Bonneville Power Administration
Draft Final Contract High Water Mark Implementation Policy
March 2025

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1 Introduction

The Bonneville Power Administration (Bonneville) released the Provider of Choice (POC) Policy[1] (POC Policy) in March 2024. The POC Policy set the framework for sales of electric power pursuant to section 5(b) of the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act) to public body, cooperative and Federal agencies eligible for firm power service at a Priority Firm (PF) power rate. The POC Policy provided for how Bonneville would design the POC Contract High Water Mark (CHWM) Contracts it would offer for power service beginning on October 1, 2028. The POC Policy continued a tiered rate construct for the PF rate. CHWMs set ~~a~~ PF ~~customer's~~customers' maximum eligibility to access power priced at a PF Tier 1 rate in the POC CHWM Contracts under the tiered rate construct. POC Policy March 2024, at 15. The POC Policy included that Bonneville would calculate and establish CHWMs for individual customers in a one-time fiscal year (FY) 2026 CHWM calculation. The POC Policy also defined six subsequent CHWM adjustment categories[2] where Bonneville determined certain conditions merited an increase to the ~~amount of~~maximum eligibility to access power ~~a customer can purchase~~priced at a PF Tier 1 rate or establishment of a new customer's CHWM, after the one-time FY 2026 CHWM calculation. POC Policy March 2024, at 24.

This CHWM Implementation Policy (CHWM Policy) provides the implementation details that supplement the POC Policy. It does not reverse, revise or alter any of the decisions in the POC Policy.

This CHWM Policy includes how Bonneville will conduct the FY 2026 CHWM Calculation Process.[3] It also describes the new Above-Contract High Water Mark (Above-CHWM) Load Process[4], which replaces the Rate Period High Water Mark (RHWM) process performed under the Regional Dialogue contracts, where RHWMs were adjusted each rate period based on varying system capability. The POC Policy stated, "With a set amount of power sold at PF Tier 1 rates (Section 2.3.1), Bonneville will no longer calculate RHWMs." POC Policy March 2024, at 27. The Above-CHWM Load Process will establish subsequent CHWM adjustments and Above-

[1] The POC Policy is available at https://www.bpa.gov/-/media/Aep/power/provider-of-choice/provider-of-choice-policy-march-2024.pdf.

[2] Section 2.4.2 of the POC Policy identified six CHWM adjustment categories for the POC contract term: small utility, new public utility, tribal utility, U.S. Department of Energy (DOE) vitrification load, CF/CT loads, and Port Townsend Paper.

[3] The POC CHWM Contracts define FY 2026 CHWM Calculation Process ~~as means~~ to mean "the public process where BPA shall calculate each customer's CHWM in accordance with section 2.4 of the Provider of Choice Policy, March 2024, as amended or revised~~.~~." The definitions included in footnotes are based on the current draft definitions and may change ahead of the final CHWM Policy.

[4] The POC CHWM Contracts define the Above-CHWM Load Process ~~as means~~ to mean "the public process conducted during each Forecast Year, in which BPA will calculate the following values for the upcoming Rate Period: 1) each customer's Preliminary Net Requirement; 2) adjusted CHWMs; and 3) each customer's Above-CHWM Load~~.~~."

CHWM load amounts. This CHWM Policy describes how subsequent CHWM adjustments will be implemented.

2 FY 2026 CHWM Calculation

This section of this CHWM Policy provides the details of how Bonneville will conduct the FY 2026 CHWM Calculation Process. This section also provides additional details on some of the data elements used in the CHWM calculation from the POC Policy.

2.1 FY 2026 CHWM Calculation Process

By the end of FY 2026, Bonneville will perform the initial CHWM calculation and publish the draft CHWMs on its website. Bonneville will calculate customer CHWMs consistent with Section 2.4.1 of the POC Policy. The publication of the draft CHWMs will kick off a ~~two-week public comment period.~~public comment period of at least 10 business days. Bonneville will state the length of the public comment period on its website when Bonneville publishes the draft CHWMs. Customers and interested parties will have an opportunity to:

1. Reasonably request information regarding inputs and calculations related to the draft CHWMs from Bonneville.
2. Comment on the individual draft CHWM amounts and the adjustments[5] Bonneville made to reach those amounts, including the economic adjustment to total retail load (TRL), weather normalization, headroom adjustment, conservation adjustment, new specified resource adjustment, load growth adjustment, and proportional share adjustment.

During the comment period, Bonneville will hold a public meeting to gather further input.

Following the close of the comment period, Bonneville will work with customers to resolve any issues raised by the written comments. Bonneville will publish preliminary final CHWMs within 30 days following the close of the comment period. The preliminary final CHWMs will reflect any updates or changes from draft CHWMs as a result of the comment period. The preliminary final CHWMs will be considered final CHWMs after the tenth calendar day following their publication if there are no disputes made pursuant to the dispute provisions outlined in Section 2.1.1 below. Bonneville will provide public ~~notices~~notice that no dispute was requested and that CHWMs are now final. If the dispute resolution process is invoked, the Administrator will make a determination after considering the recommendation of the third-party neutral on each disputed matter. The Administrator's determinations will be final and, following the resolution of any disputes, Bonneville will publish final CHWMs and notify all customers.

[5] Section 2.4.1 of the POC Policy describes the adjustments Bonneville will make to determine PF-eligible load as well as the five policy adjustments Bonneville will apply during the FY 2026 CHWM calculation.

After final CHWMs are posted, individual CHWMs will be incorporated into each customer's POC CHWM Contract. The day Bonneville publishes final CHWMs or provides public notice that no dispute resolution was requested, the 60-day election window will be triggered for customers electing their Above-CHWM path, pursuant to the terms of each customer's POC CHWM Contract.

The FY 2026 CHWM Calculation Process will be a one-time process and Bonneville will not revisit the calculations made during this process once final CHWMs are published. However, for future rate periods, Bonneville may make adjustments to individual customer CHWMs pursuant to the POC Policy, this CHWM Policy, and customers' POC CHWM Contracts. For example, the POC CHWM Contracts include a provision that will allow Bonneville to adjust a customer's CHWM if Bonneville determines that customer's CHWM included a load that is later determined a new large single load (NLSL). Bonneville will accordingly adjust such customer's CHWM but will not recalculate CHWMs for all customers with a POC CHWM Contract.

Bonneville will not calculate subsequent CHWM adjustments during the FY 2026 CHWM Calculation Process. Any customer that would qualify for a subsequent CHWM adjustment pursuant to their POC CHWM Contract in the BP-29 rate period would see the adjustment made in the first Above-CHWM Load Process, as outlined in Section 3.2 of this CHWM Policy.

2.1.1 Dispute Resolution for FY 2026 CHWM Calculation and Third-Party Neutral Review

Bonneville will offer the opportunity for dispute resolution with a third-party neutral review for the FY 2026 CHWM Calculation Process. The Tiered Rate Methodology[6] (TRM) provided customers an opportunity to request a third-party neutral to review CHWM determinations. Bonneville received comments in both POC and Public Rate Design Methodology[7] (PRDM) workshops requesting Bonneville retain the opportunity for third-party review of the FY 2026 CHWM calculation.

Bonneville, after consulting with customers, will select one or more third-party neutrals for the purpose of developing an understanding of factual matters determined by Bonneville in connection with its establishment of initial Provider of Choice CHWMs. If a customer requests dispute resolution pursuant to this section, the third-party neutral(s) will provide non-binding recommendations concerning disputes over such factual matters. The third-party neutral(s) will have a technical background and experience sufficient to make an independent assessment of facts in dispute in connection with such CHWM determinations. Such factual matters could involve matters such as non-federal resource capability and measured FY 2023 load; and any

[6] The TRM is the rate methodology Bonneville uses to develop the section 7(b) rates for the general requirements of public body, cooperative and Federal agencies with Regional Dialogue CHWM Contracts.
[7] The PRDM is the rate methodology Bonneville will use to develop the section 7(b) rates for the general requirements of public body, cooperative and Federal agencies with POC CHWM Contracts.

adjustments to those values, such as the economic adjustment, weather normalization, adjusting for dedicated resources, adjusting for NLSLs, and the headroom adjustment, conservation adjustment, new specified resource adjustment, load growth adjustment, and proportional share adjustment pursuant to the Policy.

Bonneville would instruct the third-party neutral(s) and answer questions regarding the procedures Bonneville employs to calculate CHWMs and make determinations in the FY 2026 CHWM Calculation Process. The neutral would have access to relevant information from both Bonneville and the customers, including information necessary to develop an understanding of Bonneville's conclusions, subject to appropriate confidentiality arrangements. Bonneville and the customers would collaborate to identify and communicate as early as practicable in the process matters that they anticipate may result in disputes.

A customer with a POC CHWM Contract may seek a non-binding decision by the neutral on material factual matters concerning Bonneville's determination of a preliminary final CHWM. The dispute resolution process may be invoked by a customer only in regard to their own CHWM. A material factual matter must be one that, if decided in the requesting customer's favor, would result in an adjustment to the subject CHWM of 10% or more. The decision standard on Bonneville's determinations of preliminary final CHWMs is whether it is consistent with a reasonable reading of the POC Policy.

To invoke the dispute resolution process, the customer shall submit to Bonneville a written statement describing any issues for which a customer requests third-party neutral review. A written statement from a customer shall not exceed ten double-spaced pages (12-point font; 26 lines, except for single-spaced quotes), together with exhibits not in excess of 20 pages. Customers will have 10 calendar days after preliminary final CHWMs are published to request third-party neutral review of CHWMs as described in Section 2.1. Bonneville will electronically post the deadline for customers to submit such requests. Failure to timely submit such a request by a customer (including their written statement) will constitute a waiver of the right of such customer to request neutral third-party review.

In the event of a dispute, Bonneville would conduct a single hearing open to all customers which shall occur no later than 30 calendar days from the close of the prior 10 calendar day period, to permit the presentation of relevant information and allow for timely final decisions. The third-party neutral's recommendations may be summary in nature and shall be based upon all relevant information known by or previously made available, including but not limited to materials that Bonneville has made publicly available, materials the parties have previously provided, and new or additional materials submitted with the consent of the third-party neutral(s). Testimony, cross examination, and oral argument would occur only upon request of the third-party neutral(s). The third-party neutral(s) shall transmit their recommendation(s) in

writing to the customers and Administrator. The Administrator will make a final decision on each disputed issue after consideration of the third-party neutral's recommendations. Bonneville would issue a letter summarizing the resolution and publish final CHWMs.

2.2 FY 2026 CHWM Calculation Details

The following sections provide details on the specific CHWM calculation elements established in the POC Policy.

2.2.1 Total Retail Load

Section 2.4.1.2 of the POC Policy describes two adjustments Bonneville will make to a customer's TRL: (1) the weather normalization process Bonneville will follow and apply, and (2) an economic adjustment.

Subsequent to publishing the POC Policy, Bonneville identified an additional adjustment to TRL that may be necessary if Bonneville or a customer identifies an error in the customer's data due to (1) meter hardware failure, (2) meter calibration/configuration error, or (3) meter malfunction. When Bonneville determines a customer's TRL, if there is meter hardware failure or if Bonneville determines meter data is invalid due to meter malfunction or calibration/configuration error, Bonneville will adjust the erroneous readings in accordance with Bonneville's Metering Services' Validation/Estimation/Edit Logic[8] or its successor.

Bonneville will consider these three adjustments to TRL in the FY 2026 CHWM Calculation Process. Bonneville will not make any other adjustments to TRL other than those described in the POC Policy and as stated in this Section 2.2.1.

