



Oregon

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December 17, 2019



BY EMAIL

Portland General Electric Company

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RE: Advice No. 19-23

At the public meeting on December 17, 2019, the Commission adopted Staff's recommendation in this matter docketed as ADV 1041. The Staff Report and a receipted copy of the sheets in your advice filing are attached.

Nolan Moser

Chief Administrative Law Judge

Public Utility Commission of Oregon

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**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 17, 2019**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 1, 2020

DATE: December 6, 2019

TO: Public Utility Commission

FROM: Matt Muldoon

THROUGH: Michael Dougherty and John Crider **SIGNED**

SUBJECT: PORTLAND GENERAL ELECTRIC:
(Docket No. ADV 1041 / Advice No. 19-23)
Update Schedule 102 – Regional Power Act Exchange Credit.

STAFF RECOMMENDATION:

Staff recommends the Commission approve Portland General Electric's (PGE or Company) application for update of the Company's tariff Schedule 102¹ to reflect pass through to PGE customers of monetary benefits received from the Bonneville Power Administration (BPA) under the Residential Exchange Program (ResX or REP). This would capture two amounts: a \$58.9 million primary benefit, plus an additional \$2.4 million from PGE's Residential Exchange balancing account to be fully amortized by December 2020. The captured amounts are subject to the following condition:

Condition 1: Reservation of Judgment

The Commission will reserve judgment for ratemaking purposes of any lagged impact of asset reclassification as described in UM 2031 in conjunction with any associated declaratory ruling or subsequent general rate case before the Federal Energy Regulatory Commission (FERC), until such impacts are timely.

Further, Staff recommends that Schedule 102 become a single rate applicable to all kWh for all applicable schedules, removing energy blocks for residential customers, as filed.

¹ Provided herein as Attachment A.

DISCUSSION:

Issue

Whether the Commission should authorize the thirteenth Revision of Schedule 102-1 to become effective January 1, 2020.

Applicable Law

Under ORS 757.205, a utility must timely file with the Commission Schedules to be revised. ORS 757.210 allows the Commission to hold hearing to determine that such rates filed are fair, just and reasonable. The Commission is also thus given opportunity to consider the efficiencies, costs and reliability impacts of proposed changes.

Further, OAR 860-022-0025 requires that the Company's filing establish the reasons or grounds relied on in support of the proposed change. OAR 860-22-0030 also requires that the Company meet certain requirements in filing,

PGE's Application

The Company asks to publish this update of Schedule 102 to reflect the BPA Final Record of Decision in BP-20, Power and Transmission Rate Proceeding dated July 2019. Therein the amount of benefits dropped from current authorized levels by about \$8 million to \$58.9 million. After PGE adds an additional \$2.4 million from PGE's Residential Exchange balancing account, customers still see an increase of \$7.2 million annually. A typical Schedule 7 Residential Customer consuming 800 kWh monthly will see a bill increase of about \$1.28 or 1.2 percent.

Schedule 102 Pricing	
	<u>2020</u>
Annual Benefits	(\$58,927,000)
Amortization of Balancing Account	(\$2,400,000)
Total Benefits	(\$61,327,000)
2020 RPA Eligible Loads	7,989,693
Schedule 102 Price (mills/kWh)	(7.68)

The Company would move from two levels of residential rates to a single credit inclusive of interest applicable to all applicable schedules of 0.768 cents per kWh.² This is the second step in a two year transition to value all kWh at the same price.

² This calculation is drawn from PGE's response to Staff IR 4 Attachment A, "Pricing" tab.

Analysis

Staff finds that the simplification to a common credit for all schedules is consistent with energy efficiency goals referenced in ORS 757.210(2)(b)(A) because the ResX effect has a two-year lag between inputs and effect. That lag impeded any price signal intended by the prior two tiers of residential ResX rates. The simplification to a single common credit for all schedules should have no impact on energy efficiency.

Staff's finding is consistent with PGE's opening testimony in UE 335, which proposed a removal of the block prices associated with Schedule 102. As part of the rate case settlement, PGE's filing was adopted in OPUC Order No. 18-464 regarding Schedule 102.

Lagged Nature of ResX Benefits to PGE Customers

Per BPA's 2008 Average System Cost (ASC) Methodology, PGE's ASC calculation for REP benefits uses historical data from the FERC Form 1 which establishes a base year from which to forecast PGE's ASC into the future. The forecasted ASC is then used to help establish PGE's share of BPA's rate period REP benefits. PGE will use its 2019 FERC Form as the base year for which to forecast its ASC for BPA's fiscal year 2022-2023 rate period.

The lagged nature of the 'base' year data for ASC and the crediting of customers' electricity bills are so distant from each other that using the prices set for Schedule 102 to incent energy efficiencies is not effective in sending a realistic price signal to customers. The current rate structure for residential Schedule 7 customers still maintains an effective price signal via the energy block pricing which is updated on an annual basis to signal to customers what the marginal cost of energy is. The timing and consistent updates of the energy block pricing provide customers a more accurate price for which to incent energy efficiency actions as intended by ORS 757.210 (2)(b)(A).

Energy Efficiency

Prior to 2011, Schedule 102 had no block pricing structure for Schedule 7 customers. Since then, PGE has been working to simplify rate schedules, including Schedule 7 customer pricing. The proposed change to Schedule 102 helps to simplify without loss of signaling strength. The removal of the block pricing allows for a more transparent rate credit that also follows the Bonbright principle of providing customers rate stability and predictability. Energy efficiency customer price incentives are maintained in Schedule 7 through the energy block prices.

Fairness

PGE applies BPA's Customer Load Eligibility Guidelines (CLEG) to evaluate all customers and whether or not they meet the customer/load requirements for ResX benefits that are passed through Schedule 102. Examples of commercial accounts that qualify for the Schedule 102 credit are a nursing home/long-term care facility where businesses have clients with long-term permanent residency, or a farm and/or irrigation

load. The single treatment for all impacted customers is consistent with the CLEG guidance, which looks for fair and equitable treatment for eligible program participants.³

To the extent that a customer meets the definitions and requirements of BPA's CLEG for ResX benefits (residential, farm, or irrigation load use) and also qualify for direct access, those customers are eligible for the Schedule 102 credit.

