

NT-0810
NETWORK INTEGRATION RATE
Redline Version

SECTION I. AVAILABILITY

This schedule supersedes Schedule NT-068. It is available to Transmission Customers taking Network Integration Transmission (NT) Service over Federal Columbia River Transmission System Network and Delivery facilities and to Transmission Customers taking Conditional Firm Service. Terms and conditions of service are specified in the Open Access Transmission Tariff. This schedule is available also for transmission service of a similar nature that may be ordered by the Federal Energy Regulatory Commission (FERC) pursuant to sections 211 and 212 of the Federal Power Act (16 U.S.C. §§824j and 824k). Service under this schedule is subject to BPA-TS's General Rate Schedule Provisions (GRSPs).

SECTION II. RATES

The monthly charge will be the sum of A and B.

A. BASE CHARGE

\$1.298 per kilowatt per month

B. LOAD SHAPING CHARGE

\$0.367 per kilowatt per month

SECTION III. BILLING FACTORS

A. BASE CHARGE

- 1.** If no Declared Customer-Served Load (CSL) is specified in the customer's NT Service Agreement, the monthly Billing Factor for the Base Charge specified in section II.A. shall be the customer's Network Load on the hour of the Monthly Transmission Peak Load.

2. If an amount of Declared CSL is specified in the customer's NT Service Agreement, the monthly Billing Factor for the Base Charge specified in section II.A. shall be a. or b:
 - a. For the billing month, if the sum of the Actual CSLs occurring during Heavy Load Hours (HLH) is greater than or equal to 60 percent of the Declared CSL multiplied by the number of HLHs in the billing month, the monthly Billing Factor shall be the customer's Network Load on the hour of the Monthly Transmission Peak Load, less Declared CSL.
 - b. For the billing month, if the sum of the Actual CSLs occurring during HLH is less than 60 percent of the Declared CSL multiplied by the number of HLHs in the billing month, the monthly Billing Factor shall be the customer's Network Load on the hour of the Monthly Transmission Peak Load. The Billing Factor will be reduced by any megawatts charged the NT Unauthorized Increase Charge under section IV.F. for the month.

Where:

“Declared Customer-Served Load (CSL)” is the monthly amount in megawatts of the Transmission Customer's Network Load that the Transmission Customer elects to serve on a firm basis from sources internal to its system or over non-Federal transmission facilities or pursuant to contracts other than the Network Integration Service Agreement. The customer's Declared CSL is contractually specified for each month. Declared Customer-Served Load shall not exceed the annual amounts and shall be limited to the resources and contracts specified in the Service Agreement on October 1, 2005.

“Actual Customer-Served Load (CSL)” is the actual hourly amount in megawatts of the Network Load that the customer serves on a firm basis from sources internal to its system or over non-Federal transmission facilities or pursuant to contracts other than the Network Integration Service Agreement.

B. LOAD SHAPING CHARGE

The monthly Billing Factor for the Load Shaping Charge specified in section II.B. shall be the Network Load on the hour of the Monthly Transmission Peak Load.

SECTION IV. ADJUSTMENTS, CHARGES, AND OTHER RATE PROVISIONS

A. ANCILLARY SERVICES

Customers taking service under this rate schedule are subject to the ACS Scheduling, System Control and Dispatch Service Rate and the Reactive Supply and Voltage Control from Generation Sources Service Rate. Other Ancillary Services that are required to support NT Service are also available under the ACS rate schedule.

B. DELIVERY CHARGE

Customers taking NT Service over Delivery facilities are subject to the Delivery Charge specified in section II.A. of the GRSPs.

C. FAILURE TO COMPLY PENALTY

Customers taking NT Service are subject to the Failure to Comply Penalty specified in section II.B. of the GRSPs.

D. METERING ADJUSTMENT

At those Points of Delivery that do not have meters capable of determining the demand on the hour of the Monthly Transmission Peak Load, the Billing Demand shall be calculated by substituting 1) the sum of the highest hourly demand that occurs during the billing month at all Points of Delivery multiplied by 0.79 for 2) Network Load on the hour of the Monthly Transmission Peak Load.

