

**PRINCIPLES OF SETTLEMENT FOR
THE BP-24 RATE PROCEEDING, FY 2024-2025 AVERAGE SYSTEM COST PROCESS, AND
THE FY 2022 POWER RESERVES DISTRIBUTION CLAUSE PROCESS**

This document sets forth the principles of settlement for the Bonneville Power Administration's ("Bonneville") BP-24 rate proceeding, Fiscal Year ("FY") 2024-2025 Average System Cost ("ASC") Review process, and FY 2022 Power Reserves Distribution Clause ("RDC") process.

1. Bonneville initiated settlement discussions and has developed a package of proposals for settlement of the following processes, which collectively shall be known as the "Relevant Processes":
 - a. The FY 2024-2025 ASC Review Process ("ASC Review Process");
 - b. The implementation of the FY 2022 Power Reserves Distribution Clause ("2022 Power RDC Process");
 - c. The Power Rates and General Rate Schedule Provisions for the FY 2024-2025 Rate Period ("BP-24 Rate Period"); and
 - d. The Transmission, Ancillary, and Control Area Services Rates and General Rate Schedule Provisions for the BP-24 Rate Period.
2. Bonneville and a majority of stakeholders in the settlement discussions agree that Bonneville's proposal for settlement of the Relevant Processes as a package, without additional litigation or dispute, is in the interest of the region.
3. Bonneville provided notice of the proposed settlement package and set a deadline of noon on October 6, 2022, for stakeholders to notify Bonneville of any objections.
4. As long as Bonneville receives no objection that would cause it to decide not to continue to support adoption of the proposed settlement in the Relevant Processes, Bonneville agrees as follows:
 - a. Bonneville will propose and support adoption of the terms set forth in Attachment 1 in the ASC Review Process.
 - b. Bonneville will propose and support adoption of the terms set forth in Attachment 2 in the 2022 Power RDC Process.
 - c. Bonneville will propose and support adoption of the terms set forth in Attachment 3 in the BP-24 rate proceeding.

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5. Any parties to the Relevant Processes that do not object to Bonneville's proposals by the noon on October 6, 2022, deadline or in accordance with the procedures established in such processes will waive the right to object or raise any issues in such processes except as provided in the attachment hereto applicable to such process.

Attachment 1 – ASC Review Process Settlement Proposal

FY 2024-2025 Average System Cost Settlement

1. The settlement will settle the Average System Costs (“ASCs”) and Residential Loads for all Residential Exchange Program participants and intervening parties in the ASC Review processes (collectively “Parties”) for the FY 2024-2025 Rate Period.
2. The ASCs and Residential Loads for the FY 2024-2025 Exchange Period, by utility, will be as follows:

Average System Cost		
Utility	FY 24-25 Exchange Period ASC* \$/MWh (with operational Resources as of 9/14/2022)	FY 24-25 Exchange Period ASC* \$/MWh (with New Resources coming online prior to the Exchange Period)
Avista	\$70.61	-
Idaho Power	\$64.37	\$66.03
NorthWestern	\$83.73	-
PacifiCorp	\$84.08	-
Portland General Electric	\$79.90	\$80.83
Puget Sound Energy	\$81.53	-
Clark PUD	\$48.45	
Snohomish County	\$54.02	

** These ASCs do not reflect NLSLs which may come online during the exchange period.*

IOUs FY 2024-2025 Monthly Exchange Loads (in kWh)

Month	Avista	Idaho	NorthWestern
October***	254,896,410	464,614,902	49,059,251
November***	306,989,036	436,477,870	52,412,131
December***	410,968,484	545,726,592	68,040,771
January	459,293,631	676,924,657	80,254,707
February	418,801,445	640,200,234	73,179,518
March	430,263,572	577,788,005	71,477,216
April	317,825,895	484,722,765	63,502,607
May	273,566,623	515,838,359	54,613,895
June	268,443,327	563,855,197	52,447,198
July	335,108,767	796,248,816	60,598,907
August***	369,713,867	824,027,789	66,273,532
September***	283,005,946	638,153,856	54,476,646