Consistency with Commission and BPA Guidance

Proposed changes to Schedule 102 are consistent with the provisions of the Residential Exchange Program Settlement Implementation Agreement (REPSIA) Contract No. 11 PB-12467. The Commission authorized PGE to execute the REPSIA in Order No. 11-114. In Commission Order No. 19-020, the Commission denied PGE's request for deferral of the RPA credit interpreting that a deferral is not necessary because of the statutory authority already provided and a balancing account already in place.

Conclusion

Publication of Schedule 102 properly reflects the flow of available BPA ResX benefits to PGE customers directly and from a balancing account. This action is consistent with applicable Oregon revised statutes and administrative rules. Further, the Company is following Commission direction in pertinent orders.

Removal of the current two tiers of benefits for residential customers will result in no loss of energy efficiency. The complexity and lagged mechanisms in the ResX program do not make for an effective efficiency signal for residential customers. Residential Schedule 7 provides a better platform to signal the need for energy efficiency.

Finally, the aforementioned lag in ResX inputs means that the impacts of reclassification of certain PGE grid assets from distribution to transmission as authorized by Commission Order No. 19-400 in Docket No. UM 2031 will not be realized within calendar year 2020.

PGE has reviewed and agrees with the content of this memo.

PROPOSED COMMISSION MOTION:

Authorize PGE to file the updated Schedule 102 as requested.

³ BPA's Customer Load Eligibility Guidelines were provided as ADV 1041 Response to OPUC IR 006 Attachment 006-A, and reproduced herein as Attachment A for your convenience.

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Attachments:

Attachment A – Proposed 13th Revised Schedule 102-1

Attachment B – BPA ResX Customer Load Eligibility Guidelines

PGE – ResX ADV 1041 – Advice 19-23

Portland General Electric Company
P.U.C. Oregon No. E-18

Thirteenth Revision of Sheet No. 102-1
Canceling Twelfth Revision of Sheet No. 102-1

SCHEDULE 102
REGIONAL POWER ACT EXCHANGE* CREDIT

PURPOSE

Each Customer's bill rendered under schedules providing Residential Service, Farm Service and Nonresidential Farm Irrigation and Drainage Pumping Service will include the Regional Power Act Exchange Credit applied to each kWh sold when the Customer qualifies for the adjustment according to the definitions and limitations set forth in this schedule. Where Customers are served by Electricity Service Suppliers (ESSs), the ESS will agree to pass through the credit to the Customer.

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Direct Access Service, Emergency Default Service, Standard Service and Residential Service where the Customer meets the definition of Residential Service, Farm Service or Farm Irrigation and Drainage Pumping Service as specified in this schedule. Consistent with the requirements of the Bonneville Power Administration (BPA), if, in the course of doing business, a utility discovers that one of its existing Customers is growing Cannabis using power provided by the utility, such customer is not eligible for the Regional Power Act Exchange Credit under this Schedule.

REGIONAL POWER ACT EXCHANGE CREDIT

The credit will be the value of power and other benefits inclusive provided in accordance with the terms of the Settlement Agreement between the Company and the BPA

The credit inclusive of interest is:

All schedules (0.768) ¢ per kWh

(R) | (C)
(C)

RESIDENTIAL SERVICE

Residential Service means Electricity Service provided for residential purposes including service to master-metered apartments, apartment utility rooms, common areas, and other residential uses.

* Short title for "Pacific Northwest Electric Power Planning and Conservation Act".

**CUSTOMER LOAD
ELIGIBILITY GUIDELINES**

**For the Residential Exchange Program's
Residential Purchase and Sale Agreements and
Residential Exchange Program Settlement Implementation Agreements**

MAY 2019



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CUSTOMER LOAD ELIGIBILITY GUIDELINES

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CUSTOMER LOAD ELIGIBILITY GUIDELINES

1. INTRODUCTION

In 1980, Congress enacted the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). The Northwest Power Act established the Residential Exchange Program (REP) to address wholesale rate disparity between the region's investor-owned utilities (IOUs) and consumer-owned utilities (COUs). The Northwest Power Act authorizes Northwest utilities to exchange their generally higher-cost power for an equivalent amount of Bonneville Power Administration's (BPA) lower-cost power. Under the REP, no actual power is exchanged; instead, BPA makes cash payments to the participating ("exchanging") utilities based on the difference between their respective average system costs (ASC) and BPA's power rate for the exchange, referred to as the PF Exchange rate. The difference between a utility's ASC and BPA's PF Exchange rate is multiplied by the utility's residential and farm load to determine the utility's individual REP payments.

By law, the payments provided under the REP must be "passed through directly" to the utility's "residential loads" as that term is defined by the Northwest Power Act. Section 3(18) of the Northwest Power Act defines "residential use" or "residential load" as "all usual residential, apartment, seasonal dwelling and farm electrical loads or uses, but only the first four hundred horsepower during any monthly billing period of farm irrigation and pumping for any farm." 16 U.S.C. § 839a(18).

BPA has prepared these Customer Load Eligibility Guidelines ("CLEG" or "Guidelines") to provide additional guidance to exchanging utilities in determining whether residential, farm, and irrigation loads are eligible for REP benefits under the Northwest Power Act. These Guidelines are intended to provide clarification to the definitions provided in the Act and to facilitate more accurate and consistent determinations by utilities participating in the REP. They are intended as guidelines only and do not address every situation.