E. POWER FACTOR PENALTY

Customers taking service under this rate are subject to the Power Factor Penalty Charge specified in section II.C. of the GRSPs.

F. UNAUTHORIZED INCREASE CHARGE

If the Network Customer's Actual CSL is less than its Declared CSL, the Unauthorized Increase Charge specified in section II.G of the GRSPs shall be assessed.

G. DIRECT ASSIGNMENT FACILITIES

BPA-TS shall collect the capital and related costs of a Direct Assignment Facility under the Advance Funding (AF) rate or the Use-of-Facilities (UFT) rate. Other associated costs, including but not limited to operations, maintenance, and general plant costs, also shall be recovered from the Network Customer under an applicable rate schedule.

H. INCREMENTAL COST RATES

Where a Facilities Study or a Network Open Season Cluster Study indicates the need to construct Network Upgrades to accommodate a request for Transmission Service, the Transmission Customer shall be charged the higher of (1) the rate for Long-Term Firm PTP Transmission Service including the annual cost of such Network Upgrades or (2) the Incremental Cost Rate. The firm service reservation(s) giving rise to Incremental Cost Rate and any subsequent firm service utilizing the same Network Upgrades shall be charged an adjusted Incremental Cost Rate in accordance with B., below, until such adjustments result in customers paying embedded cost rates for use of the Network Upgrades. The Transmission Customer shall also be charged any other applicable charges under the Tariff. If the Transmission Customer is charged the Incremental Cost Rate, upon completion of construction of such Network Upgrades, the Transmission Provider shall reconcile the Incremental Project Costs against the actual construction costs. Based on the reconciliation, the Transmission Customer's cost responsibility shall be adjusted as appropriate.

1. COST ALLOCATION OF NETWORK UPGRADES FOR INCREMENTAL COST RATE SERVICE

Upon completion of the environmental review for each Integrated Network transmission path needing improvements to provide requested transmission service that the Transmission Provider has determined not to offer service at embedded cost rates ("Incremental Rate Path"), BPA-TS will prepare proposed Incremental Cost Rates for each Application requiring that path. The proposal will include the following documentation: (a) a spreadsheet showing cost items for the upgrades for each Incremental Rate Path; (b) an assessment showing any of the Network Upgrade costs that BPA-TS will not allocate to the Incremental Cost Rate because of the delay or elimination of planned Network Upgrades for reliability purposes, after such deductions, the remaining costs of the Network Upgrades are the "Incremental Project Costs"; (c) an assessment showing how Incremental Project Costs for Incremental Rate Paths were allocated among Applications and the resulting proposed Incremental Cost Rate for each Application; and (d) a proposed timeline

for completing offers of Incremental Cost Rate service for such Applications, including the last date for submitting Applications that would be considered for the purpose of developing final Incremental Cost Rates.

BPA-TS will also prepare an assessment of the embedded cost rate for each Application including the costs of the Network Upgrades for all Incremental Rate Paths used by such Application (“Embedded Cost Rate”).

If any Application needs more than one Incremental Rate Path to enable the requested service, BPA-TS may delay proposing Incremental Cost Rates for those Applications until completion of the environmental reviews for all Incremental Rate Paths affected by such Application.

a. Public Process. For Applications whose environmental reviews are complete and proposed Incremental Cost Rates developed, BPA-TS will hold a public meeting to present the proposed Incremental Cost Rates and Embedded Cost Rates for such Applications. BPA-TS will post the proposed Incremental Cost Rates, Embedded Cost Rates, and supporting materials at least 10 business days before the meeting and make copies available at the meeting. At the meeting, BPA-TS will explain the basis for the proposed rates and open the meeting for questions and comments. If there are remaining questions after the meeting, customers may, within 5 business days, submit the questions, or data requests regarding the proposed Incremental Cost Rates, Embedded Cost Rates, and supporting documentation, in writing and BPA-TS will respond in writing and post the questions, data requests, and the responses within 15 business days. Parties may submit written comments on the proposed Incremental Cost Rates and Embedded Cost Rates within 5 business days after BPA-TS responds to any written questions or data requests. BPA-TS will respond in writing within 15 business days to the issues raised during the public process . If there is sufficient interest in settlement, BPA-TS will hold settlement meetings, which will be noticed on BPA-TS’s website. BPA-TS may extend the timeline for the public process and for completing offers of Incremental Cost Rate service to complete settlement negotiations. Failure to raise objections in writing to the proposed Incremental Cost Rates and Embedded Cost Rates during the public process that could have been raised

during such public process will constitute a waiver of the objection.

