the monthly net gas-fired generation, expressed in gigawatt-hours, for California in the most recent monthly issue of Electric Power Monthly (EPM) published by the Energy Information Administration (EIA), U.S. Department of Energy.
HGU = the historical relationship between natural gas consumptions in the effective month of the NF Rate Cap (month t) and the month for which gas consumption is reported in EPM (month r) using the following procedures:
(1) summing the reported net-gas fired generation for California, expressed in gigawatt-hours, from EPM for month t for the years beginning with calendar year 1982 up to and including the prior calendar year.
(2) dividing the reported net-gas fired generation for California, expressed in gigawatt-hours, from EPM for month r for the years beginning with calendar year 1982 up to and including the prior calendar year.
(3) dividing the average consumption of gas in California for the month t as determined in (1) above by the average consumption of gas for the month r as determined in (2) above and rounding to the nearest one-tenth, or three significant places.

b. Historical Petroleum Use in California
The following formula shall be used to determine the weighting factor for petroleum prices (WOU):
WOU = COU * HOU
Where:
COU = the monthly net petroleum-fired generation, expressed in gigawatt-hours, in California in the most recent monthly issue of Electric Power Monthly (EPM) published by the Energy Information Administration (EIA), U.S. Department of Energy.
HOU = the historical relationship between petroleum consumptions in the effective month of the NF Rate Cap (month t) and the month for which petroleum consumption is reported in EPM (month r) using the following procedures:
times the monthly California petroleum price (MOP) determined pursuant to section IV.C.7, rounded to the nearest tenth of a mill.

b. divided by the sum of the monthly gas use (WGU) and monthly petroleum use (WOU) developed in section IV.C.6.a and b, respectively, rounded to the nearest tenth of a mill.

6. California Gas Price

The monthly gas price (MGP) for purposes of calculating the decremental cost component of the rate cap shall be based on the following formula:

\[ \text{MGP} = \frac{\text{AGP} \times \text{HGP}}{10} \]

Where:

- \( \text{AGP} \) = the average gas price for California electric utility plants expressed in cents per million Btu as reported in the most recent monthly issue of Electric Power Monthly (EPM) published by the Energy Information Administration (EIA), U.S. Department of Energy. Prices shall be rounded to the nearest one-tenth of a cent.
- \( \text{HGP} \) = the historical relationship between gas prices in the effective month of the NF Rate Cap (month 1) and the month in which the gas prices are reported in EPM (month r) using the following procedures:
  a. summing all California gas prices, expressed in the nearest one-tenth of a cent per million Btu, reported in EPM for month r for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California gas prices shall be divided by the number of years for which monthly gas prices were reported and rounded to the nearest one-tenth of a cent.
  b. summing all California gas prices, expressed in the nearest one-tenth of a cent per million Btu, reported in EPM for month t for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California gas prices shall be divided by the number of years for which monthly gas prices were reported and rounded to the nearest one-tenth of a cent.

7. California Petroleum Price

The monthly petroleum price (MOP) for purposes of calculating the decremental cost component of the rate cap shall be based on the following formula:

\[ \text{MOP} = \frac{\text{AOP} \times \text{HOP}}{10} \]

Where:

- \( \text{AOP} \) = the last available average oil price for California electric utility plants expressed in cents per million Btu reported in Electric Power Monthly (EPM) published by the Energy Information Administration (EIA), U.S. Department of Energy. Prices shall be rounded to the nearest one-tenth of a cent.
- \( \text{HOP} \) = the historical relationship between petroleum prices in the effective month of the NF Rate Cap (month t) and the last month in which the petroleum prices are reported in EPM (month r) using the following procedures:
  a. summing all California petroleum prices, expressed in the nearest one-tenth of a cent per million Btu, reported in EPM for month t for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California petroleum prices shall be divided by the number of years for which monthly petroleum prices were reported and rounded to the nearest one-tenth of a cent.
  b. summing all California petroleum prices, expressed in the nearest one-tenth of a cent per million Btu, reported in EPM for month r for the years beginning with calendar year 1982 up to and including the prior calendar year. The sum of the historical monthly California petroleum prices shall be divided by the number of years for which monthly petroleum prices were reported and rounded to the nearest one-tenth of a cent.

8. Initial Rate Parameters Subject to Annual Adjustments

The following rate parameters shall be used in determining the power bills for customers electing to purchase power under the Variable Industrial Power Rate schedule. These parameters will be adjusted annually starting on July 1, 1987, and every July 1 thereafter, in accordance with the procedures contained in section VII.B of the GRSPs.

a. Lower Pivot Aluminum Price

60.8 cents per pound.
2. Upper Pivot Aluminum Price
73.4 cents per pound.

SECTION IV. FORMULA
The Variable Industrial Power rate is a formula rate tied to the U.S. market price of aluminum. Under this rate schedule, the monthly energy charge varies in response to changes in the average price of aluminum in U.S. markets.

A. Demand Charge
1. The Demand Charge, as stated in section III.A.1a, of this rate schedule, remains constant over all aluminum prices. The demand charge is applied to billing demand occurring during all Peak Period hours for all billing months.
2. No demand charge during Offpeak Period hours.

B. Energy Charge
1. Plateau Energy Charge
When the monthly billing alumina price (described in section VII.A. of the GRSPs) is between the Lower Pivot Aluminum Price and the Upper Pivot Aluminum Price inclusive (as stated in sections III.B.1 and III.B.2 of this rate schedule), the monthly energy charge shall be the Plateau Energy Charge as stated in section III.A.1b of this rate schedule.

2. Reductions to Plateau Energy Charge
When the monthly billing alumina price is less than the Lower Pivot Aluminum Price, the monthly energy charge shall be the greater of:
   a. The Plateau Energy Charge = (LP – MAP) x (US)
      where:
      LP = the Lower Pivot Aluminum Price as stated in section III.B.1 of this rate schedule.
      MAP = the monthly billing alumina price in cents per pound determined pursuant to section VII.A. of the GRSPs.
      US = lower slope = 0.75 mills per kilowatthour
   b. the Lower Rate Limit as stated in section III.A.3 of this rate schedule.

SECTION V. BILLING FACTORS

A. Billing Demand
1. Billing Demand for Customers Whose Entire BPA Load is Served at the Variable Industrial Power Rate
The billing demand for power purchased shall be the BPA Operating Level during the Peak Period as adjusted for power factor. If there is more than one BPA Operating Level during the Peak Period within a billing month, the billing demand shall be a weighted average of the BPA Operating Levels during the Peak Period for the billing month. The BPA Operating Level is defined in section III.A.10 of the GRSPs.

2. Billing Demand for Customers When Only a Portion of Their Total BPA Load is Served at the Variable Rate
The Billing Demand shall be the portion of the BPA Operating Level attributable to the VI rate as determined by the method specified in the Variable Rate Contract.

3. Billing Demand During Periods of Transitional Service
If BPA has agreed, pursuant to section 4 of the direct-service industrial power sales contract, to sell Industrial Firm Power on a daily demand basis (transitional service), this section of a displaceable thermal resource or end-user load with alternate fuel source to serve a purchaser's load that the purchaser is able to avoid by purchasing power from BPA, rather than generating the power itself or using an alternate fuel source, or
   a. All identifiable costs (expressed in mills per kilowatthour) to serve the load of a displaceable purchase of energy that the purchaser is able to avoid by choosing not to make the alternate energy purchase.
   All identifiable costs as used in the above definition may be reduced to reflect costs of purchasing BPA energy such as transmission costs, losses, or loopflow constraints that are agreed to by BPA and the purchaser.

C. NF Rate Cap
1. Application of the NF Rate Cap
The NF Rate Cap defines the maximum nonfirm energy price for general application. At no time shall the total price for nonfirm energy, including any applicable service charges or rate adjustment, sold under any applicable rate schedule exceed the NF Rate Cap. The level of the NF Rate Cap is based on formula tied to BPA's system cost and California fuel costs. The NF Rate Cap applies to all sales of nonfirm energy under any applicable rate schedule for a 12-year period beginning from the date the 1987 Wholesale Power Rates and associated GRSPs are made effective on an interim or final basis by the Federal Energy Regulatory Commission (FERC).

2. Monthly Notification of the NF Rate Cap
Prior to the beginning of a calendar month, BASC shall perform the calculations contained in section IV.C.3 of these GRSPs to determine the effective NF Rate Cap for that calendar month. BASC is obligated to provide advance notification of the NF Rate Cap level to purchasers of nonfirm energy. BASC may waive this requirement only if BASC does not intend to offer Nonfirm Energy at prices above BAC at any time during a month. The notification will be given at least 10 calendar days prior to the first day of any calendar month in which the NF Rate Cap applies. BASC shall also maintain, on file for public review, a record of the NF Rate Cap by month throughout the period the cap is in effect.

3. NF Rate Cap Formula
The NF Rate Cap shall be equal to the greater of the following:
   a. BASC; or
   b. BASC + 0.30(DEC — BASC)

Where
   BASC = BPA's average system cost, determined by dividing BPA's total system costs by BPA's total system sales. For this rate period BASC has been determined to be 23.2 mills per kilowatthour
   DEC = The Decremental Fuel Cost as determined in accordance with section IV.C.5 of these GRSPs.

4. Determination of BASC's Average System Cost
For purposes of determining BASC's average system cost (BASC), the following definition shall apply:
   a. BASC's total system costs shall be the sum of all BPA's costs forecasted in each general rate case for the applicable rate period, including total transmission costs, Federal base system costs, new resource costs, exchange resource costs, and other costs not specifically allocated to a rate pool, such as section IV.C.5.
   b. BASC's total annual system sales shall be the sum of all BPA's system firm and nonfirm sales forecasted each general rate case for the applicable rate period.

BASC shall be reetermined in each subsequent general rate case according to the above formula and will be in effect for the entire rate period over which the rates are in effect.