*** indicates forecast is based on one month.

Month	PacifiCorp	Portland General	Puget Sound
October***	600,842,934	575,519,405	831,586,516
November***	698,195,427	625,580,649	1,025,013,678
December***	924,210,227	839,111,983	1,273,760,274
January	1,043,903,330	967,677,241	1,421,121,809
February	924,505,586	849,427,060	1,297,789,990
March	830,985,541	770,349,915	1,277,713,501
April	699,203,263	674,466,322	1,098,609,043
May	643,950,649	607,178,824	922,766,622
June	675,340,155	607,491,702	832,916,697
July	826,475,403	704,237,207	849,676,386
August***	857,511,640	797,305,458	852,098,164
September***	694,034,020	642,653,734	819,498,426

*** indicates forecast is based on one month.

3. Parties that do not object to the proposed settlement by noon, October 6, 2022:
 - (1) waive any right to request review or modification of, or submit issue lists on, the ASCs of their own utility or the ASCs of any other utility; and
 - (2) will not contest their own, or any other entity's, Final ASC determination at the Federal Energy Regulatory Commission (FERC) or in any court, provided that, any Party may object or raise any

issues in the ASC Review processes for the FY 2024-2025 Rate Period in response to an objection made by another Party.

4. BPA will issue Draft ASC Reports consistent with the table in Section 2. Parties will have two business days to confirm that the Draft ASCs are consistent with this settlement.
5. BPA will issue Final ASC Reports consistent with the table in Section 2. BPA will note in the Issues sections of each Final ASC Report that the ASCs were the result of a settlement, that nothing in the report is precedential, and that the Parties and BPA reserve all rights to raise issues in future ASC Reports. Each Draft and Final ASC Report will include the following language:

Bonneville, the Parties to this proceeding, and the Exchanging Utility acknowledge that this Final ASC reflects a compromise in their positions with respect to the FY 2024-2025 ASC Review, and that acceptance of the settlement does not create or imply any agreement with any position of any other Party, Bonneville, or the Exchanging Utility. Bonneville, the Parties, and the Exchanging Utility agree not to assert in any forum that anything in this ASC Report, or that any action taken or not taken with regard to this ASC Report, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) agreement to any interpretation of the 2008 ASC Methodology; or (4) any basis for supporting any ASC for any period after the end of FY 2025.

Bonneville, the Parties to this proceeding, and the Exchanging Utility agree that this Final ASC establishes no precedent and that Bonneville and the Parties will not be prejudiced or bound thereby in any future ASC proceeding. Bonneville, the Parties to this proceeding, and the Exchanging Utility will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Final ASC Report.

6. Nothing in this settlement is intended in any way to alter the Administrator's authority and responsibility to establish a utility's ASC pursuant to the terms of the 2008 Average System Cost Methodology and section 5(c) of the Northwest Power Act.

Attachment 2 –2022 Power RDC Settlement Proposal

1. Following Bonneville’s calculation of Power’s financial reserves for FY 2022, if there is a Power RDC Amount, Bonneville will propose the following:
 - a. Seventy (70) percent allocated to a Power Dividend Distribution (“DD”) to reduce FY 2023 power rates consistent with the 2022 Power Rate Schedules and General Rate Schedule Provisions (FY 2022-23);
 - b. Up to twenty (20) percent allocated to reduce debt or revenue finance, with any amount not used to reduce debt or revenue finance left as financial reserves to support Bonneville’s liquidity and/or increase the probability of a 2023 Power RDC Amount;
 - c. Ten (10) percent designated as Reserves Not for Risk to address, on an accelerated, one-time basis, certain non-recurring maintenance needs of existing fish and wildlife mitigation assets that (i) Bonneville anticipates would otherwise need to be addressed during future rate periods and (ii) will result in avoidance of those costs in future rate periods. For purposes of this section, mitigation assets are those Bonneville determines that (a) have resulted in tangible and measurable benefits or improvements for fish and wildlife, and (b) are directly related to mitigating for the effects of the construction or ongoing operation of the FCRPS projects.
2. Participants in the 2022 Power RDC process that do not object to the proposed settlement by noon, October 6, 2022, agree not to challenge or raise adverse comments to Bonneville’s proposal for the Power RDC Amount as set forth in section 1 above. Participants in the 2022 Power RDC process further agree not to challenge in any forum Bonneville’s proposed use for the 2022 Power RDC Amount.
3. Bonneville and the participants agree that the 2022 Power RDC Amount proposal is the result of a compromise and establishes no precedent and neither Bonneville nor the participants will be prejudiced or bound thereby in any future Power RDC process. The Parties will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in the 2022 Power RDC Amount.