These Guidelines supersede and replace, in their entirety, all previously issued load eligibility guidelines, including the three versions of Customer Load Eligibility Guidelines dated November 2009, February 2010, and June 2013, as well as all benefit eligibility determination letters made prior to June 2013. These Guidelines do not establish any BPA policy or decision and may be modified as necessary.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

2. OVERVIEW OF GUIDELINES

2.1. Statutory Overview.

Section 3(18) of the Northwest Power Act defines “residential use” or “residential load” as “all usual residential, apartment, seasonal dwelling and farm electrical loads or uses, but only the first four hundred horsepower during any monthly billing period of farm irrigation and pumping for any farm.” 16 U.S.C. § 839a(18). The adjective “usual” is considered as “commonly or ordinarily used” or “found in ordinary practice or the ordinary course of events,” for purposes of these Guidelines.

Only loads within the “Pacific Northwest” or the “Region,” as defined in the Northwest Power Act, are eligible for REP benefits. 16 U.S.C. § 839a(14). In developing these Guidelines, BPA has distinguished three general classes of service eligible for benefits:

- Residential (non-farm)
- Farm
- Irrigation/Pumping

The definitions associated with these classes of service are used as guidelines in making eligibility determinations.

2.2. Qualifying Exchange Loads Eligible for Benefits.

Exhibit A of an exchanging utility’s REPSIA or RPSA defines Qualifying Residential and Small Farm Load as the sum of the utility’s loads within the Region eligible for REP benefits under the utility’s specified tariff schedules, in accordance with the se load eligibility guidelines, and as adjusted for distribution losses as determined pursuant to the 2008 ASC Methodology (“ASCM”), as it may be revised, supplemented, or superseded.¹ For purposes of these Guidelines, utilities’ Qualifying Residential and Small Farm Loads are called “Qualifying Exchange Load.”

If BPA determines that a customer account of a participating utility is being paid REP benefits for other than Qualifying Exchange Load, such load shall be excluded from the utility’s eligible load for REP benefit calculation purposes, and the utility may be required to reimburse BPA for the benefits received for ineligible loads.

¹ The REPSIA and the RPSA use the term “Small Farm.” However, the Act does not prescribe this distinction; it uses only the term “Farm.” BPA Staff has adopted the Act’s terminology and uses the term “Farm” for these Guidelines.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

2.3. Responsibilities of Exchanging Utilities and Benefit Recipients.

Each exchanging utility has the responsibility to review, on a periodic basis, existing accounts receiving REP benefits and make inquiries as needed to affirm the continued eligibility of such accounts. Utilities are strongly encouraged to consult with BPA Staff for guidance on eligibility determinations. Ultimately, BPA has the right to review and approve all final eligibility determinations in consultation with the utility, using the provisions of the Northwest Power Act, these Guidelines, and the specific facts of each case, as may be needed in order to make an informed final determination. As provided under the REP Settlement Implementation Agreements (REPSIA) and the Residential Purchase and Sale Agreements (RPSA), BPA may review utilities' records, accounts and related documents pertaining to the REP, as needed.

Each utility must monitor its irrigation and pumping load accounts to ensure that the 222,000 kWh/month threshold is not exceeded, and utilities must ensure the proper distribution of REP benefits. BPA strongly encourages each utility to exercise due diligence in a continuing review and evaluation of all customer loads receiving REP benefits.

In addition, it is the responsibility of the account holder to notify the utility of any change in the status/use of electric service and eligibility for REP benefits. Accordingly, it is the responsibility of the utility to update the eligibility of loads receiving REP benefits.

3. RESIDENTIAL (NON-FARM)

3.1. Definition of Residence.

A "residence" is a structure used by one or more persons for daily living and associated activities. A residence is eligible for REP benefits as long as its purpose is to provide shelter on a non-transient (greater than 30 days) basis.

3.2. Mixed Residential and Commercial Uses (50% Rule).

Load related to commercial enterprises metered through a bona fide residence is eligible for REP benefits as long as the commercial activity consumes less than 50 percent of the total load (50% Rule) and is not separately metered, (*i.e.*, home offices for private businesses, art studios, in-house daycares, etc).

3.3. Examples of Eligible Residential Loads or Uses.

Residential loads or uses that qualify for benefits include single and multi-family dwellings, nursing and group homes, and seasonal dwellings (beach houses, mountain cabins, condominiums, and motor homes/recreational vehicles) used as permanent or seasonal residences in fixed locations but excludes time-share units.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

Facilities associated with residential daily life are also eligible for REP benefits. These include swimming pools, hot tubs, tool or equipment sheds, security, parking and outdoor area lighting, laundry rooms, recreation rooms and storage areas.

3.4. Examples of Ineligible Residential Loads or Uses.

Transient dwellings for stays that are, on average, 30 days or less, including hotels, motels, campsites, and motor homes/recreational vehicles (RV) used other than as permanent or seasonal residences in fixed locations, do not qualify for REP benefits.

Additional examples of eligible and ineligible residential loads are discussed in Section 7 of these Guidelines.

4. FARM

4.1. Definition of Farm.

A “farm” consists of one or more parcels of land owned or leased by one or more persons or entities (including partnerships, corporations, or other legal entities capable of owning farm land except the “government” as defined in these Guidelines²) that is used primarily for agriculture. The following definitions are included to assist with farm eligibility determinations:

- a) “Agriculture” includes the science or art of cultivating soil, growing and harvesting crops, and raising livestock.
- b) “Livestock” are animals and fowl that are kept for profit or pleasure.
- c) “Pasture” is vegetation grown for the feeding of grazing animals and fowl.

5. FARM LOADS

Electric loads and irrigation/pumping loads are both allowed, with certain exceptions, to receive REP benefits.

5.1. General Farm Use.

Electric loads associated with general use on the farm (*i.e.*, heating, cooling, storage of product(s) and equipment, and outdoor area lighting) are eligible for REP benefits.

² For the purposes of these Guidelines, “government” includes federal, state, tribal, and local agencies.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

Small pumps located on farms that have constant rather than seasonal loads are usually classified as general farm loads and not irrigation loads, and are eligible for REP benefits.