5. Determination of Decremental Fuel Cost
The Decremental Fuel Cost shall be determined monthly by BASC. For purposes of calculating the NF Rate Cap, a weighted average of gas and petroleum prices for California will be used for approximating decrimental fuel costs. The monthly decremental fuel cost shall be:
   a. the sum of:
      (1) the average California price for gas determined by multiplying the monthly gas usage (WGU) developed pursuant to section IV.C.8a, times the monthly California gas price (MCP) developed pursuant to section IV.C.6, rounded to the nearest tenth of a mill; and
      (2) the average California price for petroleum determined by multiplying the monthly petroleum use (WOU) developed pursuant to section IV.C.8b
to BPA.

(9) On or about December 20, 1988, BPA shall notify interested persons and purchasers under each rate schedule of the audited AFFO, the amount of the adjustment, the calculation of the adjustment and the resulting level of the adjustment to each applicable rate schedule. The notice shall also contain the data and assumptions prepared and relied upon by BPA, with references to additional documentation, if any, prepared and relied upon by BPA.

(10) The rate adjustment shall be in effect from January 1, 1989, through September 30, 1989.

6. Coincidental Billing

Purchasers of Priority Firm Power and New Resource Power shall be billed on a noncoincident demand basis for power purchased at each point of delivery under the applicable rate schedule(s) unless the power sales contract specifically provides for coincident demand billing among particular points of delivery. For the purpose of these rate schedules and GRSPs, the purchaser’s noncoincident demand is the sum of the highest hourly peak demands during the billing month for each of the purchaser’s points of delivery. The purchaser’s coincidental demand is the highest demand for the billing month calculated by summing, for each hour of every day, the purchaser’s demands for power purchased under the applicable rate schedule at all coincidently billed points of delivery. See the Special Provisions Exhibits of the Power Sales Contract, GCP, E, 17.

7. Conservation Surcharge

The Conservation Surcharge shall be applied monthly and shall equal 10 percent of the customer’s total monthly charge for all power purchased under each rate schedule subject to the surcharge. The PF, CF, and NR rate schedules are subject to the Conservation Surcharge. If only a portion of the customer’s service area is subject to the surcharge, then the amount of the surcharge shall equal 10 percent of the charge for all power purchased multiplied by: (a) the portion of the customer’s total retail load that is subject to the surcharge, divided by (b) the customer’s total retail load.

D. Billing-Related Definitions

1. Peak Period

The Peak Period includes the hours from 7 a.m. through 10 p.m. on any day Monday through Saturday inclusive. There are no exceptions to this definition; that is, it does not matter whether the day is a working day or a holiday. Any charges based on Peak Period hours shall be computed starting with the 8 a.m. meter reading since this reading applies to the 7 o’clock hour (7 a.m. to 8 a.m.). The 10 p.m. meter reading (for the 9 p.m. to 10 p.m. period) is the last meter reading of the day applicable to the Peak Period.

2. Offpeak Period

The Offpeak Period includes all hours which do not occur during the Peak Period. Thus, the Offpeak Period consists of the hours from 10 p.m. to 7 a.m., Monday through Saturday, and all hours on Sunday. This definition does not apply to the Special Industrial Offpeak Rate.

SECTION IV. OTHER DEFINITIONS

A. Computed Requirements Purchasers

1. Designation as a Computed Requirements Purchaser

A purchaser shall be designated as a computed requirements purchaser if it is so designated pursuant to the provisions of its power sales contract. When a purchaser operates two or more separate systems, only those systems designated by BPA will be covered by this section.

2. Purpose of the Computed Requirements Designation

Use of the computed requirements designation is intended to assure that each purchaser who purchases power from BPA to supplement its own firm resources will purchase amounts of firm capacity and firm energy substantially equal to that which the purchaser would otherwise have to provide on the basis of normal and prudent operations. The amount of capacity and energy required for normal and prudent operations shall be determined pursuant to the purchaser’s power sales contract.

B. Definitions Relating to Nonfirm Energy

Decremental Cost

Unless otherwise specified in a contractual arrangement, decremental cost as applied to Nonfirm Energy transactions shall be defined as:

a. All identifiable costs (expressed in mills per kilowatthour) associated with the use of the rate schedule shall not apply, and BPA shall bill the purchaser in accordance with the provisions of section V.C of the GRSPs.

B. Billing Energy

The billing energy for power purchased shall be the Measured Energy for the billing month, minus any energy which BPA’s meter reads during the billing month as a result of the procedures described in section VII.B of the GRSPs. The lower and upper slopes shall not be adjusted. The rate for unauthorized increase shall be separately determined in each rate case.

SECTION VI. OTHER ADJUSTMENTS AND SPECIAL PROVISIONS

A. Lower and Upper Pivot Aluminum Prices

Effective July 1, 1987, and every July 1 thereafter, the Lower and Upper Pivot Aluminum Prices set forth in section III.B of the rate schedule shall be adjusted pursuant to the procedures set forth in section VII.B of the GRSPs. The adjusted Lower and Upper Pivot Aluminum Prices shall supersede the Lower and Upper Pivot Aluminum Prices contained in section III.B of the rate schedule. The revised Lower and Upper Pivot Aluminum Prices shall be used for billing purposes and subsequent adjustments to the Lower and Upper Pivot Aluminum Prices.

B. Lower Rate Limit

Beginning with the July 1, 1988 annual adjustment date and every second July 1 thereafter, the Lower Rate Limit as stated in section III.A.3 shall be increased by 1 mill per kilowatthour. The revised Lower Rate Limit shall supersede the Lower Rate Limit as described in section VI.C of this rate schedule. In the event that a rate adjustment date and the annual adjustment date occur simultaneously, the Lower Rate Limit shall be adjusted first for changes in the Plateau Energy Charge pursuant to section VII.C of this rate schedule, and then increased by 1 mill per kilowatthour. The revised Lower Rate Limit shall be used for billing purposes and subsequent rate adjustments.

C. Rate Adjustments

The overall rate level of this rate shall be subject to adjustment in BPA’s general wholesale power rate case following the procedures and directives of the Northwest Power Act. The overall rate level consists of the Demand Charge, Plateau Energy Charge, and First Quartile Service Adjustment contained in sections III.A.1 and III.A.2; these shall be adjusted by a uniform percentage based on the percentage change in the overall rate level. The Lower and Upper Rate Limits as stated in sections III.A.3 and III.A.4 of this rate schedule shall be adjusted by an amount equal to the change, in mills per kilowatthour, in the Plateau Energy Charge. The Lower and Upper Pivot Aluminum Prices shall not be adjusted in the rate case; rather, they shall be adjusted pursuant to the procedures described in section VII.B of the GRSPs. The lower and upper slopes shall not be adjusted. The rate for unauthorized increase shall be separately determined in each rate case.

D. Discount for Quality of First Quartile Service

If a purchaser requests First Quartile service with other than Surplus FELCC, a discount contained in section III.A.2 of this rate schedule shall be granted. This billing credit shall be applied to the monthly billing energy under section V.B. for all power purchased under this rate schedule. No credit shall be applied to those purchases subject to Section VII.A. The credit for First Quartile Discount, the purchaser must request discounted rate service in writing by April 2 of each calendar year. By virtue of making such request, the Purchasing is agreeing to accept the level and quality of First Quartile service described in section 6 of the Variable Industrial Service Rate contract. Such acceptance includes the waiver of contract rights provided in section 6.1(a) of said contract.

E. Termination Provision

The Administrator may terminate the Variable Industrial Power rate effective midnight June 30, 1993 upon a determination that significant changes in the conditions and expectations under which this rate was offered render the contract terms of the Variable Industrial Rate inconsistent with BPA’s stated goals and objectives. BPA shall provide notice of such a determination to the provisions of the Variable Rate Contract. As part of the notification procedures, BPA shall provide a reasonable opportunity for interested parties to comment on BPA’s determination, as well as to examine the comments submitted by other parties, prior to BPA taking final action to cancel the rate. If BPA determines that the Variable Industrial rate will remain in place until midnight June 30, 1993, BPA shall provide notice to interested parties, and no additional action by BPA will be required.

F. Curtailments

BPA shall charge the customer for curtailments of the lower three quartiles in accordance with the provisions of section 9 of the power sales contract and the provisions contained in the Var
able Rate Contract.

G. Unauthorized Increase
1. Rate for Unauthorized Increase
67.3 mills per kilowatthour.
2. Application of the Charge
During any billing month, BPA may assess the unauthorized increase charge on the number of kilowatthours associated with the DSI Measured Demand in any one 60-minute clock-hour, before adjustment for power factor, that exceed the BPA Operating Level for that clock-hour, regardless of whether such Measured Demand occurs during the Peak or Offpeak Period.

H. Power Factor Adjustment
The adjustment for power factor, when specified in this rate schedule or in the power sales contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the GRSPs. The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing month is less than 95 percent.

To make the power factor adjustment, BPA shall increase the BPA Operating Level by 1 percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in whole or in part.

I. Outage Credit
Pursuant to section 7 of the General Contract Provisions, BPA shall provide an outage credit to any DSI to whom BPA is unable to deliver the full billing demand during that billing month due to an outage on the facilities used by BPA to deliver industrial firm power. Such credit shall not be provided if BPA is able to serve the DSI's load through the use of alternative facilities or if the outage is for less than 30 minutes. The amount of the credit shall be calculated according to the provisions of section III.C.2 of the GRSPs.

J. Cost Recovery Adjustment Clause
The Cost Recovery Adjustment Clause described in section III.C.2 of the GRSPs shall be applied to all power purchases under this rate schedule consistent with the procedures to adjust the Variable Industrial Rate and the provisions of the Variable Rate Contract. A uniform adjustment will be made only if it causes demand and Plateau Energy charges and the

First Quartile Service Discount to increase. No downward rate adjustment resulting from the Cost Recovery Adjustment Clause shall be made to any portion of this rate schedule.