2.2.2 Returning Public Utility Treatment

Section 2.4.1.9 of the POC Policy states: "Bonneville must calculate a CHWM for any existing public utility seeking to purchase power from Bonneville including a public utility that does not have a Regional Dialogue power sales contract or has a Regional Dialogue contract for service only to a discrete part of its retail load." POC Policy, at 23. The POC Policy describes how Bonneville will determine a returning public utility customer's CHWM. This CHWM Policy clarifies that the returning public utility treatment outlined in the POC Policy applies to contracts requested and signed by the end of calendar year 2025. Any returning utility customer that requests a Provider of Choice CHWM Contract after 2025 must qualify under a subsequent CHWM adjustment category to establish a CHWM.

2.2.3 Resource Amounts for the FY 2026 CHWM Calculation

Section 2.4.1.2 of the POC Policy describes which resources Bonneville will include in the PF-eligible load calculation for the FY 2026 CHWM calculation. Bonneville will use the resources

[8] Metering Services' Validation/Estimation/Edit Logic is available at https://www.bpa.gov/energy-and-services/customers-and-contractors/metering-services.

listed in a customer's Regional Dialogue Exhibit A. For a returning utility that did not have a Regional Dialogue CHWM Contract, the customer's POC CHWM Contract Exhibit A values will reflect the information about the customer's resources.

Attachment A in this CHWM Policy identifies the non-federal resources and non-federal resource amounts that Bonneville will include in the FY 2026 CHWM calculation. It also identifies which resources will be eligible for the new specified resource adjustment.

3 Above-CHWM Load Process

Bonneville will conduct an Above-CHWM Load Process ahead of each Rate Period[9]. During the Above-CHWM Load Process, Bonneville will calculate customers' Preliminary Net Requirements,[10] determine whether a customer will be granted a subsequent CHWM adjustment for the upcoming rate period and calculate the amount of Above-CHWM load each customer has, if any, for the applicable rate period. The CHWMs and Above-CHWM load amounts established in this process will be an input into Bonneville's section 7(i) rate-setting process.

The Above-CHWM Load Process will start when Bonneville publishes draft amounts, which Bonneville anticipates will occur in May of a forecast year. Sections 3.1 through 3.3 provide more detail on how each amount is calculated. By each customer, Bonneville will publish:

- Preliminary Net Requirements for each year of the rate period.
- Existing CHWMs based on the CHWM included in each customer's POC CHWM Contract Exhibit B.
- Subsequent CHWM adjustment amounts to be awarded in the upcoming rate period.
- New CHWMs based on the sum of the existing CHWMs and subsequent CHWM adjustment amounts.
- Above-CHWM load amounts for each year of the rate period.

A public comment period of at least 10 business days will follow the publication of the draft amounts, during which Bonneville will respond to reasonable information requests. Bonneville will state the length of the public comment period on its website when Bonneville publishes the draft amounts. Bonneville will hold a public meeting during the comment period. Following the close of comment, Bonneville will work with customers to resolve any issues raised by the comments.

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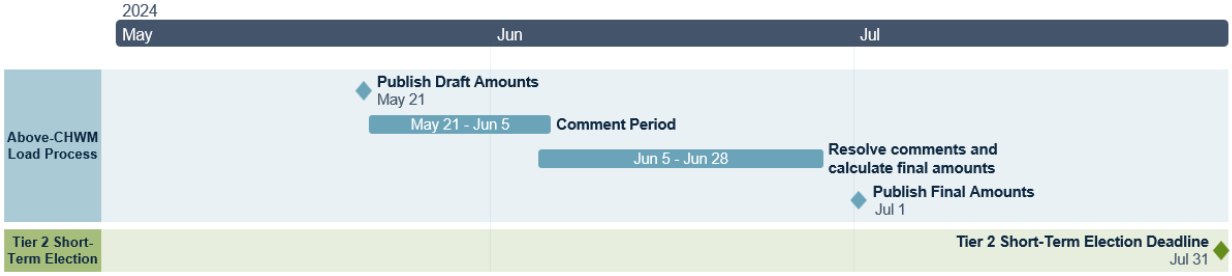
[9] The Provider of Choice CHWM Contract defines a Rate Period to mean "the period of time during which a specific set of rates established by BPA pursuant to the PRDM is intended to remain in effect~~.~~."

[10] The Provider of Choice CHWM Contract defines Preliminary Net Requirements to mean ~~the forecasted portion of~~ "a customer's annual Net Requirement ~~that BPA uses~~prior to ~~calculate the customer's~~accounting for any New Resources a customer may elect to serve its Above-CHWM ~~Load for each Fiscal Year.~~load.. Preliminary Net Requirement is determined as the forecasted annual Total Retail Load less Existing Resources, NLSLs, Specified Resources added to Tier 1 Allowance Amount, and Consumer-Owned Resources serving On-Site Consumer Load, as determined in the Above-CHWM Load Process~~.~~."

Bonneville will publish final amounts, reflecting any updates or changes no later than July 1 of a forecast year. Figure 1 provides an example of how this timeline would have been applied if 2024 had been a forecast year.

Figure 1. Above-CHWM Load Process Timeline Example



3.1 Preliminary Net Requirements

Bonneville will calculate a Preliminary Net Requirements for each fiscal year of the upcoming rate period to ensure that it considers only load that is eligible to be served at a PF rate in the Above-CHWM Load Process. The Preliminary Net Requirements will be based on the load forecast provided by December of the previous year, or a more recent agreed upon load forecast if available, pursuant to Provider of Choice CHWM Contracts and resource amounts will be based on Exhibit A values.

The Preliminary Net Requirements' equation is as follows:

$$\begin{aligned} &Preliminary\ Net\ Requirements \\ &\quad = TRL - NLSLs - \ Existing\ Resources \\ &\quad - Specified\ Resources\ added\ to\ Tier\ 1\ Allowance\ Amount \\ &\quad - Consumer\ Owned\ Resources\ Serving\ Onsite\ Consumer\ Load \end{aligned}$$

3.2 Subsequent CHWM Adjustment Determination

Bonneville outlined the criteria for the subsequent CHWM adjustments in Section 2.4.2 of the POC Policy. The subsequent CHWM adjustments are limited to the following categories: small utility, new public utility, tribal utility, U.S. Department of Energy (DOE) vitrification load, Contracted For/~~committed~~Committed To (CF/CT) loads, and Port Townsend Paper. Bonneville will identify in Exhibit B of the POC CHWM Contracts which, if any, of the small utility, tribal utility, DOE vitrification load, and CF/CT loads subsequent adjustments a customer may qualify for. This CHWM Policy describes how a customer would qualify for the new public utility adjustment. The POC Policy limits the Port Townsend Paper adjustment to Jefferson Public Utility District No. 1 (Jefferson PUD) but this CHWM Policy defines the process to determine whether that adjustment would be granted.

After calculating Preliminary Net Requirements as outlined in Section 3.1, Bonneville will evaluate whether a customer's Preliminary Net Requirements is greater than its existing CHWM. Bonneville will use the fiscal year with the greatest difference between Preliminary Net

Requirements and existing CHWMs in determining whether a customer is eligible for a subsequent CHWM adjustment. For example, if a customer's load growth was higher in the second year of a two-year rate period, the second year would be used to determine whether a customer was eligible for a subsequent CHWM adjustment.

If the customer's Preliminary Net Requirements is less than or equal to its existing CHWM, no adjustment will be made with one exception. If a customer is eligible for the CF/CT adjustment and the Above-CHWM Load Process is conducted before FY 2031, then a customer will qualify for the CF/CT adjustment even if its Preliminary Net Requirements is less than its existing CHWM.

If the customer's Preliminary Net Requirements is greater than its existing CHWM, then Bonneville will assess whether the customer qualifies for a subsequent CHWM adjustment. For qualifying customers, the maximum subsequent CHWM adjustment they could qualify for would be the difference between their Preliminary Net Requirements and their existing CHWM. Then Bonneville would apply any limits for a subsequent CHWM adjustment consistent with terms established in the customer's POC CHWM Contract and Section 2.4.2 of the POC Policy. Any new public utility or tribal utility CHWM adjustment may be reduced or phased in as described in Section 3.2.1.3 of this CHWM Policy.

If a customer qualifies for multiple subsequent CHWM adjustments in one Above-CHWM Load Process, Bonneville will publish the adjustment amount as a sum of all adjustments applied. If a customer's new public utility or tribal utility adjustment is required to be phased in, Bonneville will also publish the phase-in adjustment amounts for each applicable rate period.

3.2.1 New Public Utility Adjustment

CHWMs will be established for new publics that execute a POC CHWM Contract after 2025 subject to the guidelines and limitations described below. A new public is a newly formed public utility that is not an existing customer of Bonneville.

3.2.1.1 Notice for Service

A new public must request service from Bonneville by the earlier of (1) three years prior to service date or (2) March 1 of the forecast year for the next rate period. The request for service is not a guarantee that Bonneville will be able to provide service on the requested service date but would start the process of determining a new public's eligibility to request firm power under section 5(b) of the Northwest Power Act pursuant to Bonneville's standards for service, eligibility for a CHWM, and if Bonneville can meet the requested service date.

If Bonneville does not have adequate data by the Above-CHWM Load Process that precedes the first rate period the new public is requesting service, Bonneville may determine a customer is ineligible for a CHWM in that rate period.

3.2.1.2 New Public CHWM Eligibility

Bonneville will determine a new public utility's CHWM eligibility by reviewing whether the load ~~they seek~~it seeks to serve~~-~~ was previously served by an existing public that is a Bonneville customer, an entity other than an existing public, or a combination of those two. If a new tribal utility is formed, Bonneville would first determine the new tribal utility's CHWM eligibility as a new public utility and then would apply any applicable subsequent CHWM adjustments, such as the tribal utility adjustment, after a CHWM is established.

3.2.1.2.1 New Public Previously Served by an Existing Public

If a new public is forming in a location (service territory) that was previously served by an existing public, then a portion of the existing public's CHWM will be apportioned to the new public. If the new public and existing public agree on the CHWM transfer to the new public, then Bonneville shall adopt that amount if Bonneville determines such amount is reasonable.

If the new public and existing public do not agree on the CHWM transfer to the new public or Bonneville determines such amount is unreasonable, Bonneville will determine the CHWM amount by applying rules established in POC CHWM Contract Exhibit B for annexed and ceded loads. In this case, the new public would receive the annexed load amount and the existing public CHWM would be reduced by the ceded load amount.

The CHWM transfer amount will be the new public's CHWM. The effective date for the CHWM transfer will be the service date established for the new public. The adjusted CHWMs for both the new public and existing public will be published in the Above-CHWM Load Process preceding the rate period service is effective.

If the new public is formed and will only serve load that was previously served by an existing public, the new public will not be eligible for the new public utility adjustment.

3.2.1.2.2 New Public Previously Served by Entity Other than an Existing Public

If a new public is formed and will serve load that had previously been served by an entity other than an existing public, then Bonneville will determine the new public's CHWM eligibility by calculating a potential CHWM. The potential CHWM will establish the highest amount of CHWM a new public could be eligible for prior to the applications of any limitations described in Section 3.2.1.3. A new public's potential CHWM would be set equal to its highest Preliminary Net Requirements fiscal year in the Above-CHWM Load Process preceding the rate period service is effective.