- b. Cost Allocation Assessment.** For the purpose of determining the proposed unadjusted Incremental Cost Rates for Applications using Incremental Rate Paths, the Transmission Provider shall conduct a Cost Allocation Assessment for each Incremental Rate Path. All Applications requiring use of the Incremental Rate Path as demonstrated by the NOS Cluster Study, Facility Study, or other ATC analysis, shall be allocated Incremental Project Costs in the Cost Allocation Assessment. The Transmission Provider shall review these Applications in order to determine the amortization period for each Application. For this determination, the start date of the amortization period shall be the expected in-service date of the facility when BPA-TS offers service. The end date for the amortization period shall be the end of the term of the service requested in the Application.

The Cost Allocation Assessment will indicate the allocation of the Incremental Project Costs to each Application on a pro-rata basis of the positive incremental power flow impacts of the requested service on the Network Upgrades for each Incremental Rate Path in proportion to the total of all positive incremental power flow impacts of the Applications on the Network Upgrades for each Incremental Rate Path. The average incremental power flow impact of each Application in the Cost Allocation Assessment shall be determined using each peak season model applicable to the amortization period. Each impact amount shall be determined by first establishing a set of initial seasonal base cases that excludes flows associated with all Applications included in the Cost Allocation Assessment. Then each Application in the Cost Allocation Assessment will be added individually to the models and the change in flow across such Incremental Rate Path shall be determined for such Application. The Incremental Project Costs of Network Upgrades allocated to each Application shall be proportional to the positive incremental impact of such Application on the Network Upgrades divided by the total positive incremental impacts on the Network Upgrades of all Applications included in the Cost Allocation Assessment. Incremental flows having a negative impact on an Network Upgrades shall be ignored.

RATE

After concluding the above cost allocations to each Application in a Cost Allocation Assessment for an Incremental Rate Path, the Transmission Provider shall determine the charges for each Application by using the levelized monthly cost for each Application. This levelized monthly Incremental Project Cost shall be determined by calculating the present worth of the Incremental Project Costs associated with the Network Upgrades for the Incremental Rate Paths as allocated to an Application in the Cost Allocation Assessment and then calculating an appropriate monthly amount for each Application in the Cost Allocation Assessment, based on the months in its amortization period described above. Such monthly amount shall be divided by the Reserved Capacity for PTP service, or by the capacity required for a New Network Load or New Network Resource for NT service, to determine the Incremental Cost Rate. If the Incremental Cost Rate is higher than the Embedded Cost Rate, the charge for the requested service will be the Incremental Cost Rate.

For Applications to add new Network Resources or new Network Loads that require service over Incremental Rate Paths, NT customers shall pay the Incremental Cost Rate in addition to other charges in the Network Integration Rate schedule.

The Incremental Cost Rate will be determined based on those Applications for which Eligible Customers have agreed to take service.

BPA-TS may determine the charges for Applications for use of the Incremental Rate Path submitted after BPA-TS posts proposed Incremental Cost Rates as provided in B., below

DETERMINATION OF INITIAL INCREMENTAL COST RATE

The monthly Initial Incremental Cost Rate per kilowatt of Reserved Capacity or capacity required for a new Network Load or new Network Resource shall be determined in accordance with the following formula:

$AX(D/\text{sum of } D \text{ for all customers requiring the incremental upgrade})$

where

A = The annual Incremental Project Costs determined in accordance with 1 above, amortized over the term of the transmission service request.

D = The pro rata share of positive flow over the Network Upgrade due to the reserved Firm PTP transmission service or capacity required for a New Network

Resource or New Network Load in relation to the sum of the positive flows of all reserved firm transmission service over the Network Upgrade.

