

December 21, 2020

Mr. Paul Rossow, Utility Analyst
Energy Resources and Planning
Electric and 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 the Bonneville Power Administration (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.

Though some utilities apply limited amounts of non-federal resources to load, currently all OMEU utilities have committed to purchase the remaining 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. 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 High Water Mark, load growth will be met at the Tier 1 rate. The current average Tier 1 rate of 36.34 mills/kWh which remains in effect through September 30, 2021. For those OMEU members whose loads are above their High Water Mark, load growth will be met at an average Tier 2 rate of 31.66 mills/kWh for FY 20-21, which also remains in effect through September 30, 2021. Any load growth

1201 COURT ST. NE, SUITE 102 • SALEM, OREGON 97301 • (971) 600-6976 • E-MAIL: jenniferjoly@omeu.org

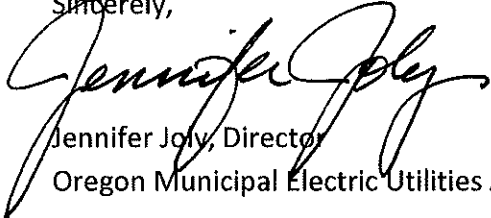
that occurs but that was not forecast prior to the rate case will be met at the Load Shaping rate. The average Load Shaping rate of 18.95 mills/kWh remains in effect through September 30, 2021. Note that these avoided cost figures reflect energy, capacity, transmission, and ancillary services based on aggregate load profiles.

It is important to note that the BPA FY 2022 and FY 2023 rates will be updated in a rate proceeding that began in early December, but will not be finalized until July of 2021. 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-20/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 at (971) 600-6976 or the individual utilities listed in Attachment A.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Joly". The signature is fluid and cursive, with a large initial "J".

Jennifer Joly, Director
Oregon Municipal Electric Utilities Association

Attachment A

OREGON MUNICIPAL ELECTRIC UTILITIES ASSOCIATION OFFICERS AND MEMBERS ~ DECEMBER 2020

PRESIDENT

Keith Hormann
Light & Power Director

Forest Grove Light & Power
PO Box 326
Forest Grove, OR 97116

(503) 992-3252
FAX (503) 992-3149
khormann@forestgrove-or.us

VICE-PRESIDENT

John Dietz
General Manager

McMinnville Water & Light
PO Box 638
McMinnville, OR 97128

(503) 472-6158
FAX (503) 472-5211
jcd@mc-power.com

SECRETARY/TREASURER

Tom McBartlett
Director

Ashland Municipal Electric Utility
90 N. Mountain Avenue
Ashland, OR 97520

(541) 552-2307
FAX (541) 552-2059
mcbartlett@ashland.or.us

MEMBERS

Dan Chandler
City Manager

City of Bandon
PO Box 67
Bandon, OR 97411

(541) 347-2437
FAX (541) 347-1415
citymanager@ci.bandon.or.us

Dan Murphy
General Manager

Canby Utility Board
PO Box 1070
Canby, OR 97013

(503) 266-1156
FAX (503) 263-8621
dmurphy@canbyutility.org

Gordon Zimmerman
City Administrator

City of Cascade Locks
PO Box 308
Cascade Locks, OR 97014

(541) 374-8484
FAX (541) 374-8752
gzimmerman@cascade-locks.or.us

Steve Dahl
City Administrator

City of Drain
PO Box 158
Drain, OR 9743

(541) 836-2417
FAX (541) 836-7330
city.admin@cityofdrain.org

Nate Rivera
General Manager

Hermiston Energy Services
215 E. Gladys Avenue
Hermiston, OR 97838

(541) 667-5035
FAX (541) 567-6731
nrivera@hermiston.or.us

Mike Watkins
Electric Superintendent

City of Milton-Freewater
PO Box 6
Milton-Freewater, OR 97862

(541) 938-8231
FAX (541) 938-8224
mike.watkins@milton-freewater.or.gov

Chuck Thurman
Electric Superintendent

City of Monmouth
780 Ecols Street South
Monmouth, OR 97361

(503) 838-3526
FAX (503) 838-0725
cthurman@ci.monmouth.or.us

Jeff Nelson
General Manager

Springfield Utility Board
PO Box 300
Springfield, OR 97477

(541) 746-8451
FAX (541) 746-0230
jeffn@subutil.com

DIRECTOR

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Sincerely,

Jennifer Joly, Director
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Attachment A

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