3.2.1.2.3 New Public Previously Served by both an Existing Public and an Entity Other than an Existing Public

If a new public is formed and assumes territory served by an existing public and an entity other than an existing public, then the new public's CHWM eligibility will be determined by applying both Section 3.2.1.2.1 and 3.2.1.2.2. First, Bonneville will determine a new public's highest Preliminary Net Requirements fiscal year in the Above-CHWM Load Process preceding the rate

period service is to be effective. Bonneville will then subtract the CHWM transfer amount determined during the process described in Section 3.2.1.2.1 as well as any load determined to be Above-CHWM load previously served by the existing utility. The remaining amount would be the customer's potential CHWM. The calculation follows:

$$Potential\ CHWM = Preliminary\ Net\ Requirements - CHWM\ Transfer - AboveCHWM\ Load\ Transfer$$

The potential CHWM may be reduced due to any limitations described in Section 3.2.1.3. The new public's CHWM would be their CHWM transfer amount plus any CHWM awarded after the limitations Section 3.2.1.3 are applied.

3.2.1.3 Limits or Phase-In for New Public and Tribal Utility Adjustments

Bonneville may limit or phase-in new publics' and tribal utilities' subsequent CHWM adjustment amounts consistent with Section 2.4.2.2 of the POC Policy. The limit for new publics is described as follows:

> Bonneville will limit the amount of Tier 1 that can be purchased by new public utilities to a total of 200 aMW during the Provider of Choice contract period, with no more than 50 aMW added in any rate period. …Bonneville will grant additional CHWMs on a first come, first serve basis.

POC Policy § 2.4.2.2

In addition, new publics could be limited by the new public utility adjustment's interaction with the tribal utility adjustment. Section 2.4.2.3 of the POC Policy sets limits for the tribal utility adjustment as follows:

> Bonneville will limit the amount of additional CHWM for tribal utilities to a total of 40 aMW during the Provider of Choice contract period. The amount will be added to the 50 aMW rate period limits noted above, if applicable, and count toward the overall 200 aMW contract-term limit established under the new public utility category. Bonneville will grant additional CHWM on a first come, first serve basis similar to new public utilities; therefore, if a tribal utility annexes load after the new public utility 200 aMW adjustment is exhausted, there will be no additional CHWM access for tribal utilities.

POC Policy § 2.4.2.3

In Issue 69 of the POC Policy ROD, Bonneville clarifies that the tribal utility adjustment is inclusive of the limitations applied by the new public adjustment. Any eligible tribal utility subsequent CHWM adjustment amounts will be added to new public utility potential CHWMs to determine whether rate period limitations are met.

Sections 3.2.1.3.1 and 3.2.1.3.2 describe how the adjustment pool and rate period limits will be calculated. Section 3.2.1.3.3 provides an example.

3.2.1.3.1 Adjustment Pool Limits

Bonneville will establish and maintain adjustment pools for the new public utility and tribal utility subsequent CHWM adjustments. The adjustment pools would be set to 200 aMW and 40 aMW respectively at the start of the POC contract period. Bonneville will update the adjustment pools each Above-CHWM Load Process. If an adjustment has been made, the amount will be deducted from its respective pool(s).

If the aggregate of the new public utilities' potential CHWMs and tribal utility CHWM subsequent adjustment amounts do not exceed the adjustment pool limits, then all CHWM adjustments will be granted in their entirety. A new public's potential CHWM would become ~~their~~its CHWM in the Above-CHWM Load Process. The tribal utility adjustments would also be reflected in the Above-CHWM Load Process.

Figure 2. No Limit on New Public and Tribal Utility Adjustments Example

Requesting Utility	Existing CHWM	Potential CHWM or CHWM Adjustment Amount	New CHWM
New Public	0 aMW	15 aMW	15 aMW
New Tribal	0 aMW	5 aMW	5 aMW
Existing Tribal	10 aMW	5 aMW	15 aMW

In the example in Figure 2, a new public and new tribal qualify for the new public utility adjustment and an existing tribal qualifies for the tribal utility adjustment. The example assumes that no adjustments have been awarded during the Provider of Choice contract period; therefore, the requested amounts are within the adjustment pool limits and there is no limit put on the potential CHWMs or adjustment amounts.

If the requested aggregate new public utility and tribal utility adjustments exceed either one or both of the available adjustment pools, Bonneville will pro rate the requests starting with the tribal utility adjustment pool. Bonneville would pro rate each customer's tribal utility amount downward by multiplying the customer's requested amount by the amount of remaining eligible pool relative to the aggregate of requested tribal utility adjustments in the rate period.

$$Adjusted\ Tribal\ Utility\ Amount = Customer's\ Potential\ Adjustment \times \frac{(40\ aMW - Previously\ Assigned\ Adjustment\ Amounts)}{Sum\ of\ customer's\ requested\ tribal utlity\ adjustmetns}$$

If the new public utility adjustment pool is limited, Bonneville would apply a similar calculation to the aggregate of the adjusted tribal utility amounts, if applicable, and potential CHWMs for

new publics. The adjusted new public potential CHWMs and the adjusted tribal utility adjustment amounts would become the customers awarded CHWM amounts.

Figure 3. Limit on New Public and Tribal Utility Adjustments Example

Requesting Utility	Existing CHWM	Potential CHWM or CHWM Adjustment Amount	New CHWM
New Public	0 aMW	15 aMW	12 aMW
New Tribal	0 aMW	5 aMW	4 aMW
Existing Tribal	10 aMW	5 aMW	14 aMW

Figure 3 provides an example if the new public adjustment pool was limited to 20 aMW and the tribal adjustment pool was limited to 30 aMW. Bonneville first reviews the tribal utility adjustment requests and determines no limit applies. Then Bonneville evaluates the new public adjustment pool request where it determines the 25 aMW requested exceeds the 20 aMW pool limit. Therefore, Bonneville adjusts all requests to 80% of their request, applying the logic above. This results in CHWM amounts being awarded but at a reduced amount.

If either pool is reduced to 0 aMW, no adjustments from that pool will be awarded. A new public's CHWM would be set equal to ~~their~~its CHWM transfer, if applicable, or zero. A tribal utility would retain their existing CHWM. Figure 4 provides an example where the new public utility adjustment pool is at 0 aMW and therefore no new public utility or tribal utility adjustments may be made.

Figure 4. No New Public Utility Adjustment Pool Example

Requesting Utility	Existing CHWM	Potential CHWM or CHWM Adjustment Amount	New CHWM
New Public	0 aMW	15 aMW	0 aMW
New Tribal	0 aMW	5 aMW	0 aMW
Existing Tribal	10 aMW	5 aMW	10 aMW

Once a new public or tribal utility adjustment is determined through the adjustment pool limits, those amounts are set. The CHWM amounts cannot be reduced as a result of future Above-CHWM Load Processes.

3.2.1.3.2 Rate Period Limits and Phase-In of Adjustments

The POC Policy established that no more than 50 aMW of the new public/tribal utility adjustments can be added in any rate period. Each Above-CHWM Load Process, the limit will be set to 50 aMW. The rate period limit could be further reduced if a previous Above-CHWM Load Process had resulted in a phase-in of CHWM amounts. The rate period limit will be reduced by any previously awarded amounts in that rate period. For example, if requests for the first rate

period resulted in 20 aMW being phased-in to the second rate period, the rate period limit for the second rate period would be set to 30 aMW.

If the amounts determined in Section 3.2.1.3.1 are equal to or less than the rate period limit, the amounts will not be phased-in and would be awarded in full in the upcoming rate period. If the amounts determined in Section 3.2.1.3.1 exceed the rate period limit, Bonneville will phase-in the amounts.

First, Bonneville will provide up to 5 aMW for each customer in the rate period as a minimum CHWM award. If the new public or tribal utility has a qualifying adjustment equal to or less than 5 aMW, the full adjustment amount will be covered and no phase-in would apply. If the new public or tribal utility has a qualifying adjustment greater than 5 aMW, Bonneville will apply 5 aMW and then any remaining adjustment will be pro rated.

The exception to granting each customer a minimum of 5 aMW is if the customer is eligible to receive the new public or tribal utility adjustment and the aggregate amount of CHWM adjustments exceed the rate period limit. In this instance, Bonneville will add the lessor of 5 aMW or the customer's CHWM adjustment for each requesting customer. If the aggregate amount exceeds the rate period limit, no minimum CHWM amount will be awarded and all requests will be prorated. For example, if 11 customers requested an adjustment in a rate period with a rate period limit of 50 aMW, Bonneville could not award 5 aMW to each customer without exceeding the rate period limit.

Second, Bonneville will pro rate downwards any remaining eligible adjustment amount. The pro rate percentage would be determined by taking the rate period limit minus the minimum CHWM awards relative to the aggregate of all adjustments minus the minimum CHWM awards.

The pro rate reduction calculation is as follows:

$$\begin{aligned} &Pro\ Rated\ Rate\ Period\ CHWM\ Adjustment \\ &\quad = Customer's\ Adjustment \\ &\quad \times \frac{50\ aMW - Min\ CHWM\ Awards}{Aggregate\ Adjustments\ - Min\ CHWM\ Awards} \end{aligned}$$

For each customer, Bonneville would add ~~their~~its minimum CHWM award and ~~their~~its pro rated rate period amount to determine ~~their~~its CHWM adjustment for the rate period.

If after applying the minimum CHWM award and rate period pro rate the new public or tribal utility would still qualify for an additional CHWM adjustment, then Bonneville would repeat the rate period limit and phase-in calculation for each subsequent rate period until the new public or tribal utility amounts are reached.

3.2.1.3.3 Example of Adjustment Pool and Rate Period Limits Applied

Figure 5 provides an example of how the pool limits and phase-in would be applied.

Figure 5. CHWM Adjustments Awarded by Rate Period

	A (New Public)	B (Tribal)	C (Tribal)	D (New Public)	E (Tribal)
Requested CHWM Amount	75 aMW	5 aMW	25 aMW	20 aMW	20 aMW
Pool Adjusted CHWM Amount	75 aMW	5 aMW	25 aMW	20 aMW	10 aMW
First Rate Period	32.222 aMW	5 aMW	12.778 aMW	N/A	N/A
Second Rate Period	70.802 aMW	5 aMW	24.198 aMW	N/A	N/A
Third Rate Period	75 aMW	5 aMW	25 aMW	20 aMW	10 aMW
Fourth Rate Period	75 aMW	5 aMW	25 aMW	20 aMW	10 aMW

In Figure 5, customer A is a new public requesting service in the first rate period and customers B and C are existing customers that qualify for the tribal utility adjustment in the first rate period. The new public and tribal utility adjustment pools have not been reduced yet as it is the first Above-CHWM Load Process. Customer A's potential CHWM and customers B and C's tribal adjustments do not exceed the pool limits but they exceed the rate period limit. Bonneville grants each request up to 5 aMW and then pro rates the remaining requests. For customers A and C, Bonneville applies the same math for each subsequent rate period until the amounts are fully phased-in in the third rate period.

In the third rate period, customer D is a new public requesting service and customer E is an existing customer that qualifies for the tribal utility adjustment. Because the tribal utility adjustment pool has been reduced to 10 aMW and customer E's adjustment exceeds 10 aMW, Bonneville will reduce customer E's adjustment amount. There is no limitation on the new public adjustment pool so no further reductions are applied to either customer. The adjusted aggregate requests do not exceed the rate period limit, therefore all CHWM amounts are awarded for the third rate period.

3.2.1.4 New Public CHWM Amounts After First Rate Period of Service

After a new public's CHWM is set in the first applicable Above-CHWM Load Process, inclusive of any phase-in amounts, the new public is not eligible for any additional new public utility adjustment. Any load growth after the first Above-CHWM Load Process for a new public would be served at its Above-CHWM election. A new public could qualify for the small utility or tribal utility adjustments; a new public's eligibility for those adjustments would be reflected in Exhibit B of ~~their~~its POC CHWM Contract.