1. For facilities used solely by one customer, BPA-TS may charge a monthly amount equal to the annual cost of such sole-use facilities, determined in accordance with section A, divided by 12.

2. For facilities used by more than one customer, BPA-TS may charge a monthly amount equal to the annual cost of such facilities prorated based on relative use of the facilities, divided by 12.

OTHER RATE PROVISIONS

A. TRANSMISSION CREDITS FOR ADVANCE FUNDING OF FACILITIES

If BPA-TS requires the Customer to provide advance funding for construction of facilities subject to incremental costs rates, then the Customer shall be entitled to transmission credits, equal to the total amount paid to Transmission Provider for the Network Upgrades. Credits shall include interest calculated at the rate for ten-year bonds posted on Bloomberg, L.P., under the United States Government Agency fair market yield curve (yield curve number 84) as in effect on the first day of the month during which the Transmission Provider receives the first payment for Network Upgrades, such interest to accrue from the date of any payment for Network Upgrades through the date on which the Customer receives a repayment of such payment pursuant to this subparagraph.

Transmission credits will only apply to the non-usage sensitive portion of the Customer's transmission bill for the reservation(s) requiring the advance-funded facilities.

B. ADJUSTMENTS TO THE INITIAL INCREMENTAL COSTS RATES

If any new service commences, or reservations expire, that require an Incremental Rate Path subject to the Incremental Cost Rate, BPA-TS will adjust the Initial Incremental Cost Rate annually. BPA-TS will true-up the Initial Incremental Cost Rate for the difference between revenues

forecast and received due to changes in reservations for the preceding year.

BPA-TS shall annually post the Short-Term Firm, Long-Term Firm, Non-Firm PTP and Monthly NT Incremental Costs Rates for additional service requiring the Incremental Rate Path. These rates apply to service granted for Applications received subsequent to the initial Cost Allocation Assessment and the establishment of the Initial Incremental Costs Rates. The monthly rate for additional reservations shall not exceed the highest Monthly Incremental Costs Rate (Initial or adjusted) for the prior year.

(1) Monthly, Weekly, and Daily Firm and Non-Firm PTP Service

For each additional reservation, the rates shall not exceed:

(a) Days 1 through 5 (\$/kW/day)

Highest Incremental Cost Rate for the prior year * 12 months
52weeks*5
days

(b) Day 6 and Beyond (\$/kW/day)

Highest Adjusted Initial Incremental Costs Rate * 12 months
52weeks*7
days

(2) Hourly Firm and Non-Firm Service (mills/kilowatthour)

The rate shall not exceed:

Highest Incremental Cost Rate for the prior year * 12 months
52weeks*5 days*16
hours

~~The rates specified in section II are applicable to service over available transmission capacity. Network Customers that integrate new Network Resources, new Member Systems, or new native load customers that would require BPA-TS to construct Network Upgrades shall be subject to the higher of the rates specified in section II or incremental cost rates for service over such facilities. Incremental cost rates would be developed pursuant to section 7(i) of the Northwest Power Act.~~

I. RATE ADJUSTMENT DUE TO FERC ORDER UNDER FPA §212

Customers taking service under this rate schedule are subject to the Rate Adjustment Due to FERC Order under FPA §212 specified in section II.D. of the GRSPs.

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PTP-~~0608~~0810
POINT-TO-POINT RATE

SECTION I. AVAILABILITY

This schedule supersedes Schedule PTP-~~0608~~. It is available to Transmission Customers taking Point-to-Point (PTP) Transmission Service over Federal Columbia River Transmission System (FCRTS) Network and Delivery facilities, for hourly non-firm service over such FCRTS facilities for customers with Integration of Resources agreements, and to customers taking Conditional Firm (CF) Transmission Service, if BPA adopts CF Transmission Service. Terms and conditions of PTP are specified in the Open Access Transmission Tariff. This schedule is available also for transmission service of a similar nature that may be ordered by the Federal Energy Regulatory Commission (FERC) pursuant to sections 211 and 212 of the Federal Power Act (16 U.S.C. §§824j and 824k). Service under this schedule is subject to BPA-TS's General Rate Schedule Provisions (GRSPs).