5.2. Incidental and Commercial Processing Loads Associated with a Farm.

5.2.1. Incidental Processing Loads Eligible for REP Benefits.

Electric loads associated with “incidental processing” of the product(s) of the farming operations are eligible for REP benefits subject to certain limitations described in Section 5.2.3. “Incidental processing” on a farm (whether agricultural or livestock) includes necessary or usual and customary processing of products in preparation for market, such as washing, sorting, grading, packaging, cleaning, drying, and storage of products. The products must have originated from that farm and generally remain in their “original state.”

5.2.2. Commercial Processing Loads Ineligible for REP Benefits.

Except as described in Section 5.2.3 below, commercial processing is not eligible for REP benefits. “Commercial processing” on the farm (whether agricultural or livestock) includes the processing of a product which significantly transforms the product to other than its original state.³ “Commercial processing” also includes any processing of agricultural products or livestock from another entity.

5.2.3. Mixed-Use Incidental and/or Irrigation/Pumping, and Commercial Processing Loads on a Single Meter (50% Rule).

Commercial processing of products grown or raised on a farm may be eligible for REP benefits in certain instances. If the general farm use, irrigation/pumping, and/or incidental processing shares a single meter with commercial processing (mixed-use meter), commercial processing will be allowed, provided the total amount of load attributable to the commercial processing does not exceed 50 percent of the total load per calendar year on that mixed-use meter, (50% Rule). If the load attributable to commercial processing exceeds the 50 percent threshold, or if a reasonable determination cannot establish what portion of the mixed-use load is commercial, all of the load on the mixed-use meter will be deemed ineligible to receive benefits. For farms with more than one mixed-use meter, each meter will be treated independently; that is, the 50% Rule criterion will be applied separately to each mixed-use meter and not in aggregate for the entire farm.

³ Examples of processing that “significantly transforms” the product include processing whole fruit into jam, milk into ice cream or cheese, hops into beer, or grapes into wine. Eligibility determinations are performed on a case-by-case basis.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

If a mixed-use meter includes irrigation/pumping load, that mixed-use load should be included as part of the total meter load that is eligible for REP benefits. Additionally, the irrigation or pumping load must be added to any other irrigation/pumping load for the purposes of calculating the irrigation/pumping load attributable toward the 222,000 kWh/month (400 HP) Irrigation/Pumping Load Cap.

If the total load as measured on a mixed-use meter meets or exceeds 100,000 kWh/year, an "REP Certification" form must be completed for the account to be eligible for REP benefits. See Section 6.4, *Mandatory REP Certifications for Large Loads on Mixed-Use Meters (50% Rule)*, for additional details. If the account holder does not wish to provide and attest to the information necessary for the REP Certification, all of the load on the mixed-use meter that includes commercial processing will be deemed ineligible to receive REP benefits.

5.2.4. Incidental and/or Commercial Processing of Products Consumed or Used Entirely on Farms Eligible for REP Benefits.

Incidental and/or commercial processing is eligible for REP benefits without restriction if the processed product is grown on the farm and consumed or used entirely on the farm.⁴

5.3. Examples of Eligible Farm Loads or Uses.

Examples of the types of farms that are eligible for REP benefits include dairies, egg farms, tree farms (non-governmental operated), wholesale nurseries (nursery stock, not retail), and crops.

Examples of the types of uses that are eligible for REP benefits include all electric loads associated with general use on the farm such as heating, cooling, and storage of product(s), and outdoor area lighting.

Examples of incidental processing that are eligible for REP benefits include washing, sorting, grading, packaging, and drying of products, or milking cows.

⁴ For example, if an alfalfa farm processes its alfalfa into pellets, and the pellets are fed to the farm's livestock, the load attributable to the processing of the pellets is considered eligible load, without restriction.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

5.4. Examples of Ineligible Farms.

Granaries (where the agricultural product is *not* grown on site), and establishments such as golf courses and breweries, are not eligible for REP benefits.

Farms growing any type of agricultural crop not recognized as “legal” by the federal government (including marijuana⁵) are not eligible for REP benefits.

Additional examples of eligible and ineligible farm loads are discussed in Section 7 of these Guidelines.

5.5. Irrigation and Pumping Loads.

5.5.1. Definition of Irrigation and Pumping Load.

Under the Northwest Power Act, any farm may receive REP benefits for up to a maximum of 400 horsepower (HP)/month (222,000 kWh/month) of qualified irrigation/pumping load (the “REP Benefits Qualified Irrigation/Pumping Load Cap” or “Irrigation/Pumping Load Cap”).

The following definitions are included to assist with irrigation and pumping eligibility determinations.

- a) “Irrigation” is the process of supplying agricultural land with water by means of ditches, pipes, or streams.
- b) Agricultural “pumping” involves the transport or draining of surface or groundwater for agricultural purposes.

5.6. Clarification of the Irrigation/Pumping Load Cap.

The Irrigation/Pumping Load Cap for each billing period shall not exceed 400 HP/month (222,000 kWh/month).

The irrigation/pumping load subject to the Irrigation/Pumping Load Cap includes any irrigation load consumed by the specific farm, including any load allocated from common irrigation/pumping installations or single meters as noted in Sections 5.2.3 and 5.7.2.

⁵ The Agriculture Improvement Act of 2018 legalized industrial hemp. As such, farms that produce “hemp” (as defined by federal law) are eligible to receive REP benefits. Farms that produce marijuana (as defined by federal law) are not eligible for REP benefits.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

5.7. Irrigation Pumping Load and Multiple Farms.

5.7.1. Definitions.

The following definitions are included to assist with ownership and control determinations:

“Ownership” includes holding title to land in fee simple, or by virtue of a leasehold interest which includes the right to farm the leased land and receive the benefits from such activities. If the same person or entity owns or leases more than one parcel that is served by the same REP-participating utility, or within that utility’s service territory, as applicable, the parcels, collectively, are considered a single farm for purposes of the Irrigation/Pumping Load Cap. Concealing common fee simple ownership or leasehold interest for the purposes of circumventing REP benefit eligibility limitations for irrigation/pumping loads is not permitted. Tax identification numbers may be reviewed in determining eligibility.