3.2.2 ~~Power~~Port Townsend Paper Adjustment Process

Section 2.4.2.6 of the POC Policy established the potential for a Port Townsend Paper adjustment:

> Bonneville will consider increasing Jefferson PUD's CHWM to serve Port Townsend Paper load contingent on three conditions: 1) Port Townsend Paper is not offered a direct service industry (DSI) contract; 2) the load is determined to be eligible for PF service; and 3) Bonneville holds a public process to consider such an increase.

POC Policy § 2.4.2.6

Bonneville would hold a public process separate from the Above-CHWM Load Process to address a potential Port Townsend Paper adjustment process. The public process would consist of at least one public meeting to describe Bonneville's proposed position, a comment period of no ~~less~~fewer than 10 business days, and a close-out letter with Bonneville's final determination. Bonneville will state the length of the public comment period on its website when Bonneville publishes its proposed position. Any proposal where Jefferson PUD qualifies for an adjustment will include a potential CHWM amount for the Port Townsend Paper adjustment. If Bonneville concludes that Jefferson PUD should be granted the subsequent adjustment, the final subsequent CHWM adjustment amount published in the close-out letter would be included in the next Above-CHWM Load Process. Bonneville will not make a mid-rate period CHWM adjustment because of the Port Townsend Paper adjustment process.

3.3 Above-CHWM Load Amounts

Bonneville will determine a customer's Above-CHWM load amounts, if any, for each year of the rate period by taking a customer's Preliminary Net Requirements in each year of the rate period and subtracting ~~their~~its new CHWM. Bonneville will publish customer Above-CHWM load amounts for each year of the upcoming rate period.

If a customer's Above-CHWM load ~~amounts~~amount in any year of the rate period ~~are~~is less than 1 aMW, the customer's Above-CHWM load amount may be subject to rounding pursuant to Exhibit C of their POC CHWM Contract. Any rounding of Above-CHWM load amounts would be captured through rates; the Above-CHWM load amounts will be published without rounding applied.

3.4 CHWM Changes Between Rate Periods

Bonneville will publish updated Above-CHWM Load Process amounts and provide notice to customers prior to the next Above-CHWM Load Process under three circumstances. The first circumstance is if CHWMs change pursuant to Sections 1.2.1 through 1.2.4 of Exhibit B of the POC CHWM Contract. If any customer's CHWM changes due to NLSLs, annexations or ceded load, Bonneville will publish the updated amounts. The second circumstance is if a joint operating entity adds or removes a member from its POC CHWM Contract with such change

effective within a rate period. The third circumstance is if Bonneville agrees to revise a customer's Preliminary Net Requirements pursuant to Section 17.6.4 of the POC CHWM Contract. Bonneville will publish the updated amounts on its website and notice customers.

~~3.4~~3.5 Changes to CHWMs

Bonneville intends for the only changes to CHWMs that may occur over the life of the contract to be those outlined in Section 2.4.2 of the POC Policy. Bonneville does not intend to make any changes to the FY 2026 CHWM calculation or introduce any new subsequent CHWM adjustments. If Bonneville or a customer would like to propose a CHWM calculation or subsequent adjustment change, Bonneville will notify all customers and will conduct a public process. Any resulting change would only go to the Administrator for approval if the proposal is approved by customers totaling both 1) at least 70% of customers (POC CHWM Contract count) and 2) at least 50% of the sum of the CHWMs, with both of the foregoing measured by the individual vote of each customer. In determining the total, Bonneville shall count each abstention and absence of a vote as a vote that the customer does not approve the proposal. If the proposal is approved by customers, the Administrator would make the final decision on whether to approve the change. Bonneville will notify customers of the Administrator's final decision. If Bonneville decides to grant a CHWM change under this section, Bonneville will implement the proposal at the beginning of the subsequent rate period. No proposal will have retroactive effect.

ATTACHMENT A – Resources for FY 2026 CHWM Calculation

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10055	Albion, City of	[None]	-	-	
10057	Ashland, City of	Reeder Gulch	0.158	0.000	B
10015	Asotin County PUD #1	[None]	-	-	
10059	Bandon, City of	[None]	-	-	
10024	Benton County PUD #1	Packwood	0.919	0.919	J
10025	Benton REA	[None]	-	-	
10027	Big Bend Elec Coop	[None]	-	-	
10029	Blachly Lane Elec Coop	[None]	-	-	
10061	Blaine, City of	[None]	-	-	
10062	Bonners Ferry, City of	Moyie	1.881	1.881	
10064	Burley, City of	[None]	-	-	
10044	Canby, City of	[None]	-	-	
10065	Cascade Locks, City of	[None]	-	-	
10046	Central Electric Coop	Three Sisters Irrigation District Hydro	0.354	0.000	M, B
10047	Central Lincoln PUD	Georgia Pacific Toledo	8.238	0.000	M
10066	Centralia, City of	Yelm	7.114	7.114	
10067	Cheney, City of	[None]	-	-	
10068	Chewelah, City of	[None]	-	-	
10101	Clallam County PUD #1	Packwood	0.460	0.460	J
10101	Clallam County PUD #1	Packwood Assigned Shares	0.214	0.000	I
10103	Clark County PUD #1	Packwood	1.181	1.181	J
10103	Clark County PUD #1	River Road	224.767	102.000	N
10105	Clatskanie PUD	[None]	-	-	
10106	Clearwater Power	[None]	-	-	
10109	Columbia Basin Elec Coop	[None]	-	-	

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10111	Columbia Power Coop	[None]	-	-	
10113	Columbia REA	Walla Walla Hydro	1.231	1.231	A
10112	Columbia River PUD	[None]	-	-	
10116	Consolidated Irrigation District #19	[None]	-	-	
10118	Consumers Power	Coffin Butte Phase 1	0.000	0.000	C
10118	Consumers Power	Coffin Butte Phase 1 Replacement	2.363	2.363	C
10121	Coos Curry Elec Coop	[None]	-	-	
10378	Coulee Dam, City of	[None]	-	-	
10123	Cowlitz County PUD #1	Priest Rapids	0.601	0.555	L
10123	Cowlitz County PUD #1	Swift	14.599	14.599	
10123	Cowlitz County PUD #1	Wanapum	0.610	0.566	L
10123	Cowlitz County PUD #1	Longview Fibre 1 (#3 - #7)	35.000	0.000	M
10123	Cowlitz County PUD #1	Longview Fibre 2 (#8)	0.000	0.000	M
10123	Cowlitz County PUD #1	Weyerhaeuser	35.000	0.000	M
10070	Declo, City of	[None]	-	-	
10136	Douglas Electric Cooperative	[None]	-	-	
10071	Drain, City of	[None]	-	-	
10142	East End Mutual Electric	[None]	-	-	
10144	Eatonville, City of	[None]	-	-	
10072	Ellensburg, City of	[None]	-	-	
10156	Elmhurst Mutual P & L	[None]	-	-	
10157	Emerald PUD	Short Mountain	2.549	2.549	C
10158	Energy Northwest	[None]	-	-	
10170	Eugene Water & Electric Board	Carmen-Smith	15.425	15.425	
10170	Eugene Water & Electric Board	Foote Creek I	N/A	0.000	N
10170	Eugene Water & Electric Board	Replacement for Foote Creek I	2.086	0.000	N
10170	Eugene Water & Electric Board	Leaburg	0.000	0.000	N

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10170	Eugene Water & Electric Board	Priest Rapids	0.526	0.494	L
10170	Eugene Water & Electric Board	Smith Creek	N/A	0.000	N
10170	Eugene Water & Electric Board	Replacement for Smith Creek	6.985	6.985	
10170	Eugene Water & Electric Board	Stone Creek	3.484	0.000	H
10170	Eugene Water & Electric Board	Trailbridge	3.282	3.282	C
10170	Eugene Water & Electric Board	Walterville	5.591	5.591	
10170	Eugene Water & Electric Board	Wanapum	0.533	0.486	L
10170	Eugene Water & Electric Board	Industrial Finishes	0.057	0.000	B
10170	Eugene Water & Electric Board	International Paper	17.678	0.000	M
10170	Eugene Water & Electric Board	Willamette Beverage (Pepsi-Cola)	0.031	0.000	B
10170	Eugene Water & Electric Board	Kendall Dealership Holdings LLC	0.025	0.000	B
10170	Eugene Water & Electric Board	Metropolitan Wastewater Management Commission	0.570	0.000	B
10172	U.S. Airforce Base, Fairchild	[None]	-	-	
10173	Fall River Elec Coop	Buffalo Hydro	0.135	0.000	B
10173	Fall River Elec Coop	Chester Hydro	0.967	0.967	A
10173	Fall River Elec Coop	Island Park	0.992	0.992	
10174	Farmers Elec Coop	[None]	-	-	
10177	Ferry County PUD #1	Packwood	0.000	0.066	J, Q
10179	Flathead Elec Coop	Land Fill Gas To Energy LFGTE, Flathead County Solid Waste	1.077	1.077	A
10179	Flathead Elec Coop	Stolze Biomass	2.500	2.500	A
10179	Flathead Elec Coop	Stoltze Biomass	2.500	0.000	M
10179	Flathead Elec Coop	Sierra Pacific Industries ("SPI") – Aberdeen, WA (purchased from Public Utility District No. 1 of Grays Harbor County)	9.404	9.404	G
10179	Flathead Elec Coop	-Nippon Paper Industries USA Co., Ltd. – Port Angeles, WA	0.000	0.000	G

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10074	Forest Grove, City of	Priest Rapids	1.577	1.457	L
10074	Forest Grove, City of	Wanapum	1.600	1.484	L
10183	Franklin County PUD #1	Packwood	0.689	0.689	J
10186	Glacier Elec -Coop	Western Area Power Administration (WAPA) Blackfeet Tribal Allocation	3.316	0.000	D
10190	Grant County PUD #2	Priest Rapids Project	~~TBD~~300.730	~~TBD~~300.730	F, L, S
10190	Grant County PUD #2	~~Wanapum~~Priest Rapids Project (NLSL)	~~TBD~~153.648	0.000~~TBD~~	F, H, L, T
10190	Grant County PUD #2	PEC Headworks	~~TBD~~2.910	~~TBD~~2.910	C, F
10190	Grant County PUD #2	Quincy Chute	~~TBD~~3.390	~~TBD~~3.390	C, F
10190	Grant County PUD #2	Yakama Nation	0.000	0.000	P
10191	Grays Harbor PUD #1	Cosmo Specialty Fibers	13.000	0.000	M
10191	Grays Harbor PUD #1	Sierra Pacific Industries-Aberdeen, WA	14.446	0.000	M
10197	Harney Elec Coop	[None]	-	-	
10597	Hermiston, City of	[None]	-	-	
10076	Heyburn, City of	[None]	-	-	
10202	Hood River Elec Coop	Middle Fork Irrigation	2.686	0.000	M
10203	Idaho County L & P	[None]	-	-	
10204	Idaho Falls Power	Bulb Turbines	11.528	11.528	
10204	Idaho Falls Power	Gem State	5.794	5.794	
10204	Idaho Falls Power	Horse Butte	0.518	0.518	A
10209	Inland P & L	[None]	-	-	
12026	Jefferson County PUD #1	[None]	-	-	
13927	Kalispel Tribe Utility	[None]	-	-	
10230	Kittitas County PUD #1	Priest Rapids	0.526	0.486	L
10230	Kittitas County PUD #1	Wanapum	0.533	0.494	L
10230	Kittitas County PUD #1	Packwood	0.000	0.016	J, Q
10231	Klickitat County PUD #1	McNary Fishway	4.222	4.222	