Attachment 3 – BP-24 Rates Settlement

This Settlement Agreement (“Agreement”) is among the Bonneville Power Administration (“Bonneville”) and parties to the BP-24 rate proceeding as provided for below in section I.D of this Agreement (such parties in the singular, “Party,” in the plural, “Parties”).

I. General Terms

- A. In the BP-24 Rate Proceeding (“BP-24 Proceeding”), Bonneville staff will file and recommend that the Administrator adopt a proposal consistent with this Agreement for power and transmission rates for Fiscal Years (“FY”) 2024 and 2025. The proposal will include only the terms specified in this Agreement and in Attachments A and B.
- B. This Agreement settles all issues within the scope of the BP-24 Proceeding.
- C. The terms of this Agreement are intended to be a part of a settlement package that also includes the settlement of (1) the FY 2022 Power RDC (“Power RDC Settlement”); and (2) the Average System Cost Review process for FY 2024-2025 (“ASC Settlement”). As a condition to this Agreement, the Parties agree not to contest the Power RDC Settlement or the ASC Settlement.
- D. Bonneville will notify the Hearing Officer about this Agreement and move the Hearing Officer to (1) require any party in the BP-24 Proceeding that does not sign the Agreement to state any objection to the Agreement by a date established by the Hearing Officer; and (2) specify that any party in the proceeding that does not state an objection to the Agreement by such date will waive its rights to preserve any objections to the Agreement and will be deemed to assent to this Agreement.
- E. If in response to the Hearing Officer’s order made pursuant to section I.D, any party to the BP-24 Proceeding states an objection to the Agreement, Bonneville and any Party to this Agreement will have two business days from the date of the objection to withdraw its assent to the Agreement. If Bonneville or any Party to this Agreement withdraws its assent to the Agreement, Bonneville shall promptly schedule a meeting with the Parties to this Agreement to discuss how to proceed. Bonneville will provide notice of the meeting and the opportunity to participate to parties in the BP-24 Proceeding.
- F. This Agreement will terminate on September 30, 2025, except that, if the Administrator does not adopt this Agreement in the Final Record of Decision in the BP-24 Proceeding, the Agreement will be void *ab initio*.

G. Preservation of Settlement

1. The Parties agree not to contest this Agreement in the BP-24 Proceeding, or any other forum, or the implementation of this Agreement pursuant to its terms, through the end of FY 2025.
2. The Parties agree to waive their rights to file testimony, submit data requests, conduct cross examination, or file briefs in the BP-24 proceeding with respect to any issue within the scope of the Agreement, except in response to issues raised by any party in the proceeding that objects to this Agreement in response to the Hearing Officer's order made pursuant to section I.D.
3. Bonneville and the Parties agree that this Agreement does not constitute consent or agreement in any future Bonneville proceeding, and that they retain all of their rights to take and argue whatever position they believe appropriate as to such matters in such proceedings.
4. Bonneville and the Parties acknowledge that this Agreement reflects a compromise in their positions with respect to the issues within the scope of the Agreement, and that acceptance of the settlement does not create or imply any agreement with any position of any other Party. Bonneville and the Parties agree not to assert in any forum that anything in the Agreement, or that any action taken or not taken with regard to this Agreement by Bonneville or any Party, the Hearing Officer, the Administrator, the Federal Energy Regulatory Commission, or a court, creates or implies: (1) agreement to any particular or individual treatment of costs, expenses, or revenues; (2) agreement to any particular interpretation of Bonneville's statutes; (3) any precedent under any contract or otherwise between Bonneville and any Party; or (4) any basis for supporting any Bonneville rate or general rate schedule provision for any period after the end of FY 2025.
5. Bonneville and the Parties agree that this Agreement establishes no precedent and that Bonneville and the Parties will not be prejudiced or bound thereby in any proceeding, except as specifically provided in this Agreement. The Parties will not be deemed to have approved, accepted, agreed or consented to any concept, theory or principle underlying or supposed to underlie any of the matters provided for in this Agreement.

