



November 19, 2018

Mr. Paul Rossow, Utility Analyst
Electric & Natural Gas Division
Oregon Public Utility Commission
PO Box 2148
Salem, OR 97308

Dear Mr. Rossow,

Pursuant to OAR 860-029-0080(2), I am filing avoided cost information on behalf of members of the Oregon Municipal Electric Utilities Association (OMEU). A list of the OMEU members and individual contact information is attached.

Under current contracts, OMEU members as public agencies primarily buy their wholesale power requirements from BPA at the Priority Firm (PF) rate in accordance with Section 5(b)(1) of the Northwest Power Act. These purchases are made at Tier 1 rates, the BPA Load Shaping rate, or one of BPA's Tier 2 rates (either at the Load Growth or Short Term rate).

BPA and OMEU member utilities all signed 20-year Load Following contracts that took effect on October 1, 2011 and end on September 30, 2028. These contracts confer the ability to purchase an established amount of power at an embedded cost rate (Tier 1) and a Load Growth or Short Term Tier 2 Rate for publicly owned utilities that contract with BPA to meet their wholesale power needs.

All of the OMEU member utilities will meet more than 95% of their loads at the Tier 1 rate for the first few years of the contract. The timing, shape, and magnitude of any Tier 2 price exposure for load growth varies from utility to utility, however currently all OMEU utilities have committed to purchase the balance of their above high water mark (load growth) requirements with BPA purchases at the BPA Load Shaping rate or at one of the take-or-pay BPA Tier 2 rates for at least the first eight years of the contract (through 2019). The High Water Mark is essentially a set apportionment for each BPA customer of cost based power from the federal system. For details on the BPA Tiered Rate Methodology, please visit BPA's website at:

<http://www.bpa.gov/Finance/RateInformation/Pages/default.aspx>

Avoided costs, or the cost of meeting load growth, will vary by utility depending upon the relationship of the utility's load to their High Water Mark. For those OMEU members whose load is below their

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High Water Mark, load growth will be met at the Tier 1 rate. The current average Tier 1 rate of 36.14 mills/kWh which remains in effect through September 30, 2019. For those OMEU members whose loads are above their High Water Mark, load growth will be met at an average Tier 2 rate of 26.09 mills/kWh for FY18-19, which also remains in effect through September 30, 2019. Any load growth that occurs but that was not forecast prior to the rate case will be met at the Load Shaping rate. The average Load Shaping rate of 22.99 mills/kWh remains in effect through September 30, 2019.

It is important to note that the BPA FY 2020 and FY 2021 rates will be updated in a rate proceeding that is expected to begin later this month, but will not be finalized until July of 2019. Those updated BPA rates will succeed the currently filed avoided cost rates.

Information on BPA's power rates for Tier 1, Tier 2 and Load Shaping charges can be accessed here: <https://www.bpa.gov/Finance/RateCases/BP-18/Pages/default.aspx>

We will update this contract and rate information in future filings. If you have any questions regarding this information, please call me or the individual utilities listed in Attachment A.

Sincerely,



Jennifer Joly, Director
Oregon Municipal Electric Utilities Association

Attachment A

OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION OFFICERS AND MEMBERS ~ NOVEMBER 2018

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