SECTION II. RATES

A. LONG-TERM FIRM PTP TRANSMISSION SERVICE

\$1.298 per kilowatt per month

B. SHORT-TERM FIRM AND NON-FIRM PTP TRANSMISSION SERVICE

For each reservation, the rates shall not exceed:

1. Monthly, Weekly, and Daily Firm and Non-Firm Service

a. Days 1 through 5 \$0.060 per kilowatt per day

b. Day 6 and beyond \$0.046 per kilowatt per day

2. Hourly Firm and Non-Firm Service

3.74 mills per kilowatthour

SECTION III. BILLING FACTORS

A. ALL FIRM SERVICE AND MONTHLY, WEEKLY AND DAILY NON-FIRM SERVICE

The Billing Factor for each rate specified in sections II.A. and II.B. for all service *except* Hourly Non-Firm Service shall be the Reserved Capacity, which is the greater of:

1. the sum of the capacity reservations at the Point(s) of Receipt, or
2. the sum of the capacity reservations at the Point(s) of Delivery.

B. HOURLY NON-FIRM SERVICE

The Billing Factor for the rate specified in section II.B.2. for Hourly Non-Firm Service shall be the scheduled kilowatthours.

Upon 60 day's notice by BPA-TS, the Billing Factor for the rate specified in section II.B.2. for Hourly Non-Firm Service shall become the Reserved Capacity.

C. REDIRECT SERVICE

Redirecting Long-Term Firm PTP to Short-Term Firm PTP service will not result in an additional charge if the capacity reservation does not exceed the amount reserved in the existing service agreement.

SECTION IV. ADJUSTMENTS, CHARGES, AND OTHER RATE PROVISIONS

A. ANCILLARY SERVICES

Customers taking service under this rate schedule are subject to the ACS Scheduling, System Control and Dispatch Service Rate and the Reactive Supply and Voltage Control from Generation Sources Service Rate. Other Ancillary Services that are required to support PTP Transmission Service on the Network are available under the ACS rate schedule.

B. DELIVERY CHARGE

Customers taking PTP Transmission Service over Delivery facilities are subject to the Delivery Charge specified in section II.A. of the GRSPs.

C. FAILURE TO COMPLY PENALTY

Customers taking service under this rate schedule are subject to the Failure to Comply Penalty Charge specified in section II.B. of the GRSPs.

D. INTERRUPTION OF NON-FIRM PTP TRANSMISSION SERVICE

If daily, weekly or monthly Non-Firm PTP Transmission Service is interrupted, the rates charged under section II.B.1. shall be prorated over the total hours in the day to give credit for the hours of such interruption.

When Reserved Capacity becomes the Billing Factor for Hourly Non-Firm Service, the following shall apply:

- i. If the need for Curtailment is caused by conditions on the FCRTS, the Billing Factor will be as follows:
 - a. If Hourly Non-Firm PTP Transmission Service is Curtailed or Interrupted before the close of the hourly non-firm scheduling window, the Billing Factor will be the Reserved Capacity minus the curtailed capacity.
 - b. If Hourly Non-Firm PTP Transmission Service is Curtailed or Interrupted after the close of the hourly non-firm scheduling window, the Billing Factor will be the Transmission Customer's actual schedule in the hour.
- ii. If the need for Curtailment is caused by conditions on another transmission provider's transmission system, the Billing Factor will be the Reserved Capacity.

E. POWER FACTOR PENALTY

Customers taking service under this rate schedule are subject to the Power Factor Penalty Charge specified in section II.C. of the GRSPs.

F. RESERVATION FEE

Customers who postpone the commencement of Long-Term Firm Point-To-Point Transmission Service by requesting an extension of the Service Commencement Date will be subject to the Reservation Fee specified in section II.E. of the GRSPs.