- H. Conduct, statements, and documents disclosed in the negotiation of this Agreement, the Power RDC Settlement, and ASC Settlement will not be admissible as evidence in the BP-24 Proceeding, any other proceeding, or any other judicial or administrative forum, nor will the fact that the Parties entered into this settlement be cited or used in any future proceedings or Administrator decisions as support for any matters, other than application or enforcement of this Agreement.

I. Reservation of rights

1. Except as provided in section I.G.2 above, no Party waives any of its rights, under Bonneville's enabling statutes, the Federal Power Act, or other applicable law, or to pursue any claim that a particular charge, methodology, practice, or rate schedule has been improperly implemented.
2. Bonneville and the Parties reserve the right to respond to any filings, protests, or claims by Bonneville, any Party, or others; however, the Parties will not support a challenge to any rates, terms and conditions, or other matters described in this Agreement.
3. No Party agrees or admits that the level of financial reserves resulting from the Power or Transmission Rates, if any, is acceptable or otherwise appropriate, and nothing in this Agreement shall limit, waive, or otherwise alter a Party's right to challenge in future rate proceedings the level of Bonneville's financial reserves.
4. No Party agrees or admits that the level of revenue financing included in the Power or Transmission Rates is acceptable or otherwise appropriate, and nothing in this Agreement shall limit, waive, or otherwise alter a Party's right to challenge in future rate proceedings Bonneville's inclusion of revenue financing in rates, the level of any such revenue financing, the application of depreciation to assets funded by revenue financing, or the accounting or other rate treatment of amounts included in rates for revenue financing or debt prepayment.
5. Except as provided in section I.G.2 above, no Party waives any rights to challenge Bonneville's Sustainable Capital Financing Policy, which is outside of the scope of this Agreement. In particular, nothing in this Agreement limits, waives, or alters the Parties' rights: (1) to challenge the Sustainable Capital Financing Policy Record of Decision under and subject to applicable law; and (2) to challenge, in future rate proceedings, the application of the Sustainable Capital Financing Policy. Furthermore, the Parties are not conceding any application of any such policies by agreeing to this Agreement.
6. The Parties acknowledge that the BP-22 rates are currently being challenged in the U.S. Court of Appeals for the Ninth Circuit, in the case of *Idaho Conservation League, et al., v. Bonneville Power Administration*, Case No. 22-70122 ("BP-22 Litigation"). Nothing in this Agreement precludes the Administrator from considering any ruling in the BP-22 Litigation in any decision in the BP-24 Proceeding or revisiting any decision in the BP-24 Proceeding in order to respond to such a ruling. In the event that Bonneville must revisit any decision in the BP-24 Proceeding due to a ruling in the BP-22 Litigation, BPA may convene a meeting with the Parties to determine what, if any, adjustments need to be made to the BP-24 rates to respond to the Court's ruling.

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- J. If, because of a ruling issued in response to a legal challenge, Bonneville is required to materially modify or discontinue any of the rates, terms and conditions, or other matters provided in this Agreement, Bonneville may seek, and the other Parties agree not to contest, a stay of enforcement of that ruling until after the end of FY 2025.
- K. Attachment A (FY 2024-2025 Power Rate Schedules and General Rate Schedule Provisions) and Attachment B (FY 2024-2025 Transmission, Ancillary, and Control Area Rate Schedules and General Rate Schedule Provisions) are made part of this Agreement.
- L. Nothing in this Agreement is intended in any way to alter the Administrator's authority and responsibility to periodically review and revise the Administrator's rates and terms and conditions of transmission service or the Parties' rights to challenge such revisions.
- M. Notwithstanding section I.F of this Agreement, sections I.G, I.H, and I.I will survive termination or expiration of this Agreement.
- N. This Agreement may be executed in counterparts each of which is an original and all of which, taken together, constitute one and the same instrument.