“Control” pertains to a number of activities. The person or entity who is the decision-maker and financially responsible for the costs and entitled to the benefits associated with the farm’s operations is generally deemed to possess control. Similarly, the person or entity with decision-making authority to hire or fire farm management is also deemed to possess control. A manager who is responsible for a farm’s day-to-day operations does not necessarily possess control.

5.7.2. Common Irrigation and Pumping Installations.

When more than one farm is supplied from a common pumping installation that is served by the REP-participating utility, the pumping load from the common irrigation and pumping installation will be allocated among the farms based on the method that the farms use to allocate the power costs among themselves (*e.g.*, water shares, acreage). The utility will pay the farm REP benefits based on the pro rata pumping load allocated to the farm, subject to the REP Benefits Qualified Irrigation/Pumping Load Cap.

The REP Benefits Qualified Irrigation/Pumping Load Cap shall not exceed 222,000 kWh/month and is calculated by adding the allocated load from the common installation to any other individual or common irrigation and pumping loads attributed to the farm that is served by the same utility or within the same utility service territory, as applicable. Because of the load limitation, it is necessary for the utility to identify farms with common ownership to determine whether the combined farming operation exceeds, in aggregate, the 222,000 kWh/month limitation.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

5.7.3. Direct or Indirect Ownership of Two or More Parcels of Land.

Two or more parcels of farm land under the same direct or indirect ownership and/or control, whether in fee simple or a leasehold interest, located within a utility's service territory, will be treated collectively as a single farm, unless demonstrated otherwise by the owner or lessee to the satisfaction of BPA. In order for two or more parcels to constitute separate farms, the parcels must have unaffiliated ownership and control (direct and indirect), must maintain separate financial statements, accounting records, and tax returns, and must not share any equipment or labor with the other parcel.

5.7.4. Subdividing or Reorganizing Farms.

Subdividing or reorganizing a farm that continues to have the same direct or indirect ownership and/or control will not increase the Irrigation/Pumping Load Cap. For example, changes in ownership by lease, sale, trust, or gift to family members, partnerships, corporations, or similar entities to mask ownership will not increase the Irrigation/Pumping Load Cap. If an existing farm entity acquires a parcel of land which was previously held under an unaffiliated ownership, that parcel will be consolidated with the other parcels held by the acquiring entity for the purposes of calculating the Irrigation/Pumping Load Cap.

5.7.5. Unused Balance Under Irrigation/Pumping Load Cap.

Any unused monthly balance of the Irrigation/Pumping Load Cap may not be reallocated to other farms or applied to another billing period.

6. REP CERTIFICATIONS

6.1. REP Certifications.

Utilities are encouraged to use questionnaires ("REP Certifications") to determine load eligibility at the customer level specifically for loads measured at 100,000 kWh/year and greater, and irrigation/pumping loads measured at 250,000 kWh/year and greater. Utilities may develop their own questionnaires or use BPA's sample REP Certifications posted on its website. A completed questionnaire, however, is only required in the case where the load on a mixed-use meter exceeds 100,000 kWh/year. See Section 5.2.3.

6.2. Method for Obtaining REP Certifications.

At the election of the utility, REP Certifications may be completed and signed by the account owner or by the utility's staff on behalf of the account owner in conjunction with a telephone conference in which the account owner verbally provides the required

CUSTOMER LOAD ELIGIBILITY GUIDELINES

information, or a site visit where the utility's representative is able to make an eligibility determination based on the site. In either case, the account owner must attest to the

truth and accuracy of the information provided or submitted on the form, which is then used to make a load eligibility determination.

The REP Certification, and any follow-up review and inquiry, may require providing additional information and/or documentation concerning changes in load, end-use of electricity, farming operations, processing (incidental or commercial), and irrigation, including horsepower ratings.

6.3. Optional REP Certifications for Large Loads with Single Use Meter(s).

Utilities are encouraged, but not required, to obtain REP Certifications from recipients of REP benefits with residential or farm electrical load at or above 100,000 kWh/year (with the exception of mixed-use meters, *see* Section 5.2.3), and irrigation/pumping load at or above 250,000 kWh/year. In the event BPA confirms an ineligible load during its review and the utility has timely exercised due diligence and obtained an REP Certification, the customer will need to be removed prospectively from the REP rate schedule and will no longer receive benefits (until such time as it can show its eligibility), but the utility will not be required to repay the REP benefits to BPA. However, if the utility has not exercised due diligence and obtained an REP Certification, the utility may be required to reimburse BPA for the benefits paid to ineligible loads. It will be at the discretion of the utility whether or not to require its customer to repay ineligible benefits received.

6.4. Mandatory REP Certifications for Large Loads on Mixed-Use Meters (50% Rule).

As described in Section 5.2.3, *Mixed-Use Incidental and/or Irrigation/Pumping, and Commercial Processing Loads on a Single Meter (50% Rule)*, if the farming and/or incidental processing and/or irrigation/pumping and the commercial processing share a mixed-use meter, all of the load on that meter will be eligible for REP benefits provided the total amount of load attributable to the commercial processing does not exceed 50 percent of the total load per calendar year (50% Rule). For farms with more than one mixed-use meter, each meter will be treated independently; that is, the 50% Rule criterion will be applied separately to each meter and not in aggregate for the entire farm.

Account owners of mixed-use meters with loads at or above 100,000 kWh/year will be required to complete an REP Certification form at least once every ten years, or such other frequency as may be determined by the utility or BPA. The REP Certifications must be completed and attested to in accordance with Sections 6.1 and 6.2 above. If the account owner does not wish to attest to or submit a signed REP Certification, or if a

CUSTOMER LOAD ELIGIBILITY GUIDELINES

reasonable determination cannot establish what portion of the mixed-use load is commercial, all of the load on the mixed-use meter will be deemed ineligible to receive REP benefits.