G. SHORT-DISTANCE DISCOUNT (SDD)

When a Point of Receipt (POR) and Point of Delivery (POD) use FCRTS facilities for a distance of less than 75 circuit miles and are designated as being short distance in the PTP Service Agreement, the monthly capacity reservations for the relevant POR and POD shall be adjusted, for the purpose of computing the monthly bill for annual service, by the following factor:

$$0.6 + (0.4 \times \text{transmission distance}/75)$$

Such adjusted monthly POR and POD reservations shall be used to compute the billing factors in section III.A to calculate the monthly bill for Long-Term Firm PTP Transmission Service. The POD capacity reservation eligible for the SDD may be no larger than the POR capacity reservation. The distance used to calculate the SDD will be contractually specified and based upon path(s) identified in power flow studies. If a set of contiguous PODs qualifies for an SDD, the transmission distance used in the calculation of the SDD shall be between the POR and the POD farthest from the POR.

If the customer requests secondary PORs or PODs that use SDD-adjusted capacity reservations for any period of time during a month, the SDD shall not be applied that month.

H. UNAUTHORIZED INCREASE CHARGE

Customers who exceed their capacity reservations at any Point of Receipt (POR) or Point of Delivery (POD) shall be subject to the Unauthorized Increase Charge specified in section II.G. of the GRSPs.

I. DIRECT ASSIGNMENT FACILITIES

BPA-TS shall collect the capital and related costs of a Direct Assignment Facility under the Advance Funding (AF) rate or the Use-of-Facilities (UFT) rate. Other associated costs, including but not limited to operations, maintenance, and general plant costs, also shall be recovered from the PTP Transmission Customer under an applicable rate schedule.

J. INCREMENTAL COST RATES

Where a Facilities Study or a Network Open Season Cluster Study indicates the need to construct Network Upgrades to accommodate a request for Transmission Service, the Transmission Customer shall be charged the higher of (1) the rate for Long-Term Firm PTP Transmission Service including the annual cost of such Network Upgrades or (2) the Incremental Cost Rate. The firm service reservation(s) giving rise to Incremental Cost Rate and any subsequent firm service utilizing the same Network Upgrades shall be charged an adjusted Incremental Cost Rate in accordance with B., below, until such adjustments result in customers paying embedded cost rates for use of the Network Upgrades. The Transmission Customer shall also be charged any other applicable charges under the Tariff. If the Transmission Customer is charged the Incremental Cost Rate, upon completion of construction of such Network Upgrades, the Transmission Provider shall reconcile the Incremental Project Costs against the actual construction costs. Based on the reconciliation, the Transmission Customer's cost responsibility shall be adjusted as appropriate.

1. COST ALLOCATION OF NETWORK UPGRADES FOR INCREMENTAL COST RATE SERVICE

Upon completion of the environmental review for each Integrated Network transmission path needing improvements to provide requested transmission service that the Transmission Provider has determined not to offer service at embedded cost rates ("Incremental Rate Path"), BPA-TS will prepare proposed Incremental Cost Rates for each Application requiring that path. The proposal will include the following documentation: (a) a spreadsheet showing cost items for the upgrades for each Incremental Rate Path; (b) an assessment showing any of the Network Upgrade costs that BPA-TS will not allocate to the Incremental Cost Rate because of the delay or elimination of planned Network Upgrades for reliability purposes, after such deductions, the remaining costs of the Network Upgrades are the "Incremental Project Costs"; (c) an assessment showing how Incremental Project Costs for Incremental Rate Paths were allocated among Applications and the resulting proposed Incremental Cost Rate for each Application; and (d) a proposed timeline for completing offers of Incremental Cost Rate service for such Applications, including the last date for submitting Applications that would be considered for the purpose of developing final Incremental Cost Rates.

BPA-TS will also prepare an assessment of the embedded cost rate for each Application including the costs of the Network Upgrades for all

Incremental Rate Paths used by such Application (“Embedded Cost Rate”).