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10231	Klickitat County PUD #1	Packwood	0.197	0.197	J
10231	Klickitat County PUD #1	SDS Lumber	1.256	0.000	M
10234	Kootenai Electric Coop	[None]	-	-	
10235	Lakeview L & P (WA)	[None]	-	-	
10236	Lane County Elec Coop	King Estate	0.132	0.000	B
10237	Lewis County PUD #1	Burton Creek	0.159	0.000	B
10237	Lewis County PUD #1	Mill Creek	0.096	0.000	B
10237	Lewis County PUD #1	Packwood	0.936	0.936	J
10239	Lincoln Elec Coop (MT)	[None]	-	-	
10242	Lost River Elec Coop	[None]	-	-	
10244	Lower Valley Energy	Culinary	0.151	0.000	B
10244	Lower Valley Energy	Horse Butte	2.573	2.573	A
10244	Lower Valley Energy	Lower Swift Creek	0.182	0.000	B
10244	Lower Valley Energy	Strawberry	1.030	1.030	
10244	Lower Valley Energy	Upper Swift Creek	0.415	0.000	B
10246	Mason County PUD #1	Lilliwaup Falls Hydro	0.542	0.542	C
10247	Mason County PUD #3	Nine Canyon 1	0.269	0.269	A
10247	Mason County PUD #3	Nine Canyon 2	0.269	0.269	A
10247	Mason County PUD #3	Nine Canyon 3	0.271	0.271	A
10247	Mason County PUD #3	Packwood	0.656	0.656	J
10247	Mason County PUD #3	White Creek Wind	0.920	0.920	A, C
10078	McCleary, City of	[None]	-	-	
10079	McMinnville, City of	Priest Rapids	1.577	1.457	L
10079	McMinnville, City of	Wanapum	1.600	1.484	L
10079	McMinnville, City of	Riverbend Renewable Energy Facility	0.000	4.015	A, O
10256	Midstate Elec Coop	Gilchrist Forest Products	0.522	0.~~522~~000	K
10080	Milton, Town of	[None]	-	-	

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10081	Milton-Freewater, City of	Priest Rapids	1.577	1.457	L
10081	Milton-Freewater, City of	Wanapum	1.600	1.484	L
10082	Minidoka, City of	[None]	-	-	
10258	Mission Valley	Boulder Creek	0.094	0.000	B
10258	Mission Valley	Hell Roaring	0.000	0.000	B, N
10258	Mission Valley	Seli's Ksanka Qlispe Hydro Project	3.439	3.439	
10259	Missoula Elec Coop	[None]	-	-	
10260	Modern Elec Coop	[None]	-	-	
10083	Monmouth, City of	[None]	-	-	
10273	Nespelem Valley Elec Coop	[None]	-	-	
10278	Northern Lights	Lake Creek Hydro	1.530	1.53	
10279	Northern Wasco County PUD	McNary Fishway	4.404	4.404	
10284	Ohop Mutual Light Company	[None]	-	-	
10285	Okanogan County Elec Coop	[None]~~Wells~~	~~27.403~~	~~24.130~~	~~L~~
10286	Okanogan County PUD #1	Wells~~[None]~~	27.403~~-~~	24.130~~-~~	L
10288	Orcas P & L	Decatur Solar	0.066	0.000	B
10291	Oregon Trail Coop	Co-Genco LLC	7.567	0.000	M
10294	Pacific County PUD #2	[None]	-	-	
10304	Parkland L & W	[None]	-	-	
10306	Pend Oreille County PUD #1	Boundary Dam	42.718~~0.000~~	~~0.000~~TBD	R
10306	Pend Oreille County PUD #1	Boundary Encroachment on Box Canyon Dam	3.581	3.581	
10306	Pend Oreille County PUD #1	Box Canyon Dam ~~(Serving General Requirements)~~	~~10.020~~40.049	~~10.020~~TBD	R
~~10306~~	~~Pend Oreille County PUD #1~~	~~Box Canyon Dam (Serving NLSL)~~	~~30.011~~	~~0.000~~	~~H~~
10306	Pend Oreille County PUD #1	Calispell Creek	0.300	0.000	B
10306	Pend Oreille County PUD #1	Kalispel Settlement for Box Canyon	0.830	0.000	P
10307	Peninsula Light Company	Harvest Wind	0.000	5.000	A, C, O

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10086	Plummer, City of	[None]	-	-	
10087	Port Angeles, City of	Morse Creek	0.000	0.000	N
10087	Port Angeles, City of	McKinley Paper Co.	19.178	0.000	M
10706	Port of Seattle - SETAC In'tl. Airport	[None]	-	-	
10331	Raft River Elec Coop	[None]	-	-	
10333	Ravalli County Elec Coop	[None]	-	-	
10089	Richland, City of	Horn Rapids	0.582	0.582	A
10338	Riverside Elec Coop	[None]	-	-	
10091	Rupert, City of	[None]	-	-	
10342	Salem Elec Coop	[None]	-	-	
10343	Salmon River Elec Coop	Rock Creek Hydro	0.079	0.000	B
10343	Salmon River Elec Coop	Shiloh Warm Spring Ranch Hydro Project 1	0.016	0.000	B
10343	Salmon River Elec Coop	Shiloh Warm Spring Ranch Hydro Project 2	0.044	0.000	B
10349	Seattle City Light	Article 49 Obligation to Pend Oreille	-42.717	-42.717	N
10349	Seattle City Light	Boundary and Boundary Expansion	343.999	343.999	
10349	Seattle City Light	Boundary Encroachment on Box Canyon	-3.589	-3.589	
10349	Seattle City Light	Cedar Falls	10.638	10.638	
10349	Seattle City Light	Diablo	66.461	66.461	
10349	Seattle City Light	Eltopia Branch Canal 4.6	0.117	0.000	N
10349	Seattle City Light	Gorge	79.594	79.594	
10349	Seattle City Light	High Ross	35.413	35.413	
10349	Seattle City Light	Lucky Peak Project	27.029	27.029	
10349	Seattle City Light	Main Canal Headworks	5.536	0.000	N
10349	Seattle City Light	Newhalem	0	0.000	
10349	Seattle City Light	Potholes East Canal 66	0.544	0.000	N
10349	Seattle City Light	Priest Rapids	1.014	0.937	L

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10349	Seattle City Light	Ross	63.34	63.340	
10349	Seattle City Light	South Fork Tolt	6.547	6.547	
10349	Seattle City Light	Summer Falls	19.569	0.000	N
10349	Seattle City Light	Wanapum	1.029	0.954	L
10349	Seattle City Light	Russel D Smith	-	0.000	N
10349	Seattle City Light	First and Goal	0.094	0.000	M, B
10349	Seattle City Light	CCSDC	0.029	0.000	M, B
10352	Skamania County PUD #1	Packwood	0.000	0.066	J, Q
10354	Snohomish County PUD #1	Jackson	29.478	29.478	
10354	Snohomish County PUD #1	Packwood	1.313	1.313	J
10354	Snohomish County PUD #1	Woods Creek	0.037	0.000	B
10354	Snohomish County PUD #1	Young's Creek	0.000	1.368	O
10094	Soda Springs, City of	Hooper Plant	0.066	0.000	B
10094	Soda Springs, City of	Max Snell Plant	0.046	0.000	B
10360	Southside Elec Lines	[None]	-	-	
10363	Springfield Utility Board	[None]	-	-	
10379	Steilacoom, Town of	[None]	-	-	
10095	Sumas, Town of	[None]	-	-	
10369	Surprise Valley Elec Coop	[None]	-	-	
10370	Tacoma Public Utilities	Alder	17.159	17.159	
10370	Tacoma Public Utilities	Cushman 1	12.854	12.854	
10370	Tacoma Public Utilities	Cushman 2	10.947	15.760	O
10370	Tacoma Public Utilities	North Fork Powerhouse (Cushman 3)	0.000	2.711	O
10370	Tacoma Public Utilities	Eltopia Branch Canal 4.6	0.000	0.000	N
10370	Tacoma Public Utilities	Hood Street	0.000	0.000	B
10370	Tacoma Public Utilities	LaGrande	23.32	23.320	
10370	Tacoma Public Utilities	LaGrande Unit #6	0.000	0.000	B

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10370	Tacoma Public Utilities	Main Canal Headworks	0.000	0.000	N
10370	Tacoma Public Utilities	Mayfield (Units 41-44)	42.575	42.575	
10370	Tacoma Public Utilities	Mossyrock	61.132	61.132	
10370	Tacoma Public Utilities	Potholes East Canal 66	0.000	0.000	N
10370	Tacoma Public Utilities	Priest Rapids	1.089	1.006	L
10370	Tacoma Public Utilities	Summer Falls	0.000	0.000	N
10370	Tacoma Public Utilities	Wanapum	1.105	1.025	L
10370	Tacoma Public Utilities	Wynoochee	3.597	3.597	
10370	Tacoma Public Utilities	Russel D Smith	-	0.000	N
10370	Tacoma Public Utilities	WestRock Co-Gen	34.666	0.000~~34.666~~	M
10371	Tanner Elec Coop	[None]	-	-	
10376	Tillamook PUD #1	Tillamook BioGas	0.606	0.000	E
10376	Tillamook PUD #1	Farm Power Tillamook LLC	0.697	0.000	B
10097	Troy, City of	[None]	-	-	
10388	Umatilla Elec Coop	Moyer-Tolles Solar Array	0.232	0.000	B
10482	Umpqua Indian Utility Cooperative	[None]	-	-	
10391	United Electric Coop	[None]	-	-	
10406	U.S. DOE Albany Research Center	[None]	-	-	
10426	U.S. DOE Richland Operations Office	[None]	-	-	
10409	U.S. Naval Submarine Base, Bangor	[None]	-	-	
10408	U.S. Naval Station, Everett (Jim Creek)	[None]	-	-	
10326	U.S. Naval Base, Bremerton	[None]	-	-	
10434	Vera Irrigation District	[None]	-	-	
10436	Vigilante Elec Coop	[None]	-	-	
10440	Wahkiakum County PUD #1	Packwood	0.000	0.066	J, Q

BES	Customer Name	Resource Name	FY 2023 Exhibit A Amount (aMW)	CHWM Calculation Amount (aMW)	Resource Notes
10442	Wasco Elec Coop	[None]	-	-	
11680	Weiser, City of	[None]	-	-	
10446	Wells Rural Elec Coop	[None]	-	-	
10448	West Oregon Elec Coop	[None]	-	-	
10451	Whatcom County PUD #1	[None]	-	-	
10502	Yakama Power	[None]	-	-	

Resource Notes:

A. The resource is a new specified resource under Regional Dialogue. The resource will be included as a new specified resource for purposes of calculating the new specified resource adjustment in the FY 2026 CHWM calculation as described in Section 2.4.1.6 of the POC Policy. A resource added on or before September 30, 2023, will be considered Existing Resource in Provider of Choice CHWM contracts.

B. The resource is less than or equal to 1 MW nameplate. Bonneville will not track these resources in Provider of Choice CHWM contracts as determined in Section 2.3.3.2 of the POC Policy. The resource will not be included in the FY 2026 CHWM calculation as described in Section 2.4.1.2 of the POC Policy.

C. The customer requested a resource removal determination for this resource by the October 2024 deadline. Bonneville is evaluating the request. If ~~BPA~~Bonneville determines resource removal is appropriate, the resource will be removed by September 30, 2028 and will not be included in the FY 2026 CHWM calculation.

D. The Provider of Choice Policy Record of Decision (POC Policy ROD) determined that Glacier Electric Cooperative's (Glacier) Western Area Power Administration (WAPA) Blackfeet Nation (Blackfeet) tribal allocation (WAPA resource) will not be included in the FY 2026 CHWM calculation. This is described in Issue 53 of the POC Policy ROD.

