

Purchaser to serve such purchaser's regional load under circumstances where the Purchaser is in danger of curtailing firm load even though the Purchaser is operating all available resources and exercising all contractual rights to firm power to the maximum level feasible. In the event of a state-ordered or regionwide load curtailment, a power deficiency is deemed to exist for those Purchasers whose power supply condition is in part causally related to the State(s)-initiated load curtailment.

25. Transitional Service

Transitional Service is service that BPA provides to a DSI or utility customer that has a large industrial load that is being brought on-line. The load may be a new industrial plant, a major addition to an existing industrial plant, or reactivation of an existing industrial plant or major portion thereof. Pursuant to its agreement with the customer, BPA will serve the load and calculate the customer's monthly Billing Demand to account for the daily variations in the industrial load. In order to receive this service, the BPA customer must meet the eligibility requirements set forth in BPA's Billing Procedures.

26. Transmission Losses

Transmission losses are the power losses associated with the transmission of power over the FCRTS. The loss factor that represents the amount of losses for a specific transaction is included in the wheeling agreement or the rate schedule or tariff.

27. Transmission Service

As used in the MT rate schedule, Transmission Service is as defined in the Western Systems Power Pool Agreement.

28. Variable Industrial Power

Variable Industrial Power is Industrial Firm Power that is sold at the VI-96 rate, consistent with the terms and conditions of the Variable Rate Contract between BPA and the Purchaser.

B. Definition of Rate Schedule Terms

1. 1981 Contract

The "1981 Contract" refers to the initial power sales contracts that BPA executed with its Pacific Northwest customers pursuant to the requirements of the Northwest Power Act. Most of these contracts were executed in 1981, but some are dated "1984" or later. For purposes of these rate schedules, any such contract effective prior to October 1, 1996, is referred to for convenience as a "1981 Contract."

2. 1996 Contract

Contracts for the sale of firm power to Pacific Northwest customers pursuant to the requirements of the Northwest Power Act are termed the "1996 Contracts" if they are effective on or after October 1, 1996.

3. Auxiliary Demand (1981 DSI Contract)

Auxiliary Demand is the number of kilowatts of Auxiliary Power that a DSI requests and that BPA agrees to make available to serve a portion of the DSI's load during the period specified in the DSI's request. Auxiliary Power is power in excess of the DSI's Operating Demand. The DSI may request up to three levels of Auxiliary Demand during a billing month.

If BPA agrees to a request for Auxiliary Power but later becomes unable to supply such demand, the Restricted Demand for Auxiliary Power is deemed to be the Auxiliary Demand for such period of restriction. Auxiliary Power may be curtailed by the DSI according to the provisions of section 9(a) of the DSI's 1981 Contract.

BPA shall make Auxiliary Power available to Industrial Firm Power purchasers under the Industrial Firm Power rate schedule.

4. Billing Demand (Energy)

The Purchaser's Billing Demand (Energy) is the amount of capacity (energy) to which the demand (energy) charge specified in the rate schedule is applied. When the rate schedule includes charges for several products, there may be a Billing Demand (Energy) quantity for each product. BPA establishes Billing Demand and Billing Energy quantities for both active power (kilowatts/kilowatt-hours) and reactive power (kilovars and kilovarhours).

Various adjustments may be made to billing demand. At any POD that has an unbalanced phase current problem, BPA shall calculate the Billing Demand by multiplying the largest of the adjusted Integrated Demands on any phase during the billing month by three. BPA may continue this billing procedure until the Purchaser has made the necessary system corrections. Billing Demand also may be adjusted for certain outages (providing the Purchaser an Outage Credit) as specified in the Purchaser's agreement with BPA and pursuant to BPA's Billing Procedures.

5. BPA Operating Level (1981 DSI Contract)

The BPA Operating Level is, for the purpose of these rate schedules and GRSPs, an hourly amount of industrial power for a DSI that is equal to the

lowest of the following demands during that hour:

- a. Operating Demand plus Auxiliary Demand, if any;
- b. Curtailed Demand; or
- c. Restricted Demand.

Each DSI must request service from BPA for each billing month in accordance with the terms of its power sales contract. The requested level of service under the 1981 Contract will be the BPA Operating Level, provided BPA does not need to restrict the DSI and provided BPA agrees to supply any requested Auxiliary Demand. Each requested level of service may include a designation for both the Peak Period and the Offpeak Period. A DSI may request, and BPA may agree to provide, a level of service for the Offpeak Periods that differs from that in the Peak Period. If a DSI does not separately designate a requested level of service for the Peak and Offpeak Periods, the BPA Operating Level is the basis for determining if a DSI has incurred an Unauthorized Increase.

Any DSI whose Measured Demand during any single hour exceeds the BPA Operating Level for that hour shall be subject to an Unauthorized Increase charge for each kilowatt and kilowatt-hour of Unauthorized Increase associated with each such overrun.

Only the BPA Operating Level applicable during the Peak Period will be used in determining the Billing Demand for power purchased under the Industrial Firm Power rate schedule and the Variable Industrial Power rate schedule. During the Peak Period, the BPA Operating Level may be no greater than the Operating Demand for the billing month unless the customer has requested, and BPA has agreed to supply, the Auxiliary Demand.

6. Calculated Energy Capacity

Calculated Energy Capacity is BPA's estimate of the amount of energy load (aMW) that a DSI would consume if its plant(s) is operating at full capacity. It is the billing factor for DSI Load Shaping.

7. Composite Rate

The Composite Rate applies to PF-96.5 Purchasers under 1981 and 1996 Contracts. Only customers whose average annual energy loads during the 5-year purchase period, as forecasted by BPA, are 25 average annual MW or less are eligible to purchase at this rate. The composite rate is a weighted average rate that takes into account the relative cost of typical quantities of each product purchased, including generation demand and energy, load shaping, and load regulation.