If any Application needs more than one Incremental Rate Path to enable the requested service, BPA-TS may delay proposing Incremental Cost Rates for those Applications until completion of the environmental reviews for all Incremental Rate Paths affected by such Application.

a. Public Process. For Applications whose environmental reviews are complete and proposed Incremental Cost Rates developed, BPA-TS will hold a public meeting to present the proposed Incremental Cost Rates and Embedded Cost Rates for such Applications. BPA-TS will post the proposed Incremental Cost Rates, Embedded Cost Rates, and supporting materials at least 10 business days before the meeting and make copies available at the meeting. At the meeting, BPA-TS will explain the basis for the proposed rates and open the meeting for questions and comments. If there are remaining questions after the meeting, customers may, within 5 business days, submit the questions, or data requests regarding the proposed Incremental Cost Rates, Embedded Cost Rates, and supporting documentation, in writing and BPA-TS will respond in writing and post the questions, data requests, and the responses within 15 business days. Parties may submit written comments on the proposed Incremental Cost Rates and Embedded Cost Rates within 5 business days after BPA-TS responds to any written questions or data requests. BPA-TS will respond in writing within 15 business days to the issues raised during the public process. If there is sufficient interest in settlement, BPA-TS will hold settlement meetings, which will be noticed on BPA-TS’s website. BPA-TS may extend the timeline for the public process and for completing offers of Incremental Cost Rate service to complete settlement negotiations. Failure to raise objections in writing to the proposed Incremental Cost Rates and Embedded Cost Rates during the public process that could have been raised during such public process will constitute a waiver of the objection.

b. Cost Allocation Assessment. For the purpose of determining the proposed unadjusted Incremental Cost Rates for Applications using Incremental Rate Paths, the Transmission Provider shall conduct a Cost Allocation Assessment for each Incremental Rate Path. All Applications requiring use of the Incremental Rate Path as demonstrated by the NOS Cluster Study, Facility Study, or other

ATC analysis, shall be allocated Incremental Project Costs in the Cost Allocation Assessment. The Transmission Provider shall review these Applications in order to determine the amortization period for each Application. For this determination, the start date of the amortization period shall be the expected in-service date of the facility when BPA-TS offers service. The end date for the amortization period shall be the end of the term of the service requested in the Application.

The Cost Allocation Assessment will indicate the allocation of the Incremental Project Costs to each Application on a pro-rata basis of the positive incremental power flow impacts of the requested service on the Network Upgrades for each Incremental Rate Path in proportion to the total of all positive incremental power flow impacts of the Applications on the Network Upgrades for each Incremental Rate Path. The average incremental power flow impact of each Application in the Cost Allocation Assessment shall be determined using each peak season model applicable to the amortization period. Each impact amount shall be determined by first establishing a set of initial seasonal base cases that excludes flows associated with all Applications included in the Cost Allocation Assessment. Then each Application in the Cost Allocation Assessment will be added individually to the models and the change in flow across such Incremental Rate Path shall be determined for such Application. The Incremental Project Costs of Network Upgrades allocated to each Application shall be proportional to the positive incremental impact of such Application on the Network Upgrades divided by the total positive incremental impacts on the Network Upgrades of all Applications included in the Cost Allocation Assessment. Incremental flows having a negative impact on an Network Upgrades shall be ignored.

RATE

After concluding the above cost allocations to each Application in a Cost Allocation Assessment for an Incremental Rate Path, the Transmission Provider shall determine the charges for each Application by using the levelized monthly cost for each Application. This levelized monthly Incremental Project Cost shall be determined by calculating the present worth of the Incremental Project Costs associated with the Network Upgrades for the Incremental Rate Paths as allocated to an Application in the Cost Allocation Assessment and then calculating an appropriate monthly amount for each Application in the Cost Allocation Assessment, based on the months in its amortization period described above. Such monthly amount shall be divided by the Reserved Capacity for PTP service,

or by the capacity required for a New Network Load or New Network Resource for NT service, to determine the Incremental Cost Rate. If the Incremental Cost Rate is higher than the Embedded Cost Rate, the charge for the requested service will be the Incremental Cost Rate.

For Applications to add new Network Resources or new Network Loads that require service over Incremental Rate Paths, NT customers shall pay the Incremental Cost Rate in addition to other charges in the Network Integration Rate schedule.

The Incremental Cost Rate will be determined based on those Applications for which Eligible Customers have agreed to take service.

