

SERVICE CENTERS:
OROVADA, NEVADA
FIELDS, OREGON



HARNEY ELECTRIC COOPERATIVE, INC.

277 LOTTERY LANE
PO BOX 587
HINES, OR 97738
PHONE: (541) 573-2061

January 13, 2023

Mr. Charles Lockwood
Oregon Public Utility Commission, Utility Analyst
PO Box 1088
Salem, OR 97308-1088

Dear Mr. Lockwood:

Pursuant to OAR 860-29-080(2), I am filing avoided cost information on behalf of Harney Electric Cooperative, Inc.

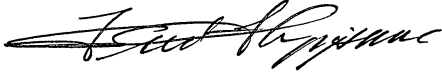
As a publicly owned entity, Harney Electric Cooperative, Inc. (HEC) buys all its wholesale power from the BPA at the priority firm (PF) rate in accordance with Section 5(b)(1) of the Northwest Power Act. HEC is a full requirements customer of BPA. Under our contract, BPA provides wholesale power at the PF rate sufficient to meet all our current load and future load growth. Therefore, our avoided cost will continue to be the PF rate as established by BPA in its regular rate proceedings.

Currently the average PF rate for FY 2022 is about 26.78 mills per kWh. BPA currently expects that rate will stay at this level through September 2023. BPA projects that cost will increase in October of 2023 to 33.63 mills per kWh and will be at that rate thru September of 2025. The final rates for this period will not be determined until mid-2023. We think that we can expect this cost to continue to rise approximately 6.5% depending upon inflation. These rates include the effect of BPA's cost recovery adjustment clause and do not include demand costs as well as transmission costs. That is these are energy only rates.

Our power supply contract with BPA runs through 2027. BPA is in the process of developing new twenty-year contracts with the tiered structure. We will update this contract and rate information in future filings.

If you have any questions regarding this information, please contact me at your convenience at Harney Electric Cooperative, Inc.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Flippence". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Fred Flippence
General Manager