The uniform percentage (CRAC%) determined in section III.C.5.c.(1) of the GRSPs shall be applied in the following manner:

\[
(1 + \text{CRAC\%}) \times \frac{22.4 \text{ times the demand}}{100} \times 23.0 \text{ Plateau Energy charges contained in section III.A.1 of this rate schedule and to the First Quartile Service Discount specified in section III.A.2 of this rate schedule.}
\]

where: 22.4 represents the average VI-87 margin-based plateau rate in mills per kilowatthour, and 23.0 represents the average VI-87 floor rate in mills per kilowatthour.

The Lower and Upper Rate Limits stated in sections III.A.3 and III.A.4 of this rate schedule shall be adjusted by an amount equal to the change, in mills per kilowatthour, to the Plateau Energy charge due to application of the Cost Recovery Adjustment Clause. The adjusted rate parameters shall be used for billing purposes and supersede the rate charges subject to the adjustment contained in section III.A.4 of this rate schedule.

The adjusted rate parameters shall also be used in subsequent rate adjustments pursuant to section III.B.8 of this rate schedule and to subsequent biennial adjustments to the lower rate limit pursuant to section VI.B.8 of this rate schedule.

SECTION VII. RESOURCE COST CONTRIBUTION
BPA has made the following determinations:

A. The approximate cost contribution of different resource categories to the VI-87 rate is 99.3 percent Exchange and 0.7 percent New Resources.

B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowatthour.

C. The forecasted cost of resources to meet load growth is 28.7 mills per kilowatthour.

D. For the period January 1, 1989 through September 30, 1989, FRT = $964.0 million.

IP and VI revenues are excluded because rates for those customer classes are at the floor and thus receive no adjustment when CRV is positive.

e. Application to Irrigation Discount

In addition to the direct application of the Cost Recovery Adjustment percentage to the irrigation discount, an additional adjustment shall be made so that irrigation loads are not disproportionately affected by a 9-month adjustment period as compared to a 12-month adjustment period. This additional adjustment is reflected in the following formula which represents the total CRAC adjustment to the irrigation discount:

\[
\text{Adjusted Irrigation Discount (in mills per kilowatthour)} = 4.6 \times (1 + \text{CRAC\%}) + 0.46 \times \text{CRAC\%} \times \frac{100}{100}
\]

where:

- 4.6 = Irrigation discount applicable to PF-87 and NR-87, in mills per kilowatthour;
- CRAC\% = Uniform percentage applied to PF-87 (Exchange and Premium) IP-87, VI-87, CR-87, CF-87, and NR-87 rate schedules and the irrigation discount.
- 0.46 = Mills per percentage CRAC adjustment at 1 cent per m\(^3\) and 0.46 is the percentage difference between 9- and 12-month CRAC adjustment periods.

f. Cost Recovery Adjustment Clause Implementation Process

(1) Within 30 days of the end of Fiscal Year 1988, BPA shall make an initial calculation to identify the difference between prelimi

(2) On or about November 1, 1988, BPA shall notify interested persons and the purchasers under each applicable rate schedule of BPA’s initial findings concerning the difference between AFFO and PFFO for the evaluation period.

(a) If no adjustment is required, or if the Administrator waives implementation of an adjustment, BPA shall state in the notice the basis for its decision.

(b) If BPA determines that an adjustment to applicable rates is required, BPA shall state in the notice the amount of the adjustment, the calculation of the adjustment and the resulting level of the adjustment to each applicable rate schedule. The notice shall also contain the data and assumptions prepared and relied upon by BPA, with references to additional documentation, if any, prepared and relied upon by BPA. Such documentation, if nonproprietary and/or nonprivileged, shall be available upon request unless unduly burdensome. The notice shall also contain the tentative schedule for the remainder of the implementation process.

(3) On or about November 4, 1988, BPA shall conduct a public meeting in which interested persons and purchasers under each applicable rate schedule may seek off-the-record clarification of the adjustment amount, calculation, and application to specific rate schedules. For purposes of further mailings, a list of the names and addresses of interested persons and purchasers (hereafter referred to as "mailing list") shall be compiled at this meeting.

(4) On or about November 8, 1988, purchasers under each applicable rate schedule may submit comments to BPA regarding the adjustment. The requests shall also be mailed to all persons on the mailing list. BPA shall respond to the requests within 2 working days of their receipt, or as soon as practicable if 2 days is insufficient time within which to respond.

(5) On or about November 15, 1988, interested persons and purchasers under each applicable rate schedule may submit comments to BPA regarding the adjustment. The comments shall also be mailed to all persons on the mailing list.

(6) On or about December 1, 1988, comments may be submitted by interested persons and purchasers under each applicable rate schedule.

(7) On or about December 1, 1988, BPA may release, if available, revised preliminary unaudited AFFO and PFFO and any resulting revised adjustment to applicable rate schedules.

(8) On or about December 15, 1988, BPA shall conduct an on-the-record public comment forum in which interested persons and purchasers under each applicable rate schedule may present oral comments.
**SCHEDULE NF-87**

**NONFIRM ENERGY RATE**

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**SECTION I. AVAILABILITY**

This schedule is available for the purchase of nonfirm energy to be used both inside and outside the United States including sales under the Western Systems Power Pool (WSPP) agreements and sales to consumers. This schedule also applies to energy delivered for emergency use under the conditions set forth in section VI.A of the General Rate Schedule Provisions (CRSPs). BPA is not obligated to offer nonfirm energy to any purchaser that results in the displacement of firm power purchases under BPA’s Power Sales Contracts. The offer of nonfirm energy under this schedule shall be determined by BPA. Schedule NF-87 supersedes Schedule NF-65 which went into effect on an interim basis on July 1, 1985, and was subsequently revised on an emergency basis and approved on an interim basis on May 1, 1986. Sales under this schedule are made subject to BPA’s General Rate Schedule Provisions.

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**SECTION II. RATES**

The average cost of nonfirm energy is 18.0 mills per kilowatthour. The NF-87 rate schedule provides for upward and downward pricing flexibility from this average nonfirm energy cost. All rates and any subsequent adjustments contained in this rate schedule shall not exceed in total the NF Rate Cap defined in section IV.C of the CRSPs.

**A. Standard Rate**

The Standard rate is any offered rate not to exceed 21.6 mills per kilowatthour.

**B. Market Expansion Rate**

The Market Expansion rate is any offered rate below the Standard rate in effect. BPA may have one or more Market Expansion rates in effect simultaneously.

**C. Incremental Rate**

The Incremental rate is the Incremental Cost of energy plus 2.0 mills per kilowatthour, where the Incremental Cost is defined as all identifiable costs (expressed in mills per kilowatthour) that BPA would have avoided had it not produced or purchased the energy being sold under this rate.

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**SECTION III. ADJUSTMENTS TO RATES**

**A. Guaranteed Delivery Surcharge**

A surcharge of 2.0 mills per kilowatthour of billing energy is applied to guaranteed delivery of nonfirm energy under the Standard rate and Market Expansion rate.

**B. Intercity Charge**

Rate offers, under any of the rates specified above, greater than or equal to 18.0 mills per kilowatthour shall be increased by 1.4 mills per kilowatthour for nonfirm energy scheduled for delivery over the Pacific Northwest-Pacific Southwest Intertie.

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**SECTION IV. BILLING FACTORS**

The billing energy for nonfirm energy purchased under this rate schedule shall be the Measured Energy unless otherwise specified by contract.

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**SECTION V. APPLICATION AND ELIGIBILITY**

Any time that BPA has nonfirm energy for sale, the Standard rate, the Market Expansion rate, the Incremental rate, the Contract rate, or a combination of these rates may be in effect.

**A. Standard Rate**

The Standard rate:

1. is available for all purchases of nonfirm energy; and

2. applies to nonfirm energy purchased pursuant to the Relief from Overrun Exhibit to the power sales contract.

**B. Market Expansion Rate**

1. Application of the Market Expansion rate
The Market Expansion rate applies when BPA determines that all markets at the Standard rate have been satisfied and BPA offers additional nonfirm energy.

2. Market Expansion Rate Qualification Criteria

In order to purchase nonfirm energy at the Market Expansion rate, a purchaser must:

a. have a displaceable resource, displaceable purchase of electricity, or
b. be an end-user load with a displaceable alternative fuel source.

In addition, a purchaser must demonstrate one of the following:

a. shutdown or reduction of the output of the displaceable resource in an amount equal to the amount of Market Expansion rate energy purchased; or
b. reduction of a displaceable purchase and the output of the resource associated with that purchase, in an amount equal to the amount of Market Expansion rate energy purchased; or
c. shutdown or reduction of the identified output of the resource(s) indirectly in an amount equal to the amount of Market Expansion rate energy purchased (for example, the pump may be used to run a pumped storage unit); or
d. decrease of an end-user alternate fuel source in an amount equivalent to the amount of Market Expansion rate energy purchased.

3. Eligibility Criteria for Market Expansion rate

a. When only one Market Expansion rate is offered:

Purchasers qualifying under section V.B.2. who purchase nonfirm energy directly from BPA are eligible to purchase power under the Market Expansion rate if the decennial cost of the qualifying resource, purchase, or qualifying alternative fuel source is lower than the Standard rate in effect plus 2.0 mills per kilowatthour. The rate applicable to a purchaser shall be the highest Market Expansion rate offered that is below the purchaser’s qualifying decennial cost minus 2.0 mills per kilowatthour.