7. LOAD DESCRIPTIONS

7.1. Load Descriptions of Eligible/Ineligible Residential and Farm Exchange Loads

The following tables provide descriptions and examples of eligible/ineligible status and are intended as guidelines only. BPA has the right to revise and update the descriptions and examples as appropriate and/or at the request of a utility.

CUSTOMER LOAD ELIGIBILITY GUIDELINES

Table 1: Residential Loads

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
1	Residence	X		Provides shelter on a non-transient basis (greater than 30 days)
2	Mixed Residential and Commercial Uses (50% Rule)	X		Commercial activity in the residence must account for less than 50 percent of total load if not separately metered (<i>i.e.</i> , sharing a single meter) See Section 3.2
3	Seasonal Residence	X		Used as permanent residence or seasonal individually-owned private vacation home in a fixed location
4	Transient Dwelling		X	Includes commercial properties such as hotels, motels, campsites, and motor home and recreational vehicle parks which have an average stay of 30 days or less
5	Common Area Facilities associated with Permanent Residential Dwelling	X		Includes swimming pools, hot tubs, tool or equipment sheds, security, parking and outdoor area lighting, laundry rooms, recreation rooms and storage areas of a single or multi-family (apartment or condo) residence Does not include street lighting (See treatment of Street Lighting, Table 1, No. 16)

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No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
6	Apartment Complex	X		Includes swimming pools, laundry rooms, recreation centers, recreation rooms, and equipment sheds and common area lighting (See treatment of Common Area Lighting, Table 1, No. 9)
7	Church or Other Religious Order Official Residential Housing	X		Housing for official representatives of a church or other religious order that is separately metered from the religious establishment Does not include the religious establishment places of worship (See treatment of Churches, Temples, Synagogues, and Other Places of Worship, Table 3, No. 43)
		X		For loads on a single meter, the customer on the electric bill must be able to validate that greater than 50 percent of the load is used for residential use on a non-transient basis See treatment of Mixed Residential and Commercial Uses, Table 1, No. 2
8	College Campus Dormitories, Fraternity and Sorority Housing	X		In the case of fraternity and sorority housing or college campus dormitories where residents are not named on the electric bill, the residential load may be eligible to receive REP benefits so long as the benefits are passed through to the residents in some manner (directly or as an offset to housing costs)
9	Common Area Lighting (Residential and Farm)	X		Residential outdoor area lighting, including private residences and private residential driveways
		X		Common area lighting of apartment complexes and HOAs include: parking lots, outdoor recreational facilities (basketball & tennis courts, outdoor swimming pools)
		X		Farm area lighting includes: barn yards, storage, driveways, yards and lots, etc.

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No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
10	Home Owners Association (HOA)	X		Includes common area loads associated with swimming pools, saunas, laundry facilities, recreational outdoor area lighting (see treatment of Common Area Lighting, Table 1, No. 9), clubhouses, etc.
			X	The business offices of homeowner associations that are separately metered or located outside of the homeowner association property boundaries
			X	Street lighting See treatment of Street Lighting, Table 1, No. 16
11	HUD (Department of Housing and Urban Development) including State and Local Housing Authorities	X		The non-transient residential load associated with a HUD or other housing authority residential housing development is eligible to receive REP benefits regardless of whether the residents are named on the electricity bill so long as the benefits are passed through in some manner (directly or as an offset to the housing costs) to the resident consumers/housing authority recipients
			X	Housing authority and HUD offices are not eligible for REP benefits
12	Military Housing and Dormitories	X		In the case of military housing and dormitories where residents are not named on the electric bill, the non-transient residential load may be eligible to receive REP benefits so long as the benefits are passed through in some manner (directly or as an offset to the housing costs) to the residents
13	Multiple-Unit Residential Dwelling	X		Residential loads from multiple housing units on a single meter
14	Nursing Homes	X		Facilities, including assisted living, skilled nursing, and rehabilitation facilities located on site that are directly associated with the nursing home, where the average length of stay is 30 days or longer

CUSTOMER LOAD ELIGIBILITY GUIDELINES

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
15	Repossessed Residential Dwelling	X		Unless otherwise considered ineligible for REP benefits, such residences continue to be eligible for REP benefits during the period of repossession (regardless of the type of repossessing entity—bank, insurance company, corporation, partnership, individual, etc.) as long as the repossession is considered temporary
16	Street Lighting		X	Lighting infrastructures for the purpose of illuminating a public street or roadway; including, street lighting for a Home Owners Association (HOA), apartment, or other multiple-unit residential dwelling
17	RV, Trailer Parks or Mobile Homes	X		So long as residence is used on a non-transient basis (for more than 30 days)
			X	RV parks that house motor homes or recreational vehicles used other than as permanent or seasonal residences in fixed locations for stays of, on average, 30 days or less

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Table 2: Farm and Irrigation Loads

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
18	Incidental Processing	X		Preparation of products for market such as washing, sorting, grading, packaging, cleaning, drying, and storage Product must originate from farm and remain in "original state"
19	Commercial Processing		X	The processing of a product which significantly transforms the product to other than its original state or processing of a product from another entity <i>See Section 5.2.2</i>
20	Mixed Use Incidental and/or Irrigation/Pumping, and Commercial Processing on a Single Meter (50% Rule)	X		If commercial processing accounts for less than 50 percent of the total load per calendar year Farms with more than one mixed-use meter will have the 50 percent guideline applied to each individual meter Total irrigation/pumping load of all meters combined may not exceed 220,000 kWh/month <i>See Section 5.2.3</i>
21	Incidental and/or Commercial Processing of Products Consumed or Used on Farms	X		If the processed product is grown on the farm and consumed or used entirely on the farm