II. Terms for Rate Issues for FY 2024-2025

A. Power Rates

- 1. Models and Documentation. Bonneville will model and produce studies supporting the BP-24 Power Rates.
- 2. PF Power Rate. Planned Net Revenues for Risk (PNRR) will be added to the BP-24 rates until the BP-24 PF Effective Non-Slice Tier 1 Rate, as calculated in cell D50 on the "ResultsDetail" tab in the Rates Analysis Model, is no greater than \$35.64/MWh.
- 3. Demand Rate. The annual cost of capacity used to calculate the demand rate will be \$114.54/kW/year calculated using the methodology and cost of a reciprocating engine as discussed at the July 27, 2022, BP/TC-24 workshop.
- 4. FPS Rate Schedule. The FPS rate schedule will include a new surplus power rate that will be applicable to specific Slice customers in need of a product to help transition them to Bonneville's 30 water year and 10th percentile approach for measuring firm output. The terms and amount of power to be sold at that rate will be as follows:

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- a. New Firm Water Transition Rate. The new FPS rate will be called the Firm Water Transition (“FWT”) Rate, and will be set equal to Bonneville’s PF Tier 1 Equivalent Energy Rates.
- b. HLH Energy Amounts. Bonneville will sell the following amounts of surplus power at the FWT Rate to the following customers. These amounts will be added to the customer’s scheduled block amount and identified in Exhibit D of the customer’s contract.

<i>aMW HLH</i>	<i>Nov-23</i>	<i>Dec-23</i>	<i>Jan-24</i>	<i>Feb-24</i>	<i>Nov-24</i>	<i>Dec-24</i>	<i>Jan-25</i>	<i>Feb-25</i>
<i>Clatskanie PUD</i>	1	1	1	1	1	1	1	1
<i>Cowlitz County PUD #1</i>	9	9	9	8	8	9	9	8
<i>Eugene Water & Electric Board</i>	3	4	4	4	3	4	4	4
<i>Idaho Falls Power</i>	1	1	1	1	1	1	1	1
<i>Lewis County PUD #1</i>	2	2	2	2	2	2	2	2
<i>Snohomish County PUD #1</i>	13	15	14	13	12	14	14	13
<i>Tacoma Public Utilities</i>	6	8	7	7	6	8	7	7

5. PF Short-Term and Load Growth Tier 2 Rates. The Remarketing Value will be calculated for each year as the average of (1) the annual firm power price as calculated for a flat block of power using the Aurora model used to calculate the BP-24 power rates, and (2) the average Intercontinental Exchange (ICE) Mid-C settlement prices for a flat annual block of power for the same year as reported on August 15 through August 19, 2022. The Short-Term and Load Growth Tier 2 Rates will be \$63.83/MWh in 2024 and \$60.25/MWh in 2025.
6. Resource Adequacy Incentive. This incentive will only be applicable if Bonneville begins participation in the Western Resource Adequacy Program (WRAP) 3B Binding Program and elects a binding summer 2025 season (June 2025 through September 2025).
 - a. A Load Following customer with non-federal resources serving Above-RHWM Load will be eligible to receive a monthly credit in FY 2025 if the customer meets the WRAP forward showing qualifying capacity capability (QCC) requirement for such non-federal resources. The customer must submit QCC resource information to Bonneville by September 15, 2024, for the summer 2025 season.
 - i. GRSP rate: FY 2025 monthly rate is negative \$2.73/MWh.