Purchasers qualifying under section V.B.2. who purchase nonfirm energy through a third party are eligible to purchase power under the Market Expansion rate if the decennial cost of the qualifying alternative fuel source is lower than the Standard rate plus 4.0 mills per kilowatthour. The rate applicable to a purchaser shall be the highest Market Expansion rate offered that is below purchaser’s qualifying decennial cost minus 4.0 mills per kilowatthour.

b. When more than one Market Expansion rates are offered:

Purchasers qualifying under section V.B.2. who purchase nonfirm energy directly from BPA are eligible to purchase power under the Market Expansion rate if the decremental cost of the qualifying resource, purchase, or qualifying alternative fuel source is lower than the Standard rate in effect plus 2.0 mills per kilowatthour. The rate applicable to a purchaser shall be the highest Market Expansion rate offered that is below the purchaser’s qualifying decremental cost minus 2.0 mills per kilowatthour.

Purchasers qualifying under section V.B.2. who purchase nonfirm energy through a third party are eligible to purchase power under the Market Expansion rate if the decremental cost of the qualifying alternative fuel source is lower than the Standard rate plus 4.0 mills per kilowatthour. The rate applicable to a purchaser shall be the highest Market Expansion rate offered that is below purchaser’s qualifying decremental cost minus 4.0 mills per kilowatthour.

C. Incremental Rate

The Incremental rate applies to sales of energy:

1. that is produced or purchased by BPA concurrently with nonfirm energy sales;
2. that BPA may at its option not produce or purchase; and
3. that has an Incremental Cost greater than the Standard rate (plus the Intertie Charge, if applicable) less 2.0 mills per kilowatthour.

D. Contract Rate

The Contract rate applies to contracts (except power sales contracts offered pursuant to sections 5(b), 5(c), and 5(g) of the Northwest Power Act) that refer to the Contract rate:

1. for the sale of nonfirm energy; or
2. for determining the value of energy.

E. Western Systems Power Pool Transactions

BPA may make available nonfirm energy for transactions under the Western Systems Power Pool (WSPP) agreement. WSPP sales shall be subject to the terms and conditions specified in the WSPP agreement and shall be consistent with regional and public preference. The rate for transactions under the WSPP agreement is any rate within the limits specified by the Stan

c. Initial Reporting Requirements

Requests for the Irrigation Discount must include the following information:

1. To receive an irrigation discount, a purchaser must file a request for the discount with their local BPA Area Office or District office by April 1 each year.

2. In the request, the purchaser must certify that the irrigation energy is sold exclusively for irrigation and drainage pumping on agricultural land and that the discount is passed on, in its entirety, to the irrigation consumer, regardless of whether the utility has raised its rates. BPA retains the right to verify, in a manner satisfactory to the Administrator, that the discounted energy is used for the sole benefit of the purchaser’s irrigation load.

5. Cost Recovery Adjustment Clause

a. Terms and Conditions

The Cost Recovery Adjustment Clause applies to the Priority Firm Power (Exchange and Preference), Industrial Firm Power, Variable Industrial Power, Firm Capacity, and New Resource Firm Power rate schedules. After September 30, 1988, BPA shall evaluate actual financial performance, by comparing BPA’s actual fiscal year 1988 funds from operations (net revenues plus charges not requiring funds), to the fiscal year 1988 funds from operations that rates were designed to achieve. When this evaluation is performed, if actuals differ from planned funds from operations for the evaluation period (fiscal year 1988) as specified herein, BPA shall adjust applicable 1987 wholesale power rate schedules over an adjustment period beginning on January 1, 1989, and ending September 30, 1989.

Rate schedules subject to the Cost Recovery Adjustment Clause shall be adjusted only if BPA’s actual fiscal year funds from operations are either:

1. Greater than $80 million above planned funds from operations; or
2. Greater than $45 million below planned funds from operations.

Any resulting upward rate adjustment shall not be greater than 10.0 percent.

b. Cost Recovery Adjustment Formula

BPA shall determine the variance between actual and planned funds from operations for the evaluation period using the following formula:

\[ CRV = AFO - PFO \]

where:

\[ CRV = \text{Fiscal year 1988 cost recovery variance (in millions of dollars); total underrecovery (if CRV is negative) or overrecovery (if CRV is positive) of planned funds from operations;} \]
Revisions to the data used to calculate the amount of the LDO may be made by the purchaser for a period of up to 2 years from the first day to which the data apply. However, such revisions shall not apply to periods when the consumer was ineligible for a discount due to late data submission.

b. Eligibility Criteria
To qualify for a discount, the purchaser must meet all six of the following eligibility criteria:

1. The purchaser must serve as an electric utility offering power for resale;
2. The purchaser must agree to pass the benefits of the discount through to the purchaser’s consumers within the region served by BPA;
3. The purchaser’s average retail rate for the reporting year must exceed the average Priority Firm Power rate in effect for the qualifying period by 10 percent. For FY 1987, the average Priority Firm Power rate shall be the average of the PF-45 rate for 9 months and the PF-87 Preference rate for 3 months. For FY 1988, the average Priority Firm Power rate shall be the PF-87 Preference rate.
4. The purchaser’s kilowatthour-to-investment ratio (Ratio 3.a.(1)) must be less than 100;
5. The purchaser’s consumers-per-mile ratio (Ratio 3.a.(2)) must be less than 12; and
6. The purchaser must qualify for a discount based on criteria in section c.

c. Discounts
The purchaser shall be awarded the greatest discount for which that purchaser qualifies. The discounts and the qualifying criteria for those discounts are listed below.

1. Three percent, for any purchaser for whom:
   - the kilowatthour-to-investment ratio is equal to or greater than 15 but less than 25; or
   - the consumers-per-mile ratio is equal to or greater than 3 but less than 5.
2. Seven percent, for any purchaser for whom:
   - the kilowatthour-to-investment ratio is less than 15; or
   - the consumers-per-mile ratio is less than 3.

4. Irrigation Discount
   a. Basic Irrigation Discount Principles
   A discount of 4.6 mills per kilowatthour shall be applied to the charges for qualifying irrigation energy purchased under the Priority Firm Power and New Resource Firm Power rate schedules, during the billing months of April through October. This discount shall be applied subsequent to calculation of the Low Density Discount, if applicable. Any energy on which the irrigation discount is claimed shall be measured separately by the purchaser, and used exclusively for agricultural irrigation or drainage pumping.
   b. Qualifying Energy Purchases
   The qualifying irrigation energy shall be determined as follows:
   - All irrigation energy must be used exclusively for the purpose of irrigation and drainage pumping on agricultural land and be measured at the end-use irrigation customer’s meter. The discount shall apply to the measured energy sales at the end-use.
   - Energy subject to the discount must be purchased during the billing months of April through October.
   - Purchasers of exchange energy under the Residential Purchase and Sale Agreement (RPSA) are eligible for the irrigation discount for the portion of their irrigation sales qualifying for the exchange under the RPSA contracts.
   - General requirements customers are eligible for an irrigation discount for a portion of their irrigation sales equal to the share of their total sales served by BPA firm purchases (i.e., total irrigation and drainage pumping sales multiplied by BPA billing energy for Priority Firm or New Resources firm purchases divided by the total firm utility system requirements for the billing month).

SECTION VI. DELIVERY

A. Rate of Delivery
   BPA shall determine the amount of nonfirm energy to be made available for each hour. Such determination shall be made for each applicable nonfirm energy rate.

B. Guaranteed Delivery
   1. Availability
   BPA will determine the amount and duration of nonfirm energy to be offered on a guaranteed basis. Such daily or hourly amounts may be as small as zero or as much as all the nonfirm energy that BPA plans to offer for sale on such days.
   2. Conditions
   Scheduled amounts of guaranteed nonfirm energy may not be changed except:
   - when BPA and the purchaser mutually agree to increase or decrease the scheduled amounts; or
   - when BPA must reduce nonfirm energy deliveries in order to serve firm loads because of unexpected generation or transmission losses.

SECTION VII. RESOURCE COST CONTRIBUTION

BPA has made the following determinations:
A. The approximate cost contribution of different resource categories to the average cost of nonfirm energy is 98.6 percent FBS and 0.4 percent New Resources.

B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowatthour.

C. The forecasted cost of resources to meet load growth is 28.7 mills per kilowatthour.
SCHEDULE CF-87
FIRM CAPACITY RATE

SECTION I. AVAILABILITY
This schedule is available for the purchase of Firm Capacity without energy on a Contract Demand basis. This schedule is available only to those pur- chasers holding Firm Capacity contracts executed prior to July 1, 1985. It supersedes Schedule CF-85 which went into effect on an interim basis on July 1, 1985. Sales under this schedule are made subject to BPA’s General Rate Schedule Provisions.

SECTION II. RATE
$42.48 per kilowatt per year of Contract Demand, billed monthly at the rate of $3.54 per kilowatt-month of Contract Demand.

SECTION III. BILLING FACTORS
The billing demand shall be the Contract Demand.

SECTION IV. ADJUSTMENTS AND SPECIAL PROVISIONS

A. Conservation Surcharge
The Conservation Surcharge shall be applied in accordance with section III.C.7 of the General Rate Schedule Provisions (GRSPs) and sub- sequent to any other rate adjustments.

B. Extended Peaking Surcharge
The monthly capacity rate described in section II above shall be increased by the following extended peaking surcharge to compensate BPA for the months April through October, and November through March.

1. $0.0098 per kilowatt per hour of extended peaking for the months April through October;
2. $0.00512 per kilowatt per hour of extended peaking for the months November through March.

C. Energy Recovery Adjustment Clause
The Cost Recovery Adjustment Clause described in section III.C.5 of the GRSPs shall be applied to all purchases under this rate schedule. The percentage shall be increased or decreased as calculated in sections III.C.5.a and III.C.5.b of the GRSPs and shall be applied to the demand charges contained in sections III.A and III.B of this rate schedule.

SECTION V. RESOURCE COST CONTRIBUTION
BPA has made the following determinations:

A. The approximate cost contribution of different resource categories to the CF-87 rate is 75.1 percent for BFS and 24.9 percent for Exchange for contract year service.