CUSTOMER LOAD ELIGIBILITY GUIDELINES

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
22	Irrigation/Pumping Load (Limited to the 400 HP/month Irrigation/Pumping Load Cap)	X		<p>Each farm owner's qualified irrigation/pumping load(s), in aggregate, is eligible to receive REP benefits up to the Irrigation/Pumping Load Cap of 400 HP/month (222,000 kWh/month)</p> <p>Multiple farms belonging to a single owner in a utility's service territory will be considered a single farm account for purposes of the Irrigation/Pumping Load Cap</p> <p>Multiple farm owners served from a common pumping installation must allocate the irrigation/pumping load based on the method applied to allocate power costs, and all owners are individually subject to the Irrigation/Pumping Load Cap</p> <p><i>See Section 5.7</i></p>
23	Agricultural Research Stations		X	Serves the purpose of scientific studies of crops; does not meet the definition of a farm for REP benefits
24	Charity-Owned Welfare Farms	X		If the farm is operated independently by a farmer-lessee for profit and the profits and losses rest with the farm

CUSTOMER LOAD ELIGIBILITY GUIDELINES

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
25	Common Pumping Installations (Limited to the 400 HP/month Irrigation/Pumping Load Cap)	X		<p>Load from publicly or privately owned installations used to irrigate/pump on individual participating farms</p> <p>Irrigation/pumping load used must be allocated based on the method applied to allocate power costs</p> <p>REP benefit eligibility is limited to the Irrigation/Pumping Load Cap of 400 HP/month (222,000 kWh/month) per participating farm owner</p> <p>See Section 5.7.2</p>
			X	<p>Load from publicly or privately owned installations used to irrigate fields/land parcels for non-farming operations (<i>i.e.</i>, golf courses, football fields, etc.)</p>
26	Culinary Water Pumping Loads (Individual and Shared Pumps)	X		<p>Residential or residential farm load used for normal household purposes such as cooking, cleaning, water for heating, and lawn and yard watering</p> <p>Load used by two or more residential customers and a commercial enterprise on a common meter, provided the commercial enterprise consumes less than 50 percent of the load on the common meter</p>
			X	<p>Load from publicly or privately owned installations used solely by a commercial operation</p>
			X	<p>An operation run by federal, state, or local government, or a water utility company</p>
27	Farm Cooperatives	X		<p>If operated as described in Section 5, Farm Loads</p>
28	Farming Operations and Equipment Storage	X		<p>If the farm (whether agricultural or livestock) stores its products and farming equipment at the same location where the products are grown or raised</p> <p>See Section 5.1</p>

CUSTOMER LOAD ELIGIBILITY GUIDELINES

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
29	Fish Farms and Hatcheries	X		Private fish farms and hatcheries that raise crops (<i>e.g.</i> , fish, eggs, and smolt) for sale
			X	Fish farms and hatcheries that are government-owned or contracted to restock dams, lakes, and rivers for state, tribal, federal, or local governments
30	Government-owned Land	X		If the government-owned land is under lease as a residence or farm to a private entity, where the farmer-lessee is financially responsible for the load, receives the REP benefits, and the government has no operating or controlling interest in the farm
31	Hemp Farms	X		The Agriculture Improvement Act of 2018 legalized industrial hemp (but not marijuana), which meets the definition of agriculture under Farm. See Section 5.4
32	Horse or Cattle Ranches	X		Used to raise horses or cattle
33	Horse Boarding and Equestrian Facilities	X		If owned and used by the same entity, but not used by the public or for the boarding or training of other horses
			X	If the facility is used to board or train horses for profit or pleasure, except if owned and used by the same entity See treatment of Horse or Cattle Ranches, Table 2, No. 32
34	Irrigation/Pumping Districts (Limited to the 400 HP/month Irrigation/Pumping Load Cap)	X		Publicly or privately owned irrigation/pumping districts serving participating farms for irrigation/pumping operations REP benefit eligibility is limited to the Irrigation/Pumping Load Cap of 400 HP/month (222,000 kWh/month) per irrigation district farm owner See Section 5.7.2, and Water Districts, Table 2 No. 41

CUSTOMER LOAD ELIGIBILITY GUIDELINES

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
			X	Publicly or privately owned irrigation/pumping districts serving non-farming irrigation/pumping operations (<i>i.e.</i> , commercial enterprises, etc.)
35	Livestock Hospitals	X		When the facilities are located on the farm to provide veterinary services for the care and well-being of livestock raised on the farm
36	Marijuana Farms, Nurseries, Grow Facilities and Growing Operations (see No. 31 for Hemp Farms)		X	Unless recognized as legal by the federal government, regardless of the legalization status of the state in which they are operated Although, individual states have passed marijuana legalization laws, under federal law, marijuana remains an illegal substance under the Controlled Substance Act
37	Nurseries (Horticultural)	X		Wholesale nurseries , where the primary purpose of the horticultural operation is to grow plants for sale for wholesale distribution
		X		Wholesale/retail nurseries that propagate and grow the plants they sell so long as the retail operations do not exceed 50 percent of the load
			X	Retail nurseries , where the primary business purpose is to market and sell plants from other entities to the general public
38	Pellet Mills	X		On-site facilities that grow and process crops into pellets to be used entirely on the farm or farms with common ownership
			X	Facilities that grow and process crops into pellets to sell commercially

CUSTOMER LOAD ELIGIBILITY GUIDELINES

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
39	Repossessed Farms	X		Unless otherwise considered ineligible for REP benefits, continue to be eligible for REP benefits during the period of repossession (regardless of the type of repossessing entity—bank, insurance company, corporation, partnership, individual, etc.) as long as the repossession is considered temporary
40	Vineyards	X		Meets the definition of agriculture under Farm, provided the commercial processing and retail load is less than 50 percent of the load See treatment of Wineries, Table 3, No. 65
			X	Load for non-incident processing and tasting rooms associated with wineries if metered separately See treatment of Wineries, Table 3, No. 65
41	Water Districts (Limited to the 400 HP/month Irrigation/Pumping Load Cap)	X		Publicly or privately owned water districts, including government-owned water districts wherein the government entity is not the farm owner, serving member farms for irrigation/pumping operations. REP benefit eligibility is limited to the Irrigation/Pumping Load Cap of 400 HP/month (222,000 kWh/month) per irrigation/pumping district farm owner See also Irrigation/Pumping Districts, Table 2, No. 34
			X	Publicly or privately owned water districts serving non-farming operations (<i>i.e.</i> , household activities, commercial enterprises, other non-qualifying loads, etc.)