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- ii. GRSP billing determinant: The qualifying non-federal resource amounts for October 2024 through September 2025 (in megawatthours) to be identified in Exhibit D of the customer's CHWM contract.
 - b. A Load Following customer with a New Large Single Load (NLSL) will be subject to a monthly charge in FY 2025 if the customer does not submit to Bonneville, by September 15, 2024, for the summer 2025 season, either: (a) an approved exclusion attestation for the NLSL in accordance with the WRAP; or (b) QCC resource information for any non-federal resources serving the NLSL.
 - i. GRSP rate: FY 2025 monthly rate is \$2.73/MWh.
 - ii. GRSP billing determinant: The qualifying forecast NLSL amounts for October 2024 through September 2025 (in megawatthours) to be identified in Exhibit D of the customer's CHWM contract
7. Powerdex Mid-C price index. The Powerdex Mid-C index used as an hourly market price index in the GRSPs will be replaced with the hourly average Energy Imbalance Market (EIM) Load Aggregation Point (LAP) price for BPA's BAA. This revision will impact the charge for Unauthorized Increase (UAI) in Energy, the Forced Outage Reserve Service (FORS) energy rate, and the Transmission Curtailment Management Service (TCMS) rate. A cost cap will also be added to Power's UAI as described in II.A.13 below. All other components of Power's UAI will remain the same as BP-22 as updated for the BP-24 demand rate. The calculation of the TCMS charge will be updated to remove the bands applied to the TCMS billing determinant.
8. First Jurisdictional Deliverer (FJD). The Washington State Cap-and-Invest Program ("Program") was created by Washington's Climate Commitment Act, RCW 70A.65. The Program takes effect on January 1, 2023. Entities importing power into the state (called a "First Jurisdictional Deliverer" (FJD)), including from the federal power system, will be obligated to surrender allowances to the state to cover carbon emissions attributed to power deliveries. Many of Bonneville's Washington customers will be the FJD for federal power sales and thus have a carbon compliance obligation. The Program gives Bonneville the option to be the FJD, and thus take on a carbon compliance obligation on behalf of retail customers that Bonneville delivers power to in Washington.

Bonneville is currently deciding whether to take on the FJD role, and expects to make a choice in Spring 2023. Therefore, the earliest Bonneville may become the FJD would be for calendar year 2024. BPA commits to a public process with customer input and a decision document regarding its potential role as First Jurisdictional Deliverer in the Washington State Cap-and-Invest program.

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- a. **No Transfer of Allowances Charge.** All Washington utilities that are subject to the Program are eligible to receive no-cost allowances if they register with Washington Department of Ecology. The intent of these no-cost allowances is to cover the utility's cost burden, mitigating the utility's ratepayers from costs of the Program. If Bonneville is not the FJD, then the Program's compliance obligation will be directly on Bonneville's Washington firm power customers, who can use the allowances to cover their compliance obligation. If Bonneville is the FJD, then Bonneville will be taking on the carbon compliance obligation on behalf of its customers. Accordingly, equity dictates that customers in Washington should transfer their no-cost allowances for the federal system to Bonneville so that Bonneville can use them to meet the compliance obligation that Bonneville would be incurring on their behalf. A mechanism is needed to ensure that customers transfer their no-cost allowances to Bonneville, or otherwise provides for an equitable outcome.

If Bonneville elects to be the FJD, the presumption is that Washington customers will sign the Exhibit D revision and transfer their no-cost allowances to Bonneville. However, in the event that Washington customers do not, a rate mechanism would be needed to ensure that other Bonneville customers would not bear the cost that Bonneville incurred in meeting the carbon compliance obligation for those Washington customers that did not transfer to Bonneville their no-cost allowances. The rate mechanism would include a cost adder of 25 percent to ensure a Washington customer not transferring its no-cost allowances does not unduly benefit from the decision at the expense of Bonneville and its other customers.

Bonneville will charge PF customers with retail load in Washington for the full cost that Bonneville incurs purchasing allowances to cover emissions for federal service to their loads plus a 25 percent cost adder if such PF customer:

- i. does not register and thus does not receive no-cost allowances from the Washington Department of Ecology, or
 - ii. does not sign a power sales contract revision and therefore does not agree to transfer their allocation of no-cost allowances for the federal system to Bonneville.
- b. **Rate Setting FJD Cost Treatment.** If Bonneville elects to be the FJD, Bonneville expects to incur costs under the Washington Cap-and-Invest-Program for procuring allowances for surplus and for PF sales if compliance is greater than no-cost allowances, and for administrative purposes. Although Bonneville may reflect these costs in future rates, BP-24 power rates will not reflect any costs associated with these aspects of the program.