B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowatthour.

C. The forecasted cost of resources to meet load growth is 28.7 mills per kilowatthour.

b. are provided under more than one rate schedule and it is impracticable to meter the kilowatthours and reactive kilovolt-amperehours for each class or rate schedule separately, the average power factor of the total delivered sales for the month will be used, where applicable, as the power fac- tor for all power delivered to such point of delivery.

To maintain acceptable operating condi- tions on the Federal system, BPA may, unless specifically otherwise agreed, re- strict deliveries of power to a purchaser with a low power factor. Such restriction may be made to a point of delivery or to a purchaser’s system at any time that the average leading power factor or average lagging power factor for all classes of power delivered to such point or to such system is below 75 percent.

2. Outage Credit
To the extent that BPA is unable to provide full service to a purchaser during the billing month as a result of interruptions in service due to reasons cited in the General Contract Provisions, BPA shall adjust the charges for those hours for billing demand for such pur- chaser to reflect BPA’s inability to provide full service, provided such adjustment is man- dated by the purchaser’s power sales con- tract. The adjustment is provided on a point of delivery basis. To compute the adjustment for coincidently billed systems, BPA shall determine the monthly demand charge(s) for the point(s) of delivery where the outage(s) occurred, multiply by the number of hours of outage, and divide by the total number of hours in the billing month. For coincidently billed points of delivery, the adjustment shall apply only to those points of delivery at which BPA was unable to provide full service for partial outages (such as an outage on one feeder in a substation with several feeders), BPA shall determine an equivalent interruption in order to arrive at the number of hours to be used in the calcu- lation of the credit.

3. Low Density Discount (LDD)

a. Basic LDD Principles
A predetermined discount shall be applied each billing month to the charges for all power purchased under the Priority Firm Power rate schedule by eligible purchasers as defined in section b, below. The discount shall be calculated on an annual basis and shall become effective with the first billing period in the calendar year. Retroactive billing for the LDD may be required if the data are not available by the

January billing date. The level of the dis- count shall be determined from the follow- ing ratios:

1. the purchaser’s total electric energy requirements during the previous calendar year (the purchaser’s firm sales, nonfirm sales to firm retail loads, sales for resale, and associated losses, but excluding nonfirm sales to nonfirm retail loads served under BPA’s alternate fuel policy) divided by the value of the purchaser’s generation plant (excluding generation plant) at the end of such year, and
2. the average number of consumers (annual and seasonal consumers with residential, industrial, commercial, and irrigation accounts, but excluding separate billed services for water heating, electric space heating, and security lights) during the previous calendar year divided by the number of pole miles of distribution line at the end of such year. Distribution lines are defined as those that deliver electric energy from a substation or metering point, at a voltage of 34.5 kV or less, to the point of attachment to the consumer’s wiring and include primary, secondary, and service facilities.

These calculations shall be based on data provided in the purchaser’s annual financial and operating report. In calculating these ratios, BPA shall use data pertaining to the purchaser’s entire electric utility system within the region. Results of the calculations shall not be rounded.

Customers who have not provided BPA with all four requisite pieces of annual data (see a,1 and a,2 above) by June 30 of each year shall be declared ineligible for the LDD for the LDD effective with the June billing period for that year. BPA shall extend a customer’s eligibility from the previous year through the June billing period of the following year and shall make any necessary retroactive adjust- ments once the new data have been processed. If no data have been received by December 31 for the pre- vious calendar year, BPA shall assume that the utility did not qualify for an LDD to the Low Density Discount issued from January 1 to June 30 shall be assumed to have been in error, and the utility shall be billed for any such discounts issued.
quested level of service will be the BPA Operating Level, provided BPA does not need to restrict the DSI and provided BPA agrees to supply any requested Auxiliary Demand. Each requested level of service may include a designation for both the Peak Period and the Offpeak Period. A DSI may request and BPA may agree to a level of service for the Offpeak Periods other than that in the Peak Period. If a DSI does not separately designate a requested level of service for the Peak and Offpeak Periods, the BPA Operating Level is the basis for determining if a DSI has incurred an unauthorized increase.

Any DSI whose Measured Demand, before adjustment for power factor, during any 1 hour exceeds the BPA Operating Level for that hour shall be subject to unauthorized increase charges for each kilowatt hour of unauthorized increase associated with each overrun.

Only the BPA Operating Level applicable during the Peak Period will be used in determining the Billing Demand for power purchased under the Industrial Firm Power rate schedule, the Variable Industrial Power rate schedule, and the Standard Rate under the Special Industrial rate schedule. During the Peak Period the BPA Operating Level may be no greater than the Operating Demand for the billing month unless the customer has requested, and BPA has agreed to supply, the Auxiliary Demand.

B. Billing Factors for Energy

1. Measured Energy

The Measured Energy shall be that portion of the metered or scheduled energy that is purchased from BPA under the applicable rate schedule. For those contracts to which BPA is a party and that provide for delivery of more than one class of electric power to the purchaser at any point of delivery, the portion of each 60-minute clock-hour integrated demand assigned to any class of power shall be determined pursuant to the power sales contract. The sum of the portions of the demands so assigned shall constitute the Measured Energy for each such class of power.

The Measured Energy shall be determined from the metered energy or the scheduled energy, as hereinafter defined.

a. Metered Energy

The metered energy for a purchaser shall be the number of kilowatt hours that are recorded on the appropriate metering equipment, adjusted as specified in the power sales contract, and delivered to a purchaser:

(1) at all points of delivery for which metered energy is the basis for determination of the Measured Energy, and
(2) during any billing period.

The metered energy shall be determined from measurements made either in the manner specified in the power sales contract or as provided in section VI.A herein.

b. Scheduled Energy

The scheduled energy in kilowatt hours shall be the sum of the hourly demands at which electric energy is scheduled for delivery to a purchaser:

(1) for each system for which scheduled energy is the basis for determination of the Measured Energy, and
(2) during any billing period.

Scheduled amounts are deemed delivered for the purpose of determining billing energy.

2. Computed Energy Maximum

The Computed Energy Maximum equals the product of the number of hours in the billing month and the Computed Average Energy Requirement.

3. Contract Energy

The Contract Energy shall be the maximum number of kilowatt hours that the purchaser agrees to purchase and BPA agrees to make available, subject to any limitations included in the power sales contract.

C. Billing Adjustments

1. Power Factor Adjustment

The formula for determining average power factor is as follows:

Average Power Factor = \( \frac{\text{Kilowatt hours}}{\text{Kilowatthours}} \)

The data used in the above formula shall be obtained from meters that are ratcheted to prevent reverse registration. These data then shall be adjusted for losses, if applicable, before determination of the average power factor.

When deliveries to a purchaser at any point of delivery either:

a. include more than one class of power, or

SECTION III. BILLING FACTORS

The billing demand shall be the maximum amount requested by the purchaser and made available by BPA during a calendar week. If BPA is unable to meet subsequent requests by a purchaser for delivery at the demand previously established during such week, the billing demand for that week shall be the lower demand which BPA is able to supply.

SECTION IV. BILLING PERIOD

Bills shall be rendered monthly.
NEW RESOURCE FIRM POWER RATE

SECTION I. AVAILABILITY
This schedule is available for the contract purchase of firm power or capacity to be used within the Pacific Northwest. New Resource Firm Power is available to investor-owned utilities (IOUs) under net requirements contracts for resale to ultimate consumers, direct consumption, or use in construction, test and start up, and station service. New Resource Firm Power also is available to any public body, cooperative, or Federal agency to the extent such power is needed to serve any New Large Single Load. In addition, BPA may make this rate available to those parties participating in exchange agreements that use this rate schedule as the basis for determining the amount or value of power to be exchanged. This schedule supersedes Schedule NR-85 which went into effect on an interim basis on July 1, 1985. Sales under this schedule are made subject to BPA's General Rate Schedule Provisions.

SECTION II. RATE
A. Demand Charge
1. 54.13 per kilowatt-month of billing demand occurring during all Peak Period hours.
2. No demand charge during Offpeak Period hours.
B. Energy Charge
1. 1.255 mills per kilowatthour of billing energy for the billing months September through March;
2. 2.212 mills per kilowatthour of billing energy for the billing months April through August.

SECTION III. BILLING FACTORS
In this section billing factors are listed for computed requirements purchasers (section III.A) metered requirements purchasers, and those purchasers not covered by section III.A. (section III.B).

A. Computed Requirements Purchasers
Purchasers designated by BPA as computed requirements purchasers pursuant to power sales contracts shall be billed in accordance with the provisions of this section.

1. Billing Demand
The billing demand for actual, planned, and contracted computed requirements purchasers shall be the higher of the billing factors "a" and "b" below:
   a. the lower of:
      (1) the larger of the Computed Peak Requirement or the Computed Average Energy Requirement;
      (2) the Measured Demand, before adjustment for power factor; or
   b. the lower of:
      (1) the Computed Peak Requirement; or
      (2) 60 percent of the highest Computed Peak Requirement during the previous 11 billing months (Ratchet Demand).

2. Billing Energy
The billing energy for actual, planned, and contracted computed requirements purchasers shall be:
   a. for the months September through March, the sum of:
      (1) 56 percent of the Measured Energy, and
      (2) 4 percent of the Computed Energy Maximum;
   b. for the months April through August, the sum of:
      (1) 39 percent of the Measured Energy, and
      (2) 61 percent of the Computed Energy Maximum.