E. The POC Policy ROD determined that Public Utility Regulatory Policies Act (PURPA) resources will not be included in the FY 2026 CHWM calculation. This is described in Issue 53 of the POC Policy ROD.

F. ~~This is a~~The resource is dedicated to load by Grant PUD. As a returning utility, Grant PUD's resource amounts will be based on Provider of Choice Exhibit A as described in Section 2.2.2 of the CHWM Implementation Policy.

G. Flathead NLSL Green Exception resource. If Flathead elects the exception for Provider of Choice, Bonneville intends to set the resource amount for the contract period, which would be reflected in the FY 2026 CHWM calculation. If Flathead elects to sunset the exception, the Weyerhaeuser NLSL would be deducted in its entirety from the CHWM calculation. The amount listed in Attachment A may not be the amount included in the FY 2026 CHWM calculation for the resource. For more information, see Issue 105 in the POC Policy ROD.
H. NLSL resources not included in CHWM calculation.
I. Participant shares of Packwood temporarily assigned to Clallam PUD; expires at the end of FY 2028.
J. Participant share of Packwood.
K. Consumer Owned Resource Serving On-site Consumer Load. Approved removal as resource no longer generates.
L. Net of FY 2023 Canadian Entitlement Allocation Extension Agreement, Colville Settlement, and Boundary Encroachment on Box Canyon amounts.
M. Consumer Owned Resource Serving Other than On-site Consumer Load.
N. Bonneville recognized loss or partial loss of resource, including expired replacement resource.
O. Resource that was temporarily removed in FY 2023 but will be included in the FY 2026 CHWM calculation at pre-removal level as determined in Section 2.4.1.2 of the POC Policy.
P. Yakama Nation and Kalispel Tribe of Indian Settlements give the tribes the option whether to take power each year.
Q. The customer assigned its participant share of Packwood in FY 2023.—
R. Pend Oreille's non-federal resource amounts that Bonneville will include in the FY 2026 CHWM calculation are contingent on the actual FY 2023 TRL and NLSL amounts that are in the equation. The resource amount to be included will be 82.767 aMW minus the FY 2023 NLSL aMW amount. This math will be completed during the FY 2026 CHWM calculation. Bonneville will first apply Boundary to serve the NLSL, then serve any remaining amount by applying a portion or all of Box Canyon.
S. The Priest Rapids Project, which is made up of the Priest Rapids and Wanapum hydropower resources, amount includes: (1) resource amounts dedicated to load under Grant PUD's Subscription contract, (2) the resource amount that was recalled ahead of Regional Dialogue (consistent with Issue 2 starting on page 66 of the Regional Dialogue Policy Record of Decision[11]); and (3) the remaining portion of the relicensed physical rights to the Priest Rapids Project not dedicated to serve NLSLs. This Attachment A amount is subject to change pending final NLSL determinations.

[11] The Regional Dialogue Policy Record of Decision is available at https://www.bpa.gov/-/media/Aep/power/regional-dialogue/7-19-07-rd-rod.pdf.

T. The Priest Rapids Project (NLSL) amount includes a portion of Grant PUD's relicensed physical rights to the Priest Rapids Project not dedicated to serve Grant PUD's general requirements load based on FY 2010 NLSLs. This Attachment A amount is subject to change pending final NLSL determinations.

APPENDIX A – Abbreviations/Acronyms

Abbreviation/Acronym	Definition
Above-CHWM	Above-Contract High Water Mark
Bonneville	Bonneville Power Administration
CF/CT	Contracted For/Committed To
CHWM	Contract High Water Mark
CHWM Policy	Contract High Water Mark Implementation Policy
DOE	U.S. Department of Energy
FY	fiscal year
Jefferson PUD	Jefferson Public Utility District No. 1
Northwest Power Act	Pacific Northwest Electric Power Planning and Conservation Act
NLSL	New Large Single Loads
PF	Priority Firm
POC	Provider of Choice
POC Policy	Provider of Choice Policy
PRDM	2029 Public Rate Design Methodology
RHWM	Rate Period High Water Mark
TRL	total retail load
TRM	Tiered Rate Methodology

APPENDIX B – REFERENCE ONLY: Provider of Choice Policy Section 2.4

The following POC Policy sections in Appendix B are for reference only.

2.4 Contract High Water Marks

Bonneville will calculate CHWMs to set a PF customer's maximum eligibility to access power priced at a PF Tier 1 rate under the tiered rate construct. CHWMs are unique to each individual PF-eligible customer. Because a joint operating entity's utility composition may change over time, its CHWM will be the combined individual CHWMs of its membership.

Bonneville will establish CHWMs independent of the net requirements calculation. A customer's actual right to purchase power from Bonneville is limited to its net requirements load. While a customer's CHWM may be higher than its net requirements load (known colloquially as headroom), the customer is limited to only purchasing firm power at a PF Tier 1 rate that meets its net requirements load, exclusive of its NLSLs. If a customer's CHWM is lower than its net requirements load, the customer would be eligible to access firm power up to its maximum CHWM eligibility at a PF Tier 1 rate, and any additional firm power would be served according to the customer's Above-CHWM election.

The total amount of power that can be accessed at PF Tier 1 rates, previously known as Tier 1 system size, and CHWMs are interdependent, and decisions in one area will create impacts in the other. Bonneville will use the calculation outlined below to determine CHWMs as well as the total fixed amount of power that will be available to be purchased at a PF Tier 1 rate for the term of the contract. Bonneville will only allow changes to CHWMs that may occur over the life of the contract as outlined in the subsequent CHWM adjustment categories described in Section 2.4.2.

2.4.1 CHWM Calculation

Bonneville will determine an individual customer's CHWM by using the CHWM calculation and that CHWM will be set for the Provider of Choice contract period. Bonneville will calculate CHWMs in fiscal year (FY) 2026, after contracts are executed, using actual load and resource data. Bonneville will conduct a public process specific to the CHWM calculation with an opportunity for customers to review and provide input on the information being used in the calculation to ensure the process captures accurate information. Bonneville recognizes that details, such as variables in the weather normalization process, will need to be determined in the FY 2026 CHWM calculation process. Bonneville will adopt and apply this CHWM calculation to establish individual customer CHWM's for the Provider of Choice contracts.

Bonneville's CHWM calculation for customers that sign Provider of Choice contracts will be:

$$CHWM = Base\ Allowance - Headroom\ Adjustment + Conservation\ Adjustment + New\ Specified\ Resource\ Adjustment + Load\ Growth\ Adjustment + Propotional\ Share\ Adjustment$$

The sections below describe the components of the CHWM calculation equation, including what index year CHWMs will be calculated from and what load will be eligible for a CHWM.

2.4.1.1 Index Year

Bonneville will use an index year to establish PF-eligible load in the CHWM calculation. The index year will be FY 2023. Bonneville is using FY 2023 as the index year instead of a year closer to FY 2029 because it allows more effective firm resource planning for customers looking to invest in non-federal resources. While Bonneville will calculate CHWMs in FY 2026, customers should have reasonable information to estimate their potential CHWM. Customers will have ample time to determine if they will invest in non-federal resources ahead of Provider of Choice power deliveries commencing in October 2028. The index year of FY 2023 will also allow customers the opportunity to leverage potential funding opportunities including, for example, incentives under the Inflation Reduction Act or Bipartisan Infrastructure Law. Bonneville's use of the FY 2023 index year also eliminates uncertainty about potential economic or technology changes that could occur between FY 2023 and a later year.

2.4.1.2 PF-Eligible Load

Bonneville's power sales contracts are based on net requirements load service. The tiered rate construct applies to the portion of net requirements load which is eligible to be served at a PF rate. A key component of the CHWM calculation is how that PF-eligible net requirements, referred to here as PF-eligible load, is calculated. Bonneville will determine PF-eligible load using the energy net requirements methodology, as described in Section 2.1.1, based on three components: TRL, NLSLs, and dedicated resources as shown in the calculation below:

$$PF\ eligible\ load = Total\ Retail\ Load - New\ Large\ Single\ Loads - Dedicated\ \ Resources$$

Total Retail Load

While Bonneville will define TRL during the policy implementation and contract development phase, TRL generally means all of a customer's retail electric power consumption, including electric system losses, with some exceptions based on a customer's unique service territory. Bonneville will weather-normalize FY 2023 TRL using five years of historical load data (FY 2018 through FY 2022).

Bonneville will model the weather-normalization process on the methodology established in Section 4.1.1.3 of the TRM.[12] Bonneville will use two data sets to weather-normalize each customer's load – monthly FY 2023 data and monthly historical data for FY 2018 through FY 2022. Bonneville will employ different normalization methods for non-irrigation loads, such as residential and commercial loads, and for irrigation loads. If a customer has both types of loads,

[12] TRM is available at https://www.bpa.gov/-/media/Aep/power/provider-of-choice/bp-12-a-03.pdf.

Bonneville will split the loads before the weather-normalization process and then aggregate the loads after the weather-normalization process.

For non-irrigation load, Bonneville will use temperature data obtained from the National Oceanic and Atmospheric Administration weather station nearest to a customer's point(s) of delivery to weather-normalize the non-irrigation load data for each customer. The differences between average daily historical and average daily actual temperatures will determine cumulative levels of above- and below-average temperatures, measured in heating degree days (HDDs) or cooling degree days (CDDs). The HDDs and CDDs will be multiplied by weather coefficient values to result in an electric load adjustment value (in average megawatts) associated with the non-average temperature conditions. Finally, the non-irrigation portion of the FY 2023 load and the HDD and CDD adjustment values will be combined to obtain the weather-normalized load.

For irrigation load, Bonneville will use an adjusted historical load average to weather-normalize the irrigation loads for each utility submitting irrigation load data. Bonneville will calculate a five-year historical load average of each customer's irrigation load for years FY 2018 through FY 2022. Bonneville will adjust the historical load average by the average annual growth rate. Bonneville intends to calculate the difference between the highest recorded annual irrigation loads in calendar year (CY) 2013 through CY 2015 and the highest recorded in CY 2021 through 2023. Bonneville will work with customers to determine the exact measurement periods ahead of the CHWM calculation process. Bonneville will conduct further verification with the customers and either confirm or adjust the growth rate as needed. In any event, this average annual growth rate cannot be negative. Finally, Bonneville will adjust the customer's actual FY 2023 irrigation load to meet the growth rate-adjusted historical load average.

Bonneville will determine the historical average irrigation load based on meter reads for FY 2018 through FY 2022. In order to determine the growth-adjustment factor, Bonneville will also require monthly irrigation load data for the historical period through CY 2023. If Bonneville does not have irrigation data already, customers will be required to submit monthly irrigation load data. Bonneville will specify a deadline for data ahead of the FY 2026 CHWM calculation process.

The only other factor that could change a TRL for purposes of the CHWM calculation is the economic adjustment described below.

Economic Adjustment to Total Retail Load

Bonneville will allow customers to request a one-time increase to their TRL in the CHWM calculation through an "economic" adjustment. The economic adjustment accounts for economic impacts (i.e., reduction in load due to high inflationary prices) to an individual retail consumer, excluding NLSLs, in FY 2023 that operated below the consumer's highest 12-month consecutive load for the period of FY 2018 through FY 2022 (historical high load). To qualify, a customer must have:

1. A single retail consumer load that in FY 2023 is at least 5 aMW below its historical high load, or
2. The consumer's lost load in FY 2023 represents a 10% reduction of the customer's TRL relative to the highest 12-month consecutive TRL from FY 2018 through FY 2022.