9. Generation Inputs. Power will reduce the GARD costs associated with Non-Regulation Balancing Reserves by 95 percent when Bonneville calculates its inter-business line transfer. All other inter-business line transfer line items will be calculated using the same methodology as applied in BP-22 with updated BP-24 inputs.
10. Columbia Generating Station (CGS) Decommissioning Trust Funds. The power revenue requirement will include \$15.1 million per year for CGS decommissioning trust fund contributions compared to the \$4.6 million per year included in the BP-22 power revenue requirement.

By September 1, 2023, BPA will hold a customer workshop that addresses the funding of the CGS Decommissioning Trust Fund. This workshop will provide information to help determine the amount of funding that is needed.

11. Product Switching and Risk Adjustments. For FY 2024, the three Power risk adjustment clauses will not be applicable to the portion of a customer's service at PF Tier 1 rates that has been converted from a Slice product to a non-Slice product beginning October 1, 2023. However, the three risk adjustment clauses will apply to such customer's entire service at PF Tier 1 rates for FY 2025. The three Power risk adjustment clauses are the Power Cost Recovery Adjustment Clause; the Power Reserves Distribution Clause; and the Power Financial Reserves Policy Surcharge.
12. Power FY 2024 and FY 2025 RDC. The FY 2024-2025 Power Rate Schedules and General Rate Schedule Provisions will specify that:
 - a. For FY 2024 and FY 2025, the Administrator shall apply the RDC Amount to reduce power rates through a Power DD in an amount that is the lesser of 1) the RDC Amount, or 2) the Planned Net Revenues for Risk included in power rates for the same year in which the RDC is applied ([amount] in FY 2024 and [amount] in FY 2025). Any remaining Power RDC Amount may be applied to reduce debt, incrementally fund capital projects, further decrease rates through a Power DD, distribute to customers, or any other Power-specific purposes determined by the Administrator.
 - b. A Maximum RDC Amount (Cap) will not be applicable to the calculated Power RDC Amount for FY 2024 and FY 2025.
13. For FY 2024-2025, the Power Unauthorized Increase Charge will be limited to the higher of \$2,500/MWh or 125 percent of the California Independent System Operator's Hard Energy Bid Cap. Bonneville will revisit this price cap and Power's Unauthorized Increase Charge prior to the BP-26 rate proceedings.

14. Other Issues. All other issues will be addressed consistent with the BP-22 Final Proposal methodology as updated with BP-24 inputs.

B. Transmission Rates

1. Bonneville and the Parties agree that this a “black box” settlement of the rates for Transmission, Ancillary, and Control Area services for FY 2024 and 2025. Any testimony, studies, and other analysis published by Bonneville in support of such rates are subject to all other provisions of this Agreement, including the reservation of rights for Bonneville and Parties to take and argue any position in any future proceeding.
2. BP-26 Pre-Rate Case Workshop Process
 - a. By May 1, 2024, Bonneville will hold at least one BP-26 workshop to discuss the Utility Delivery segment and related issues as part of a broader review of Bonneville’s segmentation methodology.
 - b. By March 1, 2024, Bonneville will hold at least one BP-26 workshop to discuss the balancing service rate methodology and a summary of the FY 2023 historical use of Operational Controls for Balancing Reserves (OCBR) and Oversupply Management Protocol (OMP). Bonneville will discuss the effects seen on balancing reserves deployment from the Energy Imbalance Market (EIM). Bonneville will make reasonable efforts to respond to customer requests for data related to Bonneville’s balancing service rate methodology, OCBR, and OMP, provided that the request seeks data that is in Bonneville’s possession, not unduly burdensome to gather and provide, and can be made publicly available. Bonneville will have no obligation to conduct analysis of any data.
 - c. Nothing in this section II.B.2 obligates Bonneville or any Party to any specific outcome or decision with respect to any workshop or to any outcome or decision regarding any Bonneville rates or terms and conditions for transmission, ancillary, and control area services.

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ATTACHMENTS

Attachment A: FY 2024-2025 Power Rate Schedules and General Rate Schedule Provisions
(To be provided with the BP-24 Initial Proposal)

Attachment B: FY 2024-2025 Transmission, Ancillary, and Control Area Rate Schedules
and General Rate Schedule Provisions