

based on one of the following billing methods, as agreed to by BPA and the purchaser, based on load characteristics and consistent with the procedures outlined in BPA's Billing Procedures. If for any reason agreement is not reached on a billing method, paragraph 1 below shall serve as a default billing method. Reactive power will continue to be billed normally.

1. *Weighted Monthly Average of Daily Billing Demand*

The Billing Demand for each day is the maximum metered amount for any hour of that day. For the negotiated transitional period, each day's Billing Demand is averaged with the Billing Demand of every other day in the transitional period to compute the transitional period average. For the remaining period of the billing month, if any, the Billing Demand is the highest of the daily maximum metered amounts. To compute the Billing Demand for the month, the average Billing Demand for the transitional period and the Billing Demand for the remaining period are averaged, weighting each average by the number of days in each period.

2. *Weighted Monthly Average of Daily HLH Billing Demand*

The Billing Demand for each day is the maximum metered amount for any HLH hour of that day. For the negotiated transitional period, each day's Billing Demand is averaged with the Billing Demand of every other day in the transitional period to compute the transitional period average. For the remaining period of the billing month, if any, the Billing Demand is the highest of the daily maximum metered amounts. To compute the Billing Demand for the month, the average Billing Demand for the transitional period and the Billing Demand for the remaining period are averaged, weighting each average by the number of days in each period.

Q. *Unauthorized Increase Charge*

If specified in the applicable rate schedule, BPA shall apply the charge for Unauthorized Increase to any purchaser taking demand and energy in excess of its contractual entitlement.

1. *Rate for Unauthorized Increase*

- a. Demand Charge: Demand Charge from applicable power rate schedule.
- b. Energy Charge: 100 mills per kWh in all months of the year.

2. *Calculation of the Amount of Unauthorized Increase*

Each 60-minute clock-hour integrated or scheduled demand shall be considered separately in determining

the amount that may be considered an Unauthorized Increase. BPA first shall determine the amount of Unauthorized Increase related to demand and shall treat any remaining Unauthorized Increase as energy-related.

a. *Unauthorized Increase in Demand*

That portion of any Measured Demand hours that exceeds the demand that the purchaser is contractually entitled to take during the billing month and which cannot be assigned:

- 1. To a class of power that BPA delivers on such hour pursuant to contracts between BPA and the purchaser; or
- 2. To a type of power that the purchaser acquires from sources other than BPA and that BPA delivers during such hour, shall be billed:

- 1. In accordance with the provisions of the "Relief from Overrun" exhibit to the 1981 Contract; or
- 2. At the rate for Unauthorized Increase if such exhibit does not apply or is not a part of the Purchaser's power sales contract.

b. *Unauthorized Increase in Energy*

The amount of Measured Energy during a billing month that exceeds the amount of energy the purchaser is contractually entitled to take during that month and which cannot be assigned:

- 1. To a class of power BPA delivers during such month pursuant to contracts between BPA and the purchaser; or
- 2. To a type of power the purchaser acquires from sources other than BPA and which BPA delivers during such month, shall be billed:

- 1. In accordance with the provisions of the "Relief from Overrun" exhibit to the 1981 Contract; or
- 2. At the rate for Unauthorized Increase if such exhibit does not apply or is not a part of the purchaser's power sales contract.

R. *Utility Factor*

For purchasers under the 1981 Contract, charges for Load Shaping and Load Regulation are multiplied by a utility-specific, monthly Utility Factor.

The Utility Factors to be used for billing will be developed annually based on historical data provided by the customers to BPA. The annual Utility Factor will be based on the customer's historical annual system load and purchases from BPA. Previous calendar year historical data (January 1–December 31) will be used to develop an annual utility factor that will be in effect for the following fiscal year (October 1–

September 30). The customer shall submit its end of calendar year Financial and Operating Report and Generation Report (if applicable). BPA will develop the billing factors once they have received all necessary data from customers (usually in April). If a customer has not submitted the required data by June 1, BPA will prepare an estimate of the customer's historical annual system load for the previous calendar year, after consultation with the customer, and prepare the Utility Factor from that estimate. Completed Utility Factors will be provided to the customers. The first effective year for utility factors coincides with the first year of implementation of the new rate structure: October 1, 1996–September 30, 1997. Historical data from the previous calendar year (January 1, 1995–December 31, 1995) will be used to develop the utility factor for this first year. The customer's annual system load (in kWh) is defined as the total of:

- (1) Retail load; plus
- (2) Utility's own use; plus
- (3) Distribution losses; minus
- (4) Sales for resale.

The Utility Factor for the applicable fiscal year = customer system load ÷ energy purchases under the 1981 power sales contract for the previous calendar year.

Section III. *Definitions*

A. *Products and Services Offered by BPA*

1. *Ancillary Services*

Ancillary Services are those services necessary to support the transmission of electric power from resources to load while maintaining reliable operation of the FCRTS. Ancillary services include:

Scheduling and Dispatching, Transmission Losses, Control Area Reserves for Resources, Control Area Reserves for Interruptible Purchasers, and Load Regulation.

2. *Construction, Test and Start-Up, and Station Service*

Power for the purpose of Construction, Test and Start-Up, and Station Service for a generating resource or transmission facility shall be made available to eligible purchasers under the contract rate under the Firm Power Products and Services (FPS) rate schedule.

Construction, test and start-up, and station service power must be used in the manner specified below:

- a. Power sold for construction is to be used in the construction of the project.
- b. Power sold for test and start-up may be used prior to commercial operation—both to bring the project on