BPA-TS may determine the charges for Applications for use of the Incremental Rate Path submitted after BPA-TS posts proposed Incremental Cost Rates as provided in B., below

DETERMINATION OF INITIAL INCREMENTAL COST RATE

The monthly Initial Incremental Cost Rate per kilowatt of Reserved Capacity or capacity required for a new Network Load or new Network Resource shall be determined in accordance with the following formula:

AX(D/sum of D for all customers requiring the incremental upgrade)

where

A = The annual Incremental Project Costs determined in accordance with **1** above, amortized over the term of the transmission service request.

D = The pro rata share of positive flow over the Network Upgrade due to the reserved Firm PTP transmission service or capacity required for a New Network Resource or New Network Load in relation to the sum of the positive flows of all reserved firm transmission service over the Network Upgrade.

1. For facilities used solely by one customer, BPA-TS may charge a monthly amount equal to the annual cost of such sole-use facilities, determined in accordance with section A, divided by 12.

2. For facilities used by more than one customer, BPA-TS may charge a monthly amount equal to the annual cost of such facilities prorated based on relative use of the facilities, divided by 12.

OTHER RATE PROVISIONS

A. TRANSMISSION CREDITS FOR ADVANCE FUNDING OF FACILITIES

If BPA-TS requires the Customer to provide advance funding for construction of facilities subject to incremental costs rates, then the Customer shall be entitled to transmission credits, equal to the total amount paid to Transmission Provider for the Network Upgrades. Credits shall include interest calculated at the rate for ten-year bonds posted on Bloomberg, L.P., under the United States Government Agency fair market yield curve (yield curve number 84) as in effect on the first day of the month during which the Transmission Provider receives the first payment for Network Upgrades, such interest to accrue from the date of any payment for Network Upgrades through the date on which the Customer receives a repayment of such payment pursuant to this subparagraph.

Transmission credits will only apply to the non-usage sensitive portion of the Customer's transmission bill for the reservation(s) requiring the advance-funded facilities.

B. ADJUSTMENTS TO THE INITIAL INCREMENTAL COSTS RATES

If any new service commences, or reservations expire, that require an Incremental Rate Path subject to the Incremental Cost Rate, BPA-TS will adjust the Initial Incremental Cost Rate annually. BPA-TS will true-up the Initial Incremental Cost Rate for the difference between revenues forecast and received due to changes in reservations for the preceding year.

BPA-TS shall annually post the Short-Term Firm, Long-Term Firm, Non-Firm PTP and Monthly NT Incremental Costs Rates for additional service requiring the Incremental Rate Path. These rates apply to service granted for Applications received subsequent to the initial Cost Allocation Assessment and the establishment of the Initial Incremental Costs Rates. The monthly rate for additional reservations shall not exceed the highest Monthly Incremental Costs Rate (Initial or adjusted) for the prior year.

(1) Monthly, Weekly, and Daily Firm and Non-Firm PTP Service

For each additional reservation, the rates shall not exceed:

(a) Days 1 through 5 (\$/kW/day)

Highest Incremental Cost Rate for the prior year * 12 months
52weeks*5
days

(b) Day 6 and Beyond (\$/kW/day)

Highest Adjusted Initial Incremental Costs Rate * 12 months
52weeks*7
days

(2) Hourly Firm and Non-Firm Service (mills/kilowatthour)

The rate shall not exceed:

Highest Incremental Cost Rate for the prior year * 12 months
52weeks*5 days*16
hours

~~The rates specified in section II. are applicable to service over available transmission capacity. Customers requesting new or increased firm service that would require BPA-TS to construct Network Upgrades to alleviate a capacity constraint may be subject to incremental cost rates for such service if incremental cost is higher than embedded cost. Incremental cost rates would be developed pursuant to section 7(i) of the Northwest Power Act.~~

K. RATE ADJUSTMENT DUE TO FERC ORDER UNDER FPA §212

Customers taking service under this rate schedule are subject to the Rate Adjustment Due to FERC Order under FPA §212 specified in section II.D. of the GRSPs.