CUSTOMER LOAD ELIGIBILITY GUIDELINES

Table 3: Other Loads

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
42	Cemeteries		X	Not a Residence or Farm
43	Churches, Temples, Synagogues, and Other Places of Worship		X	Not a Residence or Farm, except space used for non-transient residential use (See treatment of Church of Other Religious Order Official Residential Housing, Table 1, No. 7)
44	Clubs or similar associations		X	Not considered a permanent residence
45	Commercial Enterprises	X		Farm enterprises, as defined in this CLEG See Section 4 and Section 5
		X		If commercial enterprises are metered through a bona fide residence where the commercial activity consumes less than 50 percent of the power and is not separately metered See Section 5.2.3
			X	Not considered a Residence or Farm
46	Customers located outside of the Pacific Northwest Region		X	As defined in the Northwest Power Act
47	Direct Access Loads served by a 3rd party		X	A load receiving power from an entity other than an exchanging utility
48	Dog or Cat Breeders		X	Dogs and cats are neither considered domestic animals nor livestock See treatment of Commercial Enterprises, Table 3, No. 45
49	Fire Stations		X	Not a Residence or Farm
50	Golf Courses		X	Not a Residence or Farm
51	Government Agencies (excluding housing)		X	Not a Residence or Farm
52	Hospitals, Medical/ Dental Clinics		X	Not a Residence or Farm
53	Hotels and Motels		X	Not a Residence or Farm
54	Municipal Corporations		X	Not a Residence or Farm

CUSTOMER LOAD ELIGIBILITY GUIDELINES

No.	Description of Load	REP Benefit Eligibility		Eligibility Explanation
		Eligible	Not Eligible	
55	Native American Tribal Governments	X		The residential load associated with a Tribal housing authority residential housing development is eligible to receive REP benefits regardless of whether the residents are named on the electricity bill so long as the benefits are passed through in some manner (directly or as an offset to the housing costs) to the resident consumers/housing authority residents
			X	Tribal offices, medical clinics, community centers, schools, etc.
56	Parks and Recreation Areas		X	Not a Residence or Farm
57	Police Stations		X	Not a Residence or Farm
58	Prisons/Correctional Facilities		X	Prisons or other correctional facilities are not a usual residential or apartment dwelling
59	Property Development Companies		X	Not a Residence or Farm
60	Recreational Facilities		X	Except as part of Home Owner Associations' or an apartment complexes' residential loads
61	Rehabilitation Facilities and Centers	X		Alcohol or drug treatment centers , if the average length of stay is greater than 30 days Medical Rehabilitation facilities , where the average length of stay is greater than 30 days
			X	Medical rehabilitation centers where the average length of stay is 30 days or less
62	Schools and School Districts		X	School facility for education is not a Residence or Farm
63	Time Shares		X	Shared ownership of all units, not a permanent residence
64	Wildlife Refuges		X	Not a Residence or Farm, except space used for non-transient residential use
65	Wineries	X		Agriculture/farming operations associated with vineyards are eligible if metered separately See treatment of Vineyards, Table 2, No. 40
			X	Where the primary purpose is for the production and tasting of wine

CUSTOMER LOAD ELIGIBILITY GUIDELINES

8. REQUESTS FOR RECONSIDERATION OF DETERMINATIONS

The definitions and examples provided above are for guidance only. A utility or a utility's customer may submit a request to BPA to undertake an eligibility determination of any situation or circumstance. BPA will provide additional assistance and/or clarification in response to the request as appropriate. At BPA's discretion, BPA may issue an Eligibility Determination Letter in which BPA may provide additional guidance and instruction regarding the particular customer or situation. Determinations made in an Eligibility Determination Letter will be binding on the specific utility or customer addressed in such letter. BPA will provide these determinations to the exchanging utilities for clarification and incorporate such determinations in future updates to BPA's Customer Load Eligibility Guidelines.

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**SCHEDULE 102
REGIONAL POWER ACT EXCHANGE* CREDIT**

PURPOSE

Each Customer's bill rendered under schedules providing Residential Service, Farm Service and Nonresidential Farm Irrigation and Drainage Pumping Service will include the Regional Power Act Exchange Credit applied to each kWh sold when the Customer qualifies for the adjustment according to the definitions and limitations set forth in this schedule. Where Customers are served by Electricity Service Suppliers (ESSs), the ESS will agree to pass through the credit to the Customer.

AVAILABLE

In all territory served by the Company.

APPLICABLE

To all bills for Direct Access Service, Emergency Default Service, Standard Service and Residential Service where the Customer meets the definition of Residential Service, Farm Service or Farm Irrigation and Drainage Pumping Service as specified in this schedule. Consistent with the requirements of the Bonneville Power Administration (BPA), if, in the course of doing business, a utility discovers that one of its existing Customers is growing Cannabis using power provided by the utility, such customer is not eligible for the Regional Power Act Exchange Credit under this Schedule.

REGIONAL POWER ACT EXCHANGE CREDIT

The credit will be the value of power and other benefits inclusive provided in accordance with the terms of the Settlement Agreement between the Company and the BPA.

The credit inclusive of interest is:

All schedules (0.768) ¢ per kWh

(C)
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RESIDENTIAL SERVICE

Residential Service means Electricity Service provided for residential purposes including service to master-metered apartments, apartment utility rooms, common areas, and other residential uses.

* Short title for "Pacific Northwest Electric Power Planning and Conservation Act".

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