B. Metered Requirements Purchasers and Other Purchasers Not Covered By Section III.A
Above Purchasers designated as metered requirements customers and purchasers taking power under this rate schedule who are not otherwise covered by section III.A shall be billed as follows:

1. Billing Demand
The billing demand shall be the Measured Demand as adjusted for power factor, unless otherwise specified in the power sales contract. However, purchasers who previously used the Firm Energy rate schedule, FE-2, either in the computation of their power bills or in the determination of the value of an

2. Computed Average Energy Requirement
For computed requirements purchasers, the Computed Average Energy Requirement shall be determined as specified in the purchaser's power sales contract. That specification is provided in:
   a. sections 16, 17(c), and 17(f), as adjusted by other sections of the contract, for actual computed requirements purchasers;
   b. sections 16, 17(a), and 17(f), as adjusted by other sections of the contract, for planned computed requirements purchasers; and
   c. sections 16 and 17(b), as adjusted by other sections of the contract, for contracted computed requirements purchasers.

3. Operating Demand
The Operating Demand is that demand which is scheduled by each DSI in accordance with section 3(b) of the DSI's power sales contract. Unless the DSI has requested, and BPA has granted, an Auxiliary Demand, the Operating Demand establishes a limit with respect to:
   a. the demand which the purchaser may impose on BPA; and
   b. the total amount of energy during a billing month which the DSI is entitled to purchase from BPA.

4. Curtailed Demand
A Curtailed Demand is the number of kilowatts of industrial power (Industrial Firm Power or Special Industrial Power) for a DSI that is equal to the lowest of the following demands during that hour:
   a. Operating Demand plus Auxiliary Demand, if any;
   b. Curtailed Demand; or
   c. Restricted Demand.

5. Weighted Average BPA Operating Level
The weighted average BPA Operating Level for each DSI can be determined by summing the hourly BPA Operating Levels and dividing by the number of hours in the billing month. Each DSI must request service from BPA for each billing month in accordance with the terms of the power sales contract. The re-
SECTION III. BILLING FACTORS AND BILLING ADJUSTMENTS

A. Billing Factors for Demand

1. Measured Demand

The purchaser’s Measured Demand shall be determined in the manner described in this section. Measured Demand shall be that portion of the metered or scheduled demand that is purchased from BPA under the applicable rate schedule. For those contracts to which BPA is a party and that provide for delivery of more than one class of electric power to the purchaser at any point of delivery, the portion of each 60-minute clock-hour integrated demand assigned to any class of power shall be determined pursuant to the power sales contract. The portion of the total Measured Demand so assigned shall constitute the Measured Demand for each such class of power.

The Measured Demand shall be determined from the metered demand or the scheduled demand, as hereinafter defined. The Measured Demand shall be determined on either a coincidental or a noncoincident basis, as provided in the purchaser’s power sales contract.

a. Metered Demand

The metered demand in kilowatts shall be the largest of the 60-minute clock-hour integrated demands, adjusted as specified in the power sales contract, at which electric energy is delivered to a purchaser:

(1) at each point of delivery for which the metered demand is the basis for determination of the Measured Demand,
(2) during each time period specified in the applicable rate schedule, and
(3) during any billing period.

Such largest integrated demand shall be determined from measurements made either in the manner specified in the power sales contract or as provided in section VIA heretofore determining the metered demand, BPA shall exclude any abnormal integrated demands due to or resulting from:

(1) emergencies or breakdowns on, or maintenance of, the Federal system facilities, and
(2) emergencies on the purchaser’s facilities, provided that such facilities have been adequately insured and prudently operated, as determined by BPA.

b. Scheduled Demand

The scheduled demand in kilowatts shall be the largest of the hourly demands at which electric energy is scheduled for delivery to a purchaser:

(1) to each system for which scheduled demand is the basis for determination of the Measured Demand,
(2) during each time period specified in the applicable rate schedule, and
(3) during any billing period.

Scheduled amounts are deemed delivered for the purpose of determining billing demand.

2. Ratchet Demand

The Ratchet Demand in kilowatts shall be the maximum of the Measured Demand established during a specified period of time either during or prior to the current billing period. The demand on which the ratchet is based is specified in the relevant rate schedule or in these GRSPs. For utilities purchasing under the PF or NR rate schedules, the Ratchet Demand is based on the highest demand during prior billing months. When the Ratchet Demand is used as a billing factor, BPA shall have specified in the appropriate schedules or GRSPs:

a. the period of time over which the ratchet shall be calculated,
b. the type of demand to be used in the calculation, and
c. the percentage (if any) of that demand which will be used to calculate the Ratchet Demand.

3. Contract Demand

The Contract Demand shall be the maximum number of kilowatts that the purchaser agrees to purchase and BPA agrees to make available, subject to any limitations included in the power sales contract. BPA may agree to make deliveries at a rate in excess of the Contract Demand at the request of the purchaser, but shall not be obligated to continue such excess deliveries. Any contractual or other reference to Contract Demand as expressed in kilowatthours shall be deemed, for the purpose of these GRSPs, to refer to the term “Contract Energy.”

4. Computed Peak Requirement

For purchasers designated to purchase on the basis of computed requirements, the Computed Peak Requirement shall be determined as specified in the purchaser’s power exchange account, shall not be charged for demand under this rate schedule.

2. Billing Energy

The billing energy shall be the Measured Energy, unless otherwise specified in the power sales contract.

SECTION IV. ADJUSTMENTS AND SPECIAL PROVISIONS

A. Power Factor Adjustment

The adjustment for power factor, when specified in this rate schedule or in the power sales contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the General Rate Schedule Provisions (GRSPs). The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing month is less than 95 percent.

To make the power factor adjustment, BPA shall increase the billing demand by one percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in its discretion.

B. Cost Recovery Adjustment Clause

The Cost Recovery Adjustment Clause described in section III.C.5 of the GRSPs shall be applied to all purchases and exchanges under this rate schedule. The percentage increase or decrease calculated in section III.C.5.a and II.C.5.b of the GRSPs shall be applied uniformly to the demand and energy charges contained in section II.A.2 and II.B.2 and the irrigation discount contained in section IV.C of this rate schedule. An additional increase of 0.464 mills per kilowatt-hour shall be made to the irrigation discount for each percentage increase in the NR rates due to the Cost Recovery Adjustment Clause. An additional decrease of 0.464 mills per kilowatt-hour shall be made to the irrigation discount for each percentage decrease in the NR rates due to the Cost Recovery Adjustment Clause.

C. Irrigation Discount

BPA shall apply an irrigation discount, equal to 4.6 mills per kilowatthour, to the charges for qualifying energy purchased under this rate schedule. The irrigation discount shall be applied after calculation of the Low Density Discount. The discount shall apply only to energy purchased during the billing months of April through October. Eligibility for the irrigation discount and reporting requirements shall be determined pursuant to section III.C.4 of the GRSPs.

D. Conservation Surcharge

The Conservation Surcharge shall be applied in accordance with section III.C.7 of the GRSPs and subsequent to any other rate adjustments.

E. Unauthorized Increase

BPA shall apply the charge for Unauthorized Increase to any purchaser of New Resource Firm Power taking the demand and/or energy in excess of its contractual entitlement.

1. Rate for Unauthorized Increase

67.3 mills per kilowatthour.

2. Calculation of the Unauthorized Increase

Each 60-minute clock-hour integrated or scheduled demand shall be considered separately in determining the amount which may be considered an unauthorized increase. BPA shall first determine the amount of unauthorized increase related to demand and shall then treat any remaining unauthorized increase as energy-related.

a. Unauthorized Increase in Demand

That portion of any Measured Demand during Peak Period in part, shall be charged

(1) to a class of power which BPA delivers on such hour pursuant to contracts with the authorized purchaser; or
(2) to a type of power which the purchaser acquires from sources other than BPA and which BPA delivers during such hour.

shall be billed:

(1) in accordance with the provisions of the “Relief from Overrun” exhibit to the power sales contract; or
(2) if such exhibit does not apply or is not a part of the purchaser’s power sales contract, at the rate for Unauthorized Increase, based on the amount of energy associated with the excess demand.

b. Unauthorized Increase in Energy

The amount of Measured Energy during a billing month that exceeds the amount of energy which the purchaser is contractually entitled to take during that month and
that cannot be assigned:

(1) to a class of power that BPA delivers during such month pursuant to contracts between BPA and the purchaser;
or

(2) to a type of power that the purchaser acquires from sources other than BPA and that BPA delivers during such month,

shall be billed:

(1) in accordance with the provisions of the “Relief from Overrun” exhibit to the power sales contract; or

(2) as unauthorized increase if such exhibit does not apply or is not a part of the purchaser’s power sales contract.

F. Coincidental Billing Adjustment

Purchasers of New Resource Firm Power who are billed on a coincidental basis and who have diversity charges or diversity factors specified in their power sales contracts shall have their charges for billing demand adjusted according to the provisions of section III.C.6 of the GRSPs. Computed requirements purchasers are not subject to the Coincidental Billing Adjustment for scheduled power.

G. Outage Credit

Pursuant to section 7 of the General Contract Provisions, BPA shall provide an outage credit to any purchaser for those hours for which BPA is unable to deliver the full billing demand during that billing month due to an outage on the facilities used by BPA to deliver New Resource Firm Power. Such credit shall not be provided if BPA is able to serve the purchaser’s load through the use of alternative facilities or if the outage is for less than 30 minutes. The amount of the credit shall be calculated according to the provisions of section III.C.2 of the GRSPs.

H. Energy Return Surcharge

Any purchaser who preschedules in accordance with sections 2(a)(4) and 2(c)(2) of Exhibit E of the Power Sales contract and who returns, during a single offpeak hour, more than 60 percent of the difference between that purchaser’s estimated computed peak requirement and estimated computed average energy requirement for the billing month shall be subject to the following surcharge for each additional kilowathour so returned:

1. 3.49 mills per kilowathour for the months of April through October, and

2. 1.48 mills per kilowathour for the months of November through March.

SECTION V. RESOURCE COST CONTRIBUTION

BPA has made the following determinations:

A. The approximate cost contribution of different resource categories to the NR-B7 rate is 100.0 percent Exchange.

B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowathour.