The maximum economic adjustment amount would be determined by taking the difference between the historic high load and the consumer's FY 2023 load. Bonneville would monitor qualifying loads during FY 2024 and FY 2025 to establish the highest 12-month consecutive load, or recovery load. If the recovery load is greater than or equal to the historical high load, the customer would gain the maximum economic adjustment. If the recovery load was higher than its FY 2023 load but lower than its historical high load, the customer would retain a portion of the economic adjustment. If the recovery load was lower than its FY 2023 load, the customer would receive no economic adjustment.

For example, if a load that had historically been running at 20 aMW but in FY 2023 was running at 8 aMW, it would qualify for the economic adjustment. The maximum adjustment that could be granted would be 12 aMW. The total adjustment that would be granted would be as follows:

If the FY 2024/2025 load is:	The adjustment would be:
Less than 8 aMW	Not applicable
Between 8 aMW and 20 aMW	0 to 12 aMW
20 aMW or greater	12 aMW

Customers must notify Bonneville if they believe they have a consumer load that qualifies for the economic adjustment. Customers must identify the load(s) they would like Bonneville to assess and provide information prior to the start of the CHWM process. This information could include load data, potentially hourly, if Bonneville does not have a way to measure the load with its own meters.

Bonneville will not provide an adjustment for any load that is already, or becomes, an NLSL. A Contracted For/Committed To[13] (CF/CT) load, however, could qualify for this adjustment, assuming it fits the parameters outlined here.

New Large Single Loads

Under the Northwest Power Act, NLSLs are not part of a customer's "general requirements" load, which receives service at the PF rate. If a customer's TRL includes an NLSL, Bonneville will deduct the FY 2023 load associated with the NLSL from a customer's weather normalized TRL, regardless of whether the NLSL is served by power priced at the New Resource (NR) rate or by a customer's dedicated resources.

[13] A Contracted For/Committed To is a load that existed prior to September 1, 1979, that would have otherwise qualified as a NLSL.

Dedicated Resources

Bonneville accounts for customers' dedicated resource capability as a key component of the net requirements calculation. In order to establish PF-eligible load, Bonneville will deduct dedicated resources the customer used to serve its load during the index year. This will include all resources dedicated as "Existing" or "New" resources as well as SNEER Exceptions. Resources that were temporarily removed in FY 2023 will be included in the calculation and treated how they were originally dedicated in Regional Dialogue at pre-removal levels.

Bonneville will not deduct from a customer's TRL unspecified resources in the Provider of Choice CHWM calculation. This follows section 5(b)(1) of the Northwest Power Act, which provides that a customer may remove a dedicated resource and not receive a decrement to its net requirements if that resource will be discontinued because of "obsolescence, retirement, loss of resource, or loss of contract rights." Under the Regional Dialogue contract, customers have no obligation to apply "Unspecified Resource Amounts" beyond the expiration of the Regional Dialogue contracts.

Bonneville acknowledges that some customers may request a permanent removal of a specified resource, as it is defined in the Regional Dialogue contracts and consistent with Bonneville's 5(b)9(c) Policy before the expiration of the Regional Dialogue contracts on September 30, 2028. If a customer intends to pursue a permanent resource removal, Bonneville will consider removing that resource from the PF-eligible load determination for the CHWM calculation. Interested customers must submit their request via a process ahead of or at the time of the Provider of Choice CHWM calculation. The resource removal must meet the eligibility criteria established under the Northwest Power Act to be removed and the Administrator must approve a resource removal request. If the Administrator grants a permanent resource removal, the removed resource will not be included in the Provider of Choice CHWM calculation.

Resources that are less than 1 MW will not need to apply for resource removal based on the policy to raise the non-federal minimum threshold for resources tracked in the Provider of Choice contract, as described in Section 2.3.3.2. Bonneville will not include these resources in the Provider of Choice CHWM calculation.

2.4.1.3 Base Allowance

Bonneville will begin the Provider of Choice CHWM calculation with a base allowance from which all adjustments are added or subtracted. A customer's base allowance is equal to its Rate-Period High Water Mark (RHWM) established in the 2024 RHWM process[14].

[14] Final 2024 RHWMs are available at https://www.bpa.gov/-/media/Aep/rates-tariff/rhwm/FY-2024-2025-RHWM-Process/Final-2024-RHWM-Outputs-08312022.xlsx.

In FY 2022, Bonneville conducted a public process to propose a change to how Bonneville evaluates critical, or firm, water[15] and adopted the firm monthly 10th percentiles (P10) to define firm output of the FCRPS. Bonneville will use 2024 RHWMs, instead of 2022 RHWMs, and a FY 2023 index year, as outlined in Section 2.4.1.1. Because the 2024 RHWM process took into account the shift to the new firm monthly P10 methodology, Bonneville believes it is prudent to use the 2024 RHWMs when setting new CHWMs.

2.4.1.4 Headroom Adjustment

Bonneville will apply a headroom adjustment to customers whose PF-eligible load is lower than their base allowance. To determine the headroom adjustment, Bonneville will subtract the difference from the base allowance so that a customer's new starting point is its PF-eligible load in the index year. In other words, if a customer's PF-eligible load in FY 2023 is lower than its 2024 RHWM, Bonneville will adjust the customer's starting point for the Provider of Choice CHWM to its FY 2023 PF-eligible load instead of its 2024 RHWM.

A customer could have headroom under Regional Dialogue for two reasons: load loss and conservation. Bonneville maintains that headroom should only exist when establishing CHWMs for the Provider of Choice contracts if there is a policy driver behind it, such as to encourage conservation. Bonneville does not have an obligation to preserve any headroom that exists under Regional Dialogue. In the framework of a tiered rate construct, Bonneville believes the FY 2023 index year and FY 2024 base allowance are the appropriate points from which load growth should be measured to ensure customers receive appropriate PF Tier 1 and PF Tier 2 price signals.

2.4.1.5 Conservation Adjustment

Bonneville will include a conservation adjustment for eligible customers to add a defined amount of self-funded conservation to the Provider of Choice CHWMs. The conservation adjustment will be equal to 50% of self-funded conservation achievements approved by Bonneville from FY 2012 through FY 2023. Customers must complete conservation by the end of FY 2023 and report it by the end of FY 2025 for it to qualify for the adjustment.

Self-funded conservation is conservation not funded using Energy Efficiency Incentive (EEI) funds received by a customer from Bonneville under its Energy Conservation Agreement (ECA). Bonneville will include two types of self-funded conservation in the adjustment. The first type is self-funded conservation that meets the eligibility and reporting requirements of the Bonneville Energy Efficiency Implementation Manual (IM) as incorporated by the ECA. Bonneville notes that Section 18.1.2.1 of the Regional Dialogue contracts requires reporting of cost-effective self-funded savings. Bonneville will use savings that have been reported to Bonneville within the timelines established in the IM.

[15] More details on the move to firm P10 monthly percentiles is available at https://www.bpa.gov/energy-and-services/power/climate-change-fcrps.

The second type of self-funded conservation that will qualify is self-funded Northwest Energy Efficiency Alliance (NEEA) savings. Bonneville is a direct funder of NEEA and relies on the conservation NEEA invests in to achieve its goals as outlined in Bonneville's Resource Program and the Council's power plan. Bonneville relies on NEEA savings to meet its resource needs and fulfill its Northwest Power Act obligations. NEEA savings are evaluated and validated to a degree sufficient to justify significant Bonneville funding. Bonneville will include customer's self-funded NEEA savings proportional to each direct funding utility's annual funding percentage of the annual regional total savings reported by NEEA. Bonneville will include calendar year savings for CY 2012 through CY 2023, as the NEEA reporting cycle does not align to Bonneville's fiscal year.

Under the Northwest Power Act, cost-effective conservation is Bonneville's priority resource for acquisition. Conservation reduces the Administrator's obligation to acquire resources by reducing the consumer load of a customer. Bonneville's conservation goals are informed by the Council's power plan and Bonneville's Resource Program. Under Regional Dialogue, Bonneville collected 70% of projected programmatic energy efficiency acquisition costs as EEI funding in PF Tier 1 rates.[16] Bonneville uses EEI funding to acquire verified energy savings from its customers under Bonneville's conservation program. Separate from EEI funding Bonneville expected that customers who invested in additional conservation would make up the remaining 30% of achievement through reported self-funded savings. Self-funded conservation savings benefit all customers by reducing Bonneville's conservation cost and in turn the PF Tier 1 rate for EEI costs that would have otherwise needed to be collected. For this reason, Bonneville believes it is appropriate to include a CHWM adjustment for self-funded conservation savings reported to Bonneville or self-funded through NEEA during the Regional Dialogue contract period.

2.4.1.6 New Specified Resource Adjustment

Bonneville will include a new specified resource adjustment that will add 50% of the aMW amount of new specified resources dedicated to load in FY 2023 to an eligible customer's Provider of Choice CHWM. New specified resources refers to a customer's resources listed in Section 2 of Regional Dialogue Exhibit A that are identified as new. These are resources that were first obligated to serve load after September 30, 2006. One goal of Bonneville's Regional Dialogue Policy was to encourage non-federal resource development. The new specified resource adjustment recognizes that customers accomplished a Regional Dialogue policy goal by investing in new specified resources that continue to apply to load after the Regional Dialogue contracts expire. To qualify for the adjustment, the new specified resource must also be included in the PF-eligible load calculation.

[16] From FY 2012 to FY 2018, PF Tier 1 rates collected 75% of projected energy efficiency acquisition costs for EEI funding.

2.4.1.7 Load Growth Adjustment

Bonneville will include a load growth adjustment that will add a defined amount of load growth from the Regional Dialogue contract period to the Provider of Choice CHWM. Customers whose index year PF-eligible load is greater than their base allowance (those customers whose FY 2023 PF-eligible load is greater than their 2024 RHWM) will qualify for this adjustment. Bonneville will take the difference between the base allowance and index year PF-eligible load and add 25% of that load difference to the Provider of Choice CHWM.

Bonneville's Regional Dialogue policy provided for low and stable PF Tier 1 rates by limiting the amount of augmentation costs that were included in the Tier 1 cost pool. The tiered rate construct insulates customers from each other's decisions on how to serve their growing loads and the resulting costs. If Bonneville were to include all load growth in the CHWM calculation, this would undermine the intent of the tiered rate construct and could eliminate the price signals to invest in non-federal resources or conservation. That said, firm adherence to a CHWM that includes no adjustment for load growth becomes increasingly outdated and disconnected from current conditions. Bonneville will allow 25% of load growth to be added to Provider of Choice CHWMs to address that concern, while also signaling the importance of investments in conservation and development of non-federal specified resources.

2.4.1.8 Proportional Share Adjustment

Bonneville will include a proportional share adjustment if, after calculating CHWMs according to the steps taken in Sections 2.4.1.1 through 2.4.1.7, the aggregate of those initial CHWMs is less than 7,250 aMW. This provides an equitable adjustment to all customers as part of the CHWM calculations.

The proportional share adjustment will equal the difference between 7,250 aMW and the initial aggregate CHWMs, as determined by the steps taken in Sections 2.4.1.1 through 2.4.1.7. Bonneville will adjust individual CHWMs by an amount equal to the customer's pro rata share of the proportional share adjustment, if triggered. A customer's share is based on its individual CHWM relative to the initial aggregate CHWMs of all customers. Customers that have no exposure to Above-CHWM load under the CHWM, as determined by the steps in Sections 2.4.1.1 through 2.4.1.7, will build headroom, allowing them to grow loads before being exposed to Above-CHWM load service options. The proportional share adjustment provides a buffer for load growth that has already occurred or will occur between FY 2023 and when power deliveries start in FY 2029.