C. The forecasted cost of resources to meet load growth is 28.7 mills per kilowathour.

D. Special Industrial Power

Special Industrial Power is electric power which BPA will make continuously available to any DSI that qualifies for the Special Industrial Power rate pursuant to section 7(d)(2) of the Northwest Power Act. This power is similar in nature to Industrial Firm Power, but is subject to greater restriction by BPA. Special Industrial Power is made available to the qualifying DSI upon adoption of, and subject to, an amendment modifying its power sales contract.

E. Auxiliary Power

Auxiliary Power is that power which a DSI requests and which BPA agrees to make available to serve that portion of the DSI’s load which is in excess of the DSI’s Operating Demand for Industrial Firm Power or Special Industrial Power.

F. Firm Capacity

Firm Capacity is capacity that BPA assures will be available in the amount(s) and during the period(s) specified in the power sales contract. The energy associated with this capacity must be returned to BPA. Firm Capacity may be restricted pursuant to the Restriction of Deliveries section of these GRSPs (section V.E).

G. Surplus Firm Power

Surplus Firm Power is firm power (capacity, energy, or capacity and energy) in excess of the amount required to meet BPA’s existing contractual obligations to provide firm service. Surplus Firm Power may be used either for resale or direct consumption by purchasers both inside and outside the United States. Such power may be unrestricted pursuant to the Restriction of Deliveries section of these GRSPs (section V.E).

H. Nonfirm Energy

Nonfirm Energy is supplied or made available by BPA to a purchaser under an arrangement that does not have the guaranteed continuous availability feature of firm power. Nonfirm energy is mostly sold under the Nonfirm Energy rate schedule, NF-B7. Nonfirm energy also may be supplied under the Share-the-Savings rate schedule, SS-B7, which is available as an experimental rate for contract purchase.

In addition, BPA also can make nonfirm energy available under the Nonfirm Energy rate schedule to the Western Systems Power Pool (WSPP) subject to terms and conditions agreed upon by the members participating in the WSPP and in accordance with BPA policy for such arrangements.

However, Nonfirm Energy that has been purchased under a guarantee provision in the Nonfirm Energy rate schedule shall be provided to the purchaser in accordance with the provisions of that schedule and the power sales contract if applicable. BPA may make Nonfirm Energy available to purchasers both inside and outside the United States.

I. Reserve Power

Reserve Power is firm power sold to a purchaser:

1. in cases where the purchaser’s power sales contract states that the rate for Reserve Power shall be applied;

2. to provide service when no other type of power is deemed applicable; and

3. to serve the purchaser’s firm power loads under circumstances where BPA does not have a power sales contract in force with the purchaser.

Sales of Reserve Power are subject to the Restriction of Deliveries section of these GRSPs (section V.E).

J. Firm Displacement Power

Firm Displacement Power is firm power (capacity, energy, or capacity and energy) that BPA makes available to the utilities for use within the Pacific Northwest. The purchased power will replace the generation from resources that is exported from the Pacific Northwest on a firm basis for a period of at least 3 years. Such power may be restricted pursuant to the Restriction of Deliveries section of these GRSPs (section V.E).
SECTION I. ADOPTION OF REVISED RATE SCHEDULES AND GENERAL RATE SCHEDULE PROVISIONS

A. Approval of Rates

These 1967 rate schedules and General Rate Schedule Provisions (GRSPs) shall become effective upon interim approval or final confirmation and approval by the Federal Energy Regulatory Commission (FERC). BPA will request FERC approval effective October 1, 1987. BPA proposes that the following schedules, and the GRSPs associated with these schedules, be effective for two years: PS-67, IP-67, CE-67, CF-67, CR-67, SS-67, NF-67, and RP-67. The VI-67 rate schedule reflects adjustments of, and supplements to, the rate schedule VI-86 and associated GRSPs which are to be in effect for 7 years. Sections III.A and VI.J of the VI-86 rate schedule are to be in effect for 2 years. BPA proposes that rate schedule SI-78 be effective for two years, except for the Special Industrial Offpeak rate provision, which is to remain in effect through June 30, 1986, pursuant to an Amended Agreement between BPA and Hanna Nickel Smelting Company executed July 1, 1985.

BPA proposes that the SP-67 rate schedule, and the GRSPs associated with this schedule, be effective for 5 years. BPA proposes that the Nonfirm Energy Rate Cap be effective for 12 years. BPA proposes that the SL-78 and the GRSPs associated with this schedule be effective for as long as BPA has surplus firm power available for sale.

B. General Provisions

These 1987 rate schedules, and the GRSPs associated with these schedules, supersede BPA's 1985 rate schedules (which became effective July 1, 1985) to the extent stated in the Availability section of each 1987 rate schedule. These schedules and GRSPs shall be applicable to all BPA contracts, including contracts executed both prior to and subsequent to enactment of the Northwest Power Act. All sales of power made under these rate schedules are subject to the following: (a) the Bonneville Project Act (PL 88-552), the Federal Columbia River Transmission System Act, and the Northwest Power Act.

SECTION II. TYPES OF BPA SERVICE

A. Priority Firm Power

Priority Firm Power is electric power (capacity, energy, or capacity and energy) that BPA will make continuously available for resale to ultimate consumers for direct consumption, construction, test and start-up, and station service by public bodies, cooperatives, and federal agencies (Construction, test and start-up, and station service are defined in section V.B of these GRSPs). Utilities participating in the exchange under section 5(c) of the Northwest Power Act may purchase Priority Firm Power pursuant to their Residential Purchase and Sale Agreements. In addition, BPA may make Priority Firm Power available to those parties participating in exchange agreements specifying use of the Priority Firm rate for determining the amount or value of power to be exchanged. Power purchased under the power rate schedule is to be used to meet the purchaser's actual firm load within the Pacific Northwest. Such power may be restricted in accordance with the Restriction of Deliveries section of these GRSPs (section V.E). However, BPA shall not restrict Priority Firm Power until Industrial Firm Power has been restricted in accordance with the provisions of section II.C of these GRSPs.

B. New Resource Firm Power

New Resource Firm Power is electric power (capacity, energy, or capacity and energy) that BPA will make continuously available:

1. New Large Single Load,
2. for firm power purchased by investor-owned utilities pursuant to power sales contracts with BPA,
3. for construction, test and start-up, and station service for facilities owned or operated by investor-owned utilities.

New Resource Firm Power is to be used to meet the purchaser's actual firm load within the Pacific Northwest. Such power may be restricted in accordance with the Restriction of Deliveries section of these GRSPs (section V.E). However, BPA shall not restrict New Resource Firm Power until Industrial Firm Power has been restricted in accordance with the provisions of section II.C of these GRSPs.

C. Industrial Firm Power

Industrial Firm Power is electric power that BPA will make continuously available to a direct-service industrial (DSI) purchaser pursuant to the DSI's power sales contract and subject to:

SECTION III. BILLING FACTORS

A. Billing Demand

1. Standard Special Industrial Power Rate

The billing demand for power purchased under the Standard Special Industrial Power Rate shall be the BPA Operating Level during the Peak Period as adjusted for power factor. If there is more than one BPA Operating Level during the Peak Period within a billing month, the billing demand shall be a weighted average of the Peak Period BPA Operating Levels for the billing month. The BPA Operating Level is defined in section III.A.10 of the General Rate Schedule Provisions (GRSPs). However, if BPA has agreed, pursuant to section 4 of the direct-service industrial power sales contract, to sell Special Industrial Power on a daily demand basis (transitional service), this section of the rate schedule shall not apply, and BPA shall bill the purchaser in accordance with the provisions of section V.C of the GRSPs.

2. Special Industrial Offpeak Rate

There is no billing demand for purchases under the Special Industrial Offpeak rate.

B. Billing Energy

The billing energy under both the Standard Special Industrial and Special Industrial Offpeak Rates shall be the Measured Energy for the billing month, minus any kilowatthours on which BPA assesses the charge for unauthorized increase. The kilowatthours of billing energy shall be prorated among the respective billing demands for the billing month.
SECTION IV. SELECTION OF THE SI-87 RATE FOR THE HANNA NICKEL SMELTING COMPANY

All purchasers, except for Hanna, shall purchase power under the Standard Special Industrial Power rate. Hanna shall have the option to select one of two types of service, standard service or offpeak service. In this case, BPA will provide standard service under the Standard Special Industrial Power Rate and offpeak service under the Special Industrial Offpeak Rate. Unless BPA receives a formal request from Hanna for service under the Special Industrial Offpeak Rate, all service will be standard service provided under the Standard Special Industrial Power Rate. To change the type of service provided and the associated rate, Hanna shall submit a formal request for service under the preferred rate option in accordance with the terms of the power sales contract providing for purchases under this rate schedule. Once Hanna has elected to purchase under one of the two options, all purchases of Special Industrial Power shall be subject to the terms and conditions of that rate option until such time that Hanna requests the other type of service.

SECTION V. SERVICE UNDER THE SPECIAL INDUSTRIAL OFFPEAK RATE

BPA shall designate the hours during which offpeak service will be available, and shall provide at least 2 weeks’ notice before changing those designated hours. BPA shall identify at least 10 and up to 13 hours on each day Monday through Friday, 15 hours on Saturday, and 24 hours on Sunday, during which offpeak service will be available to the purchaser. If Hanna has elected to be served under the Special Industrial Offpeak Rate, Hanna may request, during the designated offpeak periods, service in an amount not to exceed the purchaser’s Contract Demand. During all other hours Hanna shall curtail service to a level not to exceed 15 percent of Contract Demand.

SECTION VI. ADJUSTMENTS AND SPECIAL PROVISIONS

A. Curtailments

BPA shall charge the DSI for curtailments in accordance with the provisions of the DSI’s power sales contract. Any curtailment charge levied shall be computed using the Standard Special Industrial Power Rate.

B. Unauthorized Increase Charge

1. Rate for Unauthorized Increase

67.3 mills per kilowatt-hour.

2. Application of the Charge

During any billing month, BPA may assess the unauthorized increase charge on the number of kilowatt-hours associated with the DSI Measured Demand in any one 60-minute clock-hour, before adjustment for power factor, that exceed the BPA Operating Level for that clock-hour, regardless of whether such Measured Demand occurs during the Peak or Offpeak Period.

If BPA is providing service to Hanna under the Special Industrial Offpeak Rate, the amount by which Hanna’s Measured Demand exceeds 15 percent of its Contract Demand during any hour other than the specified special hours shall be considered unauthorized increase.

C. Power Factor Adjustment

The adjustment for power factor, when specified in this rate schedule or in the power sales contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the GRSFs. The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing month is less than 95 percent.

To make the power factor adjustment for service under the Standard Special Industrial Power Rate, BPA shall increase the billing demand by one percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. For service under the Special Industrial Offpeak Rate, BPA shall increase the billing energy by one percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in whole or in part.

D. Outage Credit

Pursuant to section 7 of the General Contract Provisions, BPA shall provide an outage credit to any purchaser for those hours for which BPA is unable to deliver the full billing demand during that billing month due to an outage on the facilities used by BPA to deliver Special Industrial Power. Such credit shall not be provided if BPA is able to serve the purchaser’s load through the use of alternative facilities or if the outage is for less than 30 minutes. In addition,
### OUTLINE FOR GENERAL RATE SCHEDULE PROVISIONS (Cont.)

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No credit shall be applied to purchases under the Special Industrial Offpeak Rate. The amount of the credit shall be calculated according to the provisions of section III.C.2 of the ORSP.

#### D. Billing-Related Definitions

**E. Extended Service Provision**

The terms of this rate schedule may be extended for a period not to exceed June 30, 1990, in accordance with the Amendatory Agreement effective July 1, 1985, with the Hanna Nickel Smelting Company (Hanna). The Amendatory Agreement contains Hanna’s agreement to make certain investments in a wet screening process at its Riddle facility.

#### SECTION VII. RESOURCE COST CONTRIBUTION

BPA has made the following determinations:

A. The SI-87 rate is not based on the cost of resources.

B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilofoot.

C. The forecasted cost of resources to meet load growth is 28.7 mills per kilofoot.

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Note: The text is a summary of rate schedule provisions, with specific sections and subsections detailing various aspects of the rate structure, including application criteria, billing procedures, and extended service provisions. The last paragraph outlines the resource cost contribution made by BPA, specifying the rate's basis and estimated costs under average and forecasted conditions.
SCHEDULE SP-87
SHORT-TERM SURPLUS FIRM POWER RATE

OUTLINE FOR GENERAL RATE SCHEDULE PROVISIONS

SECTION I. AVAILABILITY

This rate schedule is available for the purchase of Surplus Firm Power for the period ending September 30, 1992, including purchases under the Western Systems Power Pool (WSPP) agreements. BPA is not obligated to make power or energy available under this rate schedule if such power or energy would displace sales under the IP-87, VI-87, PF-87, or NR-87 rate schedules. Schedule SP-87 supersedes schedule SP-85 and associated GRSPs, except in the case of contracts for sales under schedule SP-85 which become effective on or before September 30, 1987. Sales under this schedule are made subject to BPA’s General Rate Schedule Provisions.

SECTION II. RATE

A. Contract Rate

1. Demand Charge

   a. For contracts that specify 12 months of service per year, the $11.48 per kilowatt per year of Contract Demand billed monthly at the rate of $4.29 per kilowatt of Contract Demand occurring during all Peak Period hours in each billing month.

   b. For contracts that specify service for fewer than 12 months per year, the monthly demand charge shall be assessed only for the specified service months at the rate of $4.29 per kilowatt of Billing Demand occurring during the Peak Period plus:

      $4.29 (12 - specified service months) \( \times \) \( \frac{25}{	ext{specified service months}} \)

   c. No demand charge during Offpeak Period hours.

2. Energy Charge

   24.3 mills per kilowathour of Billing Energy.

B. Flexible Rate

Energy charges or demand and energy charges may be specified at a higher or lower average rate as mutually agreed by BPA and the purchaser. In no case shall the rate exceed 100 percent of the fixed and variable unit costs of generation and transmission of BPA’s highest cost resource including exchange resources. No resource cost determination is needed for sales at less than or equal to the Contract rate.

C. Intertie Charge

Rates in sections II.A and II.B that equal or exceed the Contract rate shall be increased by the following charges for transactions over the Pacific Northwest-Pacific Southwest Intertie.

1. $3.66 per kilowatt per month of billing demand and

2. 0.69 mills per kilowathour of billing energy.

Rates in section II.B having an energy-only charge that equals or exceeds 30.2 mills per kilowathour shall be increased by 1.4 mills per kilowathour for transactions over the Pacific Northwest-Pacific Southwest Intertie.

SECTION III. BILLING FACTORS

The billing factors shall be the Measured Demand and Measured Energy, unless otherwise specified in the contract.

SECTION IV. ADJUSTMENTS AND SPECIAL PROVISIONS

Power Factor Adjustment

The adjustment for power factor for BPA customers that are billed for Short-Term Surplus Firm Power on metered amounts, when specified in this rate schedule or in the contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the General Rate Schedule Provisions (GRSPs). The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing period is less than 95 percent.

To make the power factor adjustment, BPA shall increase the billing demand or energy by one percentage point for each percentage point or major fraction thereof (0.2 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in whole or in part.

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SECTION I. AVAILABILITY
This schedule is available for the purchase of power:
A. in cases where a purchaser's power sales contract states that the rate for Reserve Power shall be applied;
B. for which BPA determines no other rate schedule is applicable; and
C. to serve a purchaser's firm power load in circumstances where BPA does not have a power sales contract in force with such purchaser, and BPA determines that this rate should be applied.
This rate schedule may be applied to power purchased by entities outside the United States. This rate schedule supersedes Schedule RP-85 which went into effect on an interim basis on July 1, 1985. Sales under this schedule are made subject to BPA's General Rate Schedule Provisions.

SECTION II. RATE
A. Demand Charge
   1. $3.64 per kilowatt of billing demand occurring during all Peak Period hours.
   2. No demand charge during Offpeak Period hours.
B. Energy Charge
   25.3 mills per kilowatthour of billing energy.

SECTION III. BILLING FACTORS
The factors to be used in determining the billing for power purchased under this rate schedule are as follows:
A. Billing Demand
   If applicable, the billing demand shall be the Contract Demand as specified in the power sales contract. Otherwise the billing demand shall be the Measured Demand as adjusted for power factor.
B. Billing Energy
   The billing energy shall be the Contract Demand multiplied by the number of hours in the billing month, if use of the Contract Demand for determining billing energy is speci-fied in the power sales contract. Otherwise the billing energy for such purchasers shall be the Measured Energy.

SECTION IV. POWER FACTOR ADJUSTMENT
The adjustment for power factor, when specified in this rate schedule or in the power sales contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the General Rate Schedule Provisions (GRSPs). The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing month is less than 95 percent.
To make the power factor adjustment, BPA shall increase the billing demand by one percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in whole or in part.

SECTION V. RESOURCE COST CONTRIBUTION
BPA has made the following determinations:
A. The approximate cost contribution of different resource categories to the SP-87 rate is 99.3 percent Exchange and 0.7 percent New Resources.
B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowatthour.
C. The forecasted cost of resources to meet load growth is 28.7 mills per kilowatthour.
SECTION I. AVAILABILITY
This rate schedule is available for the long-term purchase of Surplus Firm Power and Firm Displacement Power under BPA's contracts. This rate schedule shall be offered for an amount of purchases not to exceed 1350 MW peak and 725 MW average, less purchases under the SC-96 rate schedule. This rate schedule shall not be available for contracts that obligate BPA to acquire energy resources to support the sale. Schedule SL-87 supersedes schedule FD-85 and associated GRSPs except in the case of contracts for sales under FD-85 that become effective on or before September 30, 1987. Sales under this schedule are made subject to BPA's General Rate Schedule Provisions.

SECTION III. BILLING FACTORS
The billing factors shall be the Contract Demand and Measured Energy, unless otherwise specified in the contract.

SECTION IV. ADJUSTMENTS AND SPECIAL PROVISIONS
Power Factor Adjustment
The adjustment for power factor for BPA customers that are billed for the long-term purchase of Surplus Firm Power and Firm Displacement Power on metered amounts, when specified in this rate schedule or in the contract, shall be made in accordance with the provisions of both this section and section III.C.1 of the General Rate Schedule Provisions (GRSPs). The adjustment shall be made if the average leading power factor or average lagging power factor at which energy is supplied during the billing month is less than 95 percent.

To make the power factor adjustment, BPA shall increase the billing demand or energy by one percentage point for each percentage point or major fraction thereof (0.5 or greater) by which the average leading power factor or average lagging power factor is below 95 percent. BPA may elect to waive the adjustment for power factor in whole or in part.

SECTION V. RESOURCE COST CONTRIBUTION
BPA has made the following determinations:
A. The approximate cost contribution of different resource categories to the SL-87 rate is 99.3 percent Exchange and 0.7 percent New Resources.
B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowatthour.
C. The forecasted cost of resources to meet load growth in 28.7 mills per kilowatthour.

SECTION VI. RESOURCES COST CONTRIBUTION
BPA has made the following determinations:
A. The approximate cost contribution of different resource categories to the SS-87 rate is 99.3 percent Exchange and 0.7 percent New Resources.
B. The forecasted average cost of resources available to BPA under average water conditions is 17.7 mills per kilowatthour.
C. The forecasted cost of resources to meet load growth in 28.7 mills per kilowatthour.