Initial Aggregate CHWMs	Proportional Share Adjustment Amount
7,000 aMW	250 aMW
7,150 aMW	100 aMW
7,350 aMW	No adjustment

Bonneville will not include a proportional share adjustment if the initial aggregate CHWMs, as determined by the steps taken in Sections 2.4.1.1 through 2.4.1.7, exceeds 7,250 aMW; however, Bonneville will not reduce initial aggregate CHWMs.

2.4.1.9 Returning Public Utility Treatment

Bonneville must calculate a CHWM for any existing public utility seeking to purchase power from Bonneville including a public utility that does not have a Regional Dialogue power sales contract or has a Regional Dialogue contract for service only to a discrete part of its retail load. The Public Utility District No. 2 of Grant County, Washington, (Grant) inquired about a 5(b) power sales contract from Bonneville for its net requirements load service starting in FY 2029. Under Regional Dialogue, Bonneville only served a portion of Grant's municipal load in the Grand Coulee area. Bonneville had served Grant's net requirements load under the prior Subscription contract. Therefore, Grant presents a unique exception as a returning public customer, and Bonneville will establish Grant's CHWM for the first time.

Bonneville will apply a similar CHWM calculation methodology for Grant as all other PF customers. However, there will be some unique considerations based on Grant's status as a returning utility. Bonneville will use the last block purchase amount Grant made under the Subscription contract in lieu of the 2024 RHWM to set its base allowance. Bonneville does not believe it is prudent to recalculate what Grant's CHWM could have been under Regional Dialogue as it would require reconstructing a set of assumptions from over a decade ago and would ignore the relationship between Grant and other customer CHMWs. Bonneville will use Grant's last block purchase as a proxy for the 2024 RHWM because it provides a known historical load basis without creating a revisionist process. Like other customers, Grant will have the opportunity to apply for resource removal which would be contingent upon Bonneville's approval through a formal process.

Bonneville will restrict Grant when applying two of the CHWM calculation adjustments—the conservation adjustment and the new specified resource adjustment. The only self-funded conservation that will qualify for an adjustment for Grant are self-funded measures for the load Bonneville served during Regional Dialogue that was reported to Bonneville. Grant's other conservation will not qualify because the rationale for the conservation adjustment is to recognize achievements that helped Bonneville reduce its obligation and meet its total conservation targets; any conservation achieved by Grant for its broader load did not reduce Bonneville's obligation. For this reason, Bonneville will not include any NEEA savings Grant may have acquired during the Regional Dialogue contract period in the conservation adjustment. Grant will also not qualify for the new specified resource adjustment because Grant did not add any new specified resources to serve its load in the Grand Coulee area, and Bonneville will not retroactively determine what would have been considered a new specified resource under Regional Dialogue.

Grant will be subject to the same data requirements and transparent processes that all other Bonneville customers will be subject to in determining its net requirements load, including determining NLSLs, and CHWM. Bonneville will not pursue any special data provisions or unique process based on Grant's status as a returning public utility.

Bonneville would develop a similar CHWM calculation approach if it receives requests for power from other returning utility customers.

2.4.2 Subsequent CHWM Adjustment Categories

Bonneville believes that certain conditions merit an increase to the amount of power a customer can purchase at a PF Tier 1 rate, or said another way, an increase to a customer's CHWM, after the one-time CHWM calculation outlined in Section 2.4.1. These subsequent CHWM adjustment categories would increase the sum of all CHWMs and could require Bonneville to acquire resources for firm power to be sold at PF Tier 1 rates. Bonneville has identified six CHWM adjustment categories for the Provider of Choice contract term: small utility, new public utility, tribal utility, U.S. Department of Energy (DOE) vitrification load, CF/CT loads, and Port Townsend Paper.

These are the only subsequent CHWM adjustment categories that will be available during the Provider of Choice contract period. Bonneville will determine implementation details for these subsequent adjustments as part of the FY 2026 CHWM process. At that time, Bonneville will establish a process to update CHWMs for any changes based on the subsequent CHWM adjustment categories and to calculate the amount of Above-CHWM load a customer has in any given rate period for use in the rate case process. This will ensure timely information is available to establish future rates while weighing the administrative process that will be needed to ensure accurate information is calculated. The process to update CHWMs and the timing, likely by rate period ahead of the rate case, will be determined as part of the FY 2026 CHWM process to ensure timing best suits the rate case needs.

2.4.2.1 Small Utility Adjustment

Bonneville will increase a small utility customer's CHWM under this adjustment. Bonneville will allow customers with PF-eligible load under 5 aMW to increase their CHWM up to the lesser of double their initial Provider of Choice CHWM, as defined in Section 2.4.1, or 5 aMW. This adjustment helps mitigate the relatively greater effective PF rate impact these customers experience from small amounts of load growth served at PF Tier 2 rates compared to large customers. Small customers may see a proportionally larger change in their effective rate because they have less existing load across which to blend the effect of increasing load service costs at PF Tier 2 rates. Bonneville will cap this small utility adjustment to the load which qualifies for the adjustment based on Provider of Choice CHWMs calculated in FY 2026.

2.4.2.2 New Public Utility Adjustment

Bonneville will allow new public utilities that meet Bonneville's standards for service and request service under the Northwest Power Act to purchase power sold at a PF Tier 1 rate. Bonneville will calculate new public utilities' CHWMs based on their PF-eligible load. This will ensure that new public utilities have a CHWM even if they are not formed at the start of the contract period.

Bonneville will limit the amount of Tier 1 that can be purchased by new public utilities to a total of 200 aMW during the Provider of Choice contract period, with no more than 50 aMW added in any rate period. To the extent power needs exceed the rate period limit or the 200 aMW threshold, a new public utility will only be able to purchase power at PF Tier 2 rates for their net requirements loads until the next long-term contract period. The 50 aMW rate period and 200 aMW contract period limitations balance providing any new public utility with the ability to purchase power at the lowest-cost PF power and limiting increased costs that would dilute benefits of the PF Tier 1 rate for existing customers. Bonneville will grant additional CHWMs on a first come, first serve basis.

2.4.2.3 Tribal Utility Adjustment

Bonneville will allow a tribal utility to increase its CHWM for load within the tribal utility's service territory, as will be defined by the customers' contracts. This exception will only apply to customers that are recognized as a tribal utility consistent with Bonneville's standards for service or a utility that is operated by a federally recognized tribe pursuant to a 638 contract[17] and serves reservation load. Tribal utilities face sovereign, legal, jurisdictional and geographic circumstances that sometimes lead to unique challenges in providing service to loads. These unique challenges may result in the need for additional time to establish service territory compared to other newly formed public utilities. Bonneville believes that these challenges persist whether a tribal utility is newly forming, growing, or annexing load later. Therefore, any utility that qualifies as a tribal utility will be eligible for this category.

Bonneville will limit the amount of additional CHWM for tribal utilities to a total of 40 aMW during the Provider of Choice contract period. The amount will be added to the 50 aMW rate period limits noted above, if applicable, and count toward the overall 200 aMW contract-term limit established under the new public utility category. Bonneville will grant additional CHWM on a first come, first serve basis similar to new public utilities; therefore, if a tribal utility annexes load after the new public utility 200 aMW adjustment is exhausted, there will be no additional CHWM access for tribal utilities. To the extent annexed load exceeds the 40 aMW

[17] Under the Indian Self-Determination and Education Assistance Act, tribes can request to assume the responsibility for programs and services administered to them on behalf of the Secretary of the Interior through contractual or compact agreements. These are often referred to as 638 contracts. *See* Indian Self-Determination and Education Assistance Act of 1975, Pub. L. No. 93-638.

limit, tribal utilities would be able to purchase power at a PF Tier 2 rate like any other PF customer.

Tribal utility customers under 5 aMW would also qualify for the small utility adjustment, described in Section 2.4.2.1. Those customers would first serve load growth (including annexed load) with the small utility adjustment, and after they reach that threshold they would be eligible for the tribal utility adjustment, if there are any remaining aMWs in the category.

2.4.2.4 DOE Vitrification Load Adjustment

Bonneville will increase DOE Richland's CHWM to serve the total DOE Richland's vitrification plant load up to the difference between DOE Richland's Provider of Choice CHWM and their base allowance. Bonneville supports this ongoing high-priority program for cleanup, defense materials production, and waste processing and disposal activities at the DOE Hanford site in Washington.

2.4.2.5 CF/CT Adjustment

Bonneville will increase a customer's CHWM if it has a CF/CT load whose electric power demand significantly dropped due to certain qualifying factors. The adjustment is to account for CF/CT loads that were adversely impacted in FY 2023 but do not qualify for the economic adjustment. To qualify for the adjustment, the customer must meet the following three requirements.

First, a customer's Provider of Choice CHWM must be lower than its base allowance. The adjustment will be capped at the difference between a customer's Provider of Choice CHWM and their base allowance.

Second, the CF/CT load must: 1) be listed in the customer's Regional Dialogue Exhibit D; 2) have operated during the Regional Dialogue contract period; and 3) not have been demolished. Bonneville will take the highest consecutive 12-month operating period from FY 2012 to FY 2022 to establish the CF/CTs historic high load. The CF/CT load must have been operating at less than 50% of its historic high load in FY 2023.

Third, the CF/CT load must resume production demand by October 1, 2028. Bonneville will measure the recovered load based on the highest consecutive 12-month operating period from FY 2024 through FY 2028. If the difference between the recovered load and the FY 2023 load is greater than the cap and the historic high load is greater than the cap, the adjustment will be set equal to the cap. If the difference is lower than the cap, the adjustment would be set equal to the difference between the recovered load and the FY 2023 load but will not exceed the historic high load.

The CF/CT adjustment is tied to a specific load. If the CF/CT load ceases to consume electricity or significantly lowers the amount of electricity it consumes for production demand, Bonneville

will remove all or a portion of the CF/CT adjustment. Once the adjustment is removed, a customer will not have access to that portion of the adjustment again if loads were to return.

Customers must notify Bonneville if they believe they have a CF/CT load that qualifies. If Bonneville does not have meter data that isolates the specific CF/CT load to distinguish it from the rest of the customer's general requirements load, Bonneville will require the customer to submit such data for purposes of calculating the adjustment as well as to verify the CF/CT remains operational after the adjustment is granted. No adjustment will be applied if such data either does not exist or the load does not meet CF/CT qualification criteria..

A returning utility, as described in Section 2.4.1.9, will not qualify for this adjustment as it did not receive power from Bonneville during the Regional Dialogue contract period.

A CF/CT load could qualify for the economic adjustment to TRL as outlined in Section 2.4.1.2 of the Policy. If a CF/CT qualifies for the economic adjustment, the customer must take the economic adjustment and would not qualify for this subsequent adjustment.

2.4.2.6 Port Townsend Paper Adjustment

Bonneville will consider increasing Jefferson PUD's CHWM to serve Port Townsend Paper load contingent on three conditions: 1) Port Townsend Paper is not offered a direct service industry (DSI) contract; 2) the load is determined to be eligible for PF service; and 3) Bonneville holds a public process to consider such an increase. The increase would be limited to the Port Towsend Paper load but the process could determine a partial adjustment or no adjustment at all and whether the adjustment would be tied to the load's continued operations.

2.4.3 Rate Period High Water Marks

With a set amount of power sold at PF Tier 1 rates (Section 2.3.1), Bonneville will no longer calculate RHWMs under Provider of Choice. Under Regional Dialogue, Bonneville reevaluated the RHWMs each rate period to resize the CHWMs commensurate with changes in the federal system capability from rate period to rate period. Under Provider of Choice, Bonneville will no longer need to calculate RHWMs each rate period because Bonneville will set the amount of power that customers are eligible to purchase at a PF Tier 1 rate for